



## Summary of Responses from the Ontario for All Provincial Budget Forum

The nonprofit sector delivers a broad range of services and supports to vulnerable people, and has partnered effectively with the Province of Ontario on a wide range of programs and initiatives. We deliver supports and services in many areas of provincial responsibility including housing, health, children’s services, seniors’ programming, mental health, and food security. The sector employs over 800,000 people and contributes \$65 billion to Ontario’s GDP.

As the pandemic made so clearly evident, the nonprofit sector has been effective at engaging communities, pivoting to address critical needs, and identifying emerging issues early and accurately to forestall deeper crises.

Over 150 sector leaders from across the GTA gathered in January of 2023 at our Ontario Budget Forum to consider the issue before the province in the coming budget. These leaders addressed the pressures facing vulnerable communities on the front lines every day. They focused on three areas that are particularly pressing: income supports, housing, and the stability of the nonprofit sector.

Their input reflected both aspirational goals around longer-term investment, and practical realities about what can be accomplished in the current context with the budget you are drafting now. We have consolidated that input into this document.

### Income Security

Income supports are a clear pressure point for low-income communities, especially in an increasingly inflationary environment.

Organizations in the nonprofit sector see first-hand the depth of the challenges in the system. Food bank use has skyrocketed as inflation surges past rates that are frozen or rising very gradually. The pandemic-driven increase in food bank use was not followed by a “return to normal” as the pandemic receded, but by continued growth. Feed Ontario tracked a 42% increase in use over the last three years, unabated in 2022. Over two-thirds of food bank clients were recipients of social assistance, where rates have fallen badly behind inflation for decades.

These low rates, falling far below the poverty line, and even below the deep poverty line, are certainly the deepest concern, as we will outline here, but there are also many low-cost opportunities to improve the system and address the challenges that Ontario’s lowest-income households face.

### Making Modernization Work

Currently the province is modernizing social assistance. It is an overhaul that has long been needed and we applaud the effort to address its various challenges.

Making modernization a success will need careful planning and a deep insight into its challenges. Nowhere is that better understood than by the people with lived experience of poverty and the recipients of Ontario Works (OW) and the Ontario Disability Support Program (ODSP).

As a result, a critical step in the coming work of modernization should be to create an ongoing mechanism for input by ODSP and OW recipients. Those voices will provide a clearer picture of the challenges the system now faces, and opportunities for change.

Being on the front lines of tackling poverty, nonprofit organizations hear many of the issues that low-income Ontarians confront in the current system. We are aware of several areas that can help make the system more successful at modest costs:

- Many Ontarians have limited Internet access, often using prepaid minutes at a higher cost and operating with low bandwidth. Sometimes they have no access at all. The increasingly digital system is challenging for them.
  - Supports for online access, such as a \$100/month digital access benefit, would help address at least part of that barrier. Of course bandwidth isn't the only aspect of the digital divide. Many people have difficulty navigating the Internet, setting up access, and trouble shooting.
  - System support is widely recognized as a key element of any effort to narrow the digital divide. Nonprofits, who work closely with people living with poverty, are well positioned to provide those supports, as some nonprofits do in Peel Region. Funding that kind of support infrastructure more broadly would be a significant asset in facilitating the success of the new, more digital, social assistance system.
- The complexity of the social assistance system is also a barrier to participants and a cost driver for the province. With dozens of distinct benefits that are cobbled together across various needs, the application process is cumbersome and daunting for applicants and an administrative burden on the public service. Simplifying the over 800 regulations governing OW and ODSP access saves time, money, and stress.
- During the pandemic, the province wisely drew on local nonprofits who were embedded in communities to connect to clients whom the larger system was unsuccessful in engaging. Similar "ambassador" models could help households living on low incomes to navigate the changing system more successfully, and reduce the complexity and cost of the intake system.
- The new system relies on three distinct pillars: financial assistance managed by the province, stability supports managed by the municipalities, and employment supports managed in the GTA largely by third-party providers. There are aspects of this structure that could be adjusted to increase its effectiveness.
  - While the structure allows each party to focus on their respective areas of responsibility, it also requires coordinating across distinct agencies. Establishing a more coherent coordination system, and more robust communication among the pillars and their managers, will be essential to success.
  - As nonprofit service providers, we play an active role in the stability supports managed by the municipalities. We are often providers of programs and frequently refer clients to them. We know from experience that these programs are stretched in the current context and often have long waiting list. As the changes to social assistance add demand to that system, a funding plan that enables providers to meet growing needs will need to be in place.
  - Plans to "codesign" the revised system with input from municipalities has overlooked the need to include clients in the conversation. Few people have as intimate a knowledge of what works and what doesn't as the people whose livelihoods depend on it.
  - The Social Benefits Tribunal continues to experience lengthy delays. Staffing the tribunal adequately would help address issues that emerge from challenges with the changes to the system that are likely to rise in the early days of implementation.

## Rates

Certainly the most pressing matter in the area of social assistance is the rate. Receiving the full suite of benefits available, a single employable person on OW currently covers less than half of the rent on a bachelor apartment in Toronto, and falls 65% below the poverty line. With ODSP at 40% below the poverty line despite the recent increase, the adequacy of benefits is clearly an issue.

The government rightly recognized that challenge during the election, and committed to, and subsequently delivered, a 5% increase to ODSP. But inflation is higher than anyone predicted at that time, and the entirety of that increase has been erased by rising costs. A realistic plan for increasing rates to livable levels is badly needed.

We recognize that rate increases can represent a significant cost and are unlikely to be accomplished in this budget alone. Nonetheless, a coherent plan to achieve that goal is badly needed and the government should lay out a strategy for meeting this need.

The government can be aided in the pursuit of more realistic rates by the very significant savings achieved in the social assistance system over the last few years. During the pandemic, social assistance enrolment fell sharply. Despite the end of pandemic-related benefits, enrolment remains below historic levels. The social assistance budget is underspent by roughly \$800 million, creating a significant resource for initiating rate adjustments. With the depth of poverty experienced by Ontario's lowest-income households, it seems reasonable to apply these savings to their supports rather than using it to cover shortfalls in general revenue. Initial steps on planning and implementing rate improvements are both needed and attainable.

## Other Income Improvements

As a plan for improving rates is being developed and rate changes are gradually implemented there are also low-cost steps that can improve the well-being of people living on social assistance.

- Claw-backs on other income could be reduced at little cost to the taxpayer. Federal benefits such as CPP-D and EI, employment income, and other sources narrow the gap between current rates and the poverty line. Clawing them back penalizes initiative and locks people in deep, deep poverty unnecessarily.
- ODSP and OW clients have access to benefits, such as medications, that are lost when they exceed certain incomes. The cost of those benefits often exceeds the income they receive so these claw-backs become a disincentive to work, and can result in higher costs in the healthcare system. Retaining benefits, even when incomes rise, is a sound investment.

## Quality Jobs

The modernization of social assistance has included changes to the Employment Ontario (EO) system. Those changes intersect with a rapidly changing labour market marked by increasing precarity, casual work and instability. Unfortunately the structure of the new EO arrangements with the recently identified service providers has not kept pace with those changes. Current EO programs are binary: providers are given credit if participants are employed and none if they are unemployed.

The measures of appropriateness, stability, and suitability are insufficient to address the complexity of the current market. Participants are finding themselves in jobs that they cannot sustain, jobs that don't provide a reliable income, and jobs at wages too low to sustain them.

Food banks are finding that 33% of clients are employed — more than double the 16% in the data the year before. Having a job no longer protects against food insecurity. Wages are too low, labour is precarious, and there are very little to no health benefits for many people in these jobs, so costs like medications eat into their already-limited incomes.

Pursuing employment models that focus on long-term success — including skills development and linking people to positions that include a living wage — would reduce churn in the system as people fall out of unsustainable or inappropriate jobs and return to EO supports repeatedly — an issue this model experienced when it was applied in other jurisdictions.

## Summary of Recommendations

The 2023 budget should:

- **Provide a \$100/month digital access benefit to ensure social assistance recipients can get online**
- **Fund local agencies to provide digital access supports to low-income households**
- **Simplify rules governing OW and ODSP access**
- **Employ local nonprofits to assist marginalized applicants in navigating the new system**
- **Improve coordination and communication among the three pillars of the new social assistance system**
- **Fund the expansion of stability supports to address the increasing need**
- **Engage clients in the codesign of the new system**
- **Increase the capacity of the Social Benefits Tribunal to address the challenges of a new system**
- **Develop a plan to increase rates to livable levels over time, and draw on \$800 million in social assistance underspending to fund the increases**
- **Reduce claw-backs on other income and on benefits**
- **Focus the Employment Ontario system on measures of success that reflect long-term outcomes and appropriateness, rather than simple binary measures.**

## Housing

Housing is a crucial issue across Ontario. There is an enormous demand and especially for affordable and deeply affordable housing. The province has made efforts to expand housing supply. However, by itself, such efforts are unlikely to provide housing for the most vulnerable or for Ontarians living on the lowest income, who face the deepest housing crisis. This submission outlines steps the province can take to address these pressing concerns.

### Affordable Solutions

Addressing the housing crisis will include strategies that require significant investment. There is no way to solve the problem that avoids those costs. But that doesn't mean there aren't lower-cost actions the province can take that also have impact. There are many public policy levers that Queen's Park can use to make progress even in tight budget years.

#### *Leveraging Public Land*

The single largest cost in creating affordable housing is land. The gap between affordability and market rates is narrowed considerably if nonprofit organizations have access to public land to build affordable homes to meet public objectives. The province could review the inventory of existing public lands and explore, with the nonprofit sector, ways to develop that land to optimize access to affordable housing.

### *Preserving Affordable Homes*

The cheapest unit of affordable housing is one you don't have to build at all. There are tens of thousands of private market apartments currently rented at affordable rates that have a positive impact on our housing system simply by staying as they are. There are several things the province can do to ensure that these affordable homes stay affordable.

### *Rental Housing Replacement Bylaws*

Rental housing replacement policies require property owners to replace affordable units when they redevelop existing buildings. Under the More Homes Built Faster Act, the minister has the ability to intervene to shape local municipal rental housing replacement policies. Diminishing the requirement to replace affordable homes with new affordable units will make it far more economically attractive to demolish existing, aging, affordable homes, and replace them with new units at higher rents. The loss of those affordable homes will certainly deepen the affordable housing shortage. Rental housing replacement policies have preserved over 4,000 affordable homes in the GTA alone. Affordable homes not covered by these policies have disappeared at a rapid rate — about 20,000 per year across Ontario. The province should commit to using the minister's new powers to ensure strong rental housing replacement policies are in place.

### *Enforcement*

As noted before, Ontario loses about 20,000 existing affordable market homes each year. Policies that allow landlords to raise rents an unlimited amount on rent-controlled units when the tenant moves out are a key factor in that trend. Getting a tenant out of a unit gives landlords the ability to raise rents as much as 40%. That incentive gives rise to activities that are not permitted.

There is a high volume of reported “renovictions,” “demovictions,” and other tactics that remove tenants from affordable homes in ways that the law does not allow. Cracking down on illegal evictions, and investing in ensuring that tenants know what actions by their landlords are legal and which are not, could preserve a considerable volume of affordable homes and diminish the need for the investments in new affordable housing. The province should invest in stronger enforcement on illegal evictions and expand the capacity of agencies that support tenants in preventing illegal evictions.

### *Operating Agreements*

Existing co-ops face new challenges as operating agreements expire. Funds needed for repairs, maintenance, and long-term viability are unprotected by the loss of operating agreements, leaving affordable units at risk of disappearing as co-ops scramble to revise revenue plans to cover costs. Extending operating agreements or creating funding to cover the shortfalls resulting from their sunseting can help avoid the loss of affordable units.

### *Landlord Tenant Board*

Protecting affordable homes benefits from an effective and balanced Landlord Tenant Board process. Nonprofit service agencies have noted challenges with an ineffective process such as issues with the digital divide, backlogs, language barriers, and access to representation. These issues often result in tenants being unsuccessful in their efforts to preserve their affordable housing. Supporting expansion to support systems for tenants and improvements to the Landlord Tenant Board process would slow the loss of affordable units.

## **Investing in Affordability**

Many of the interventions that are needed to address the most pressing elements of the housing crisis require funding. The easiest way to address the affordable housing crisis is through affordable supply, by building a lot of affordable housing. In current economic circumstances, that relies on public investment. While we recognize that the level of investment is by no means the matter of a single budget and must be part of a longer-term plan, there are areas of investment that need urgent attention.

### ***Rent Supplements/Portable Housing Benefits***

The province has invested in a large number of rent supplements that are designed to bridge the gap between what is affordable for people living on low incomes and what the market charges. Over time, as market rents have risen while wages and benefit programs have stagnated, that gap has grown, but the size of the supplement has not kept pace, making those supplements unusable for low-income Ontarians. Supplements also come with caps to ensure that landlords don't gouge renters who don't have to manage the bottom line. Over time, the caps have fallen below the rents for available market units. These factors result in hundreds of available rent supplements going unused because there are no units that meet the criteria. The rent supplement programs need updating, and the caps and maximum benefits need to keep pace with shifts in market rents.

### ***Deeply Affordable Housing***

For people on social assistance, no form of market housing will be economically attainable — the cost of simply maintaining a unit is higher than the funds they have for housing. Only housing based on income — that overlooks the gap between the rent paid for the unit and the cost of providing it — can be accessed by people whose income is as low as the current OW rate. Unfortunately, while recent housing programs have focused on a range of household types, there has been very limited investment in creating rent geared to income (RGI) housing. As a result, waiting lists are long and often growing. The province needs a strategy for generating a far larger number of RGI units if it is to reduce waiting lists and increase well-being.

### ***Supportive Housing***

There is an almost universal consensus that there is a pressing need for more supportive housing. The homelessness and mental health crises affecting communities, streets, and even transit reflect the dire need for stable shelter with appropriate supports. But there is little movement on this 8,000-plus-person waiting list for Developmental Services Ontario housing. There are huge gaps between demand and supply for independent living apartments. Supportive housing targets are set, and unmet, year after year. Ontario needs a coordinated effort.

The Ministry of Municipal Affairs and Housing needs to provide an adequate number of affordable units, through any of the mechanisms described here, and the Ministry of Health needs to provide an adequate supply of supports, to ensure that the delays and shortfalls come to an end. Communities in every part of the province are struggling with the consequences of these gaps unnecessarily.

### ***Funding for Municipal Programs***

Across Ontario, municipal governments have developed and implemented housing plans and invested tens of millions of dollars to realize them. Peel's Housing Master Plan includes over 2,000 homes built using municipal revenues. Toronto's TOHousing plan aims even higher. But these programs were designed with the assumption that they could apply revenues from development changes on those projects.

With the elimination of development charges for housing services under the More Homes Built Faster Act, that revenue stream is gone. Unless the province makes municipal budgets whole, those programs will contract. Peel Regional staff see the current funding gap as something that “directly threatens the Region’s Housing Master Plan.” Ontario needs a plan for restoring municipal governments’ capacity to generate affordable homes which was lost when development charges changed.

## Summary of Recommendations

The 2023 budget should:

- **Preserve affordable homes by:**
  - **supporting effective rental housing replacement bylaws**
  - **supporting efforts to enforce the eviction laws and funding programs that help prevent unlawful evictions**
  - **extending operating agreements with co-ops**
  - **expanding the LTB to enable it to address backlogs and funding increased tenant supports**
  
- **Expand the supply of affordable homes by:**
  - **supplying provincial land for nonprofits developing affordable homes**
  - **increasing the depth of portable housing benefits**
  - **increase the supply of RGI housing**
  - **working with the Ministry of Health to increase the supply of supportive housing**
  - **restoring municipal funding for housing programs lost under the More Homes Built Faster Act**

## Nonprofit Sector Stabilization

The pandemic demonstrated as clearly as anyone could ask that the nonprofit sector is a critical partner for the province and plays an irreplaceable role in maintaining the quality of life for children, seniors, families, people with disabilities, marginalized communities, and so many more. From vaccine rollouts to food security, the nonprofit sector was an indispensable ally, embedded in communities and able to connect in ways that eluded the larger machinery of government.

That partnership continues to benefit the people of Ontario and supports the objectives of the province. But its capacity is at risk, and the consequences of further constraint will be costly, in both fiscal resources and public objectives.

## Workforce