

SEPTEMBER 2024

Ontario needs a provincial Housing Acquisition Fund now to save its dwindling affordable rental stock

Nonprofits are ready partners to protect and preserve Ontario's existing affordable housing stock

Ontario's dwindling affordable housing

Underpinning Ontario's housing affordability crisis is the fact that individuals and families with low to moderate incomes (earning \$58,300 or less) cannot afford to rent or own on the current housing continuum. To date, most of the Ontario government's housing measures have been heavily focused on speeding up housing construction and increasing housing supply, particularly the market housing supply, which is not affordable to most Ontarians. In addition, rental options are often out of reach due to the lack of affordable rental units.

According to the 2021 [Canadian Rental Housing Index](#), more than 1.7 million Ontarians rent, an increase of 10 per cent since 2016. In the meantime, renters are over [twice](#) as likely to be in unaffordable housing as owners (unaffordable housing refers to situations where more than 30 per cent of pre-tax household income is spent on shelter costs). Despite the rising demand for affordable rental housing in Ontario, the province's affordable rental housing stock is being lost to demolition and conversions into expensive condominiums, faster than new affordable options can be built. For example, from 2016 to 2021, Ontario [lost 49,355 units](#) renting under \$750/month. At the same time, the waitlist for community housing is very long, with an average wait time of up to 14 years for a one-bedroom subsidized rental apartment in cities like Toronto. As more affordable rental units get redeveloped into expensive condos for better profit margins, rental options are dwindling or becoming out of reach for many, across urban centers, smaller towns, and rural communities. As a result of the loss of affordable rental units, more and more Ontarians are facing significant rent increases, evictions, and displacement.

In addition, counterproductive legislations have been introduced to hinder the expansion and preservation of Ontario's affordable housing, such as restrictions on the use of inclusionary zoning¹ ([Bill 23](#)).

A continued lack of action in filling this need for affordable housing will only worsen Ontario's housing affordability crisis in the coming years.

¹ Planning ordinances that require private developers to include a certain percentage of affordable units within new, multi-unit housing developments.



Nonprofits are best positioned to deliver non-market housing that is deeply affordable.

Nonprofits and nonprofit cooperatives can lead the charge in realizing housing options for those in greatest need of affordable and deeply affordable housing. The purpose, governance, and ownership structure of nonprofits - [the nonprofit difference](#) - ensures that nonprofits meet needs for public good or benefit, are accountable to local communities, exhibit higher levels of transparency, and reinvest profits back into their missions. That translates into delivering non-market housing options such as supportive housing, below-market rental units, and community land trusts regardless of profit.

In November 2023, United Ways across Ontario, in collaboration with the Canadian Centre for Housing Rights, Ontario Alliance to End Homelessness, Ontario for All, and Ontario Nonprofit Network, convened 20 local consultations, drawing on the expertise of 400 nonprofit housing leaders to develop an action plan for housing stability in Ontario. One of the recommendations from the subsequent [report](#) is to launch a Government of Ontario nonprofit rental acquisition program and encourage the creation of complementary municipal acquisition programs to quickly increase deeply affordable housing stock while protecting existing affordability for the long-term. The time is now to make this recommendation a reality.

What is a housing acquisition fund?

An acquisition fund is a reliable source of government funding made available to nonprofits, nonprofit co-ops, and Indigenous-led housing organizations to acquire housing from the private sector, quickly. In doing so, nonprofits are able to protect renters as well as affordable housing supply. In addition, [an acquisition fund allows](#) the community housing sector to build up its capital asset base to enable continuous renewal and development of community housing supply. Once established, the fund can be leveraged for matching private sector and philanthropic funds as well. Similar programs have been executed or announced at the [federal](#), provincial ([B.C.](#), [Nova Scotia](#), and [Manitoba](#)), and [municipal](#) levels in Canada, as well as internationally in [Australia](#) ([Victoria](#)), [Slovakia](#), and the [United States](#).

Housing acquisition funds are a cost-effective method with a proven record of success.

The most affordable housing is the affordable housing that already exists - while there is clearly a need to increase the overall supply of quality, deeply affordable housing, preserving existing affordable units is one of the fastest and most impactful ways to address Ontario's housing affordability crisis quickly and meaningfully. In comparison to new construction, acquiring existing units is a lot faster with a significantly shorter turnaround time. In addition, unlike new constructions, housing acquisition is not impacted by factors such as increasing construction costs and labour shortages. Overall, preserving existing rental stock is more cost-effective than building new ones.

There is also growing evidence of the effectiveness of nonprofit housing acquisition funds in Canada:

- Established last year, British Columbia's [\\$500 million Rental Protection Fund](#) allows nonprofit organizations to purchase buildings at risk of redevelopment or where tenants likely face significant rent increases. To preserve affordable housing, the fund requires buildings to keep existing occupants. Thanks to this fund, in July 2024 alone, more than [380 rental homes](#) have been preserved on Vancouver island.
- [Nova Scotia's Community Housing Acquisition Program](#) serves as another great example. With the help of this program, the Nova Scotia Co-operative Council was able to purchase homes from a private owner and keep the [15 units affordable](#). In addition, the Housing Trust of Nova Scotia was able to prevent the potential loss of [295 existing affordable](#) housing units.

As part of the bilateral agreement between the government of Canada and the government of Ontario, the province is required to submit a [2025-2028 Housing Action Plan](#) by December 31, 2024 to secure continued federal funding for the remainder of the 10-year National Housing Strategy agreement. A provincial nonprofit housing acquisition fund is a cost effective way for the government of Ontario to demonstrate the use of provincial funding to support affordable housing stock in the province.

Affordable housing is a shared responsibility across the different levels of government and its time for Ontario to lead.

Addressing housing affordability is the shared responsibility of all three levels of government, no one government can be expected to bear the burden alone as only synergistic efforts will succeed. Now that the federal government has launched a new \$1.5 billion [Canada Rental Protection Fund](#), the Ontario government can leverage it to lead in protecting and preserving Ontario's existing affordable rental stock. A well designed Ontario housing acquisition fund will complement the federal rental protection fund to provide the funding required for nonprofits to preserve affordable rental units for Ontarians in need.

Policy solution

Develop an Ontario nonprofit housing acquisition fund to quickly increase deeply affordable housing stock while protecting existing affordability for the long run.² Alongside the federal fund, the Ontario fund could encourage the creation of complementary municipal acquisition programs, all working in-tandem to solve the housing crisis.

² United Way GTA. "Bringing Affordable Housing Home: An action plan for housing stability in Ontario." *United Way GT*, Canada, United Way, Nov. 2023, www.unitedwaygt.org/wp-content/uploads/2023/11/BAHH_Action_Plan_Final.pdf.



For maximum results and success, the fund must have the following minimum requirements:

- Designed and operated by the Ontario government in consultation with Ontario nonprofit housing organizations.
- Include a specific stream developed “[For Indigenous By Indigenous \(FIBI\)](#)” communities and organizations.
- Structured to effectively guarantee the flow of funds, in line with the accelerated acquisition timelines and minimize the need for conditional offers to purchase.
- Embedded in public policy that prioritizes an increase in social housing throughout Ontario.
- Deliver streamlined funding to allow nonprofits to access funds quickly and equitably, with minimal complexity.
- Provide funding and support for nonprofits to renovate and maintain properties that are acquired in poor conditions.
- Waive the land transfer tax when nonprofits utilize the provincial acquisition fund to purchase properties for affordable housing.

Let's protect and preserve Ontario's affordable housing stock, together.

The nonprofit housing sector has a strong track record of building, acquiring, and protecting affordable housing to meet community needs. In fact, much of today's community housing supply was acquired from the private market through government programs that started and ended decades ago. Now is the time - as political will, public support, and partners are aligned - for the province to make this a reality in Ontario.

About ONN

ONN is the independent nonprofit network for the 58,000 nonprofits in Ontario, focused on policy, advocacy and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders and other stakeholders.

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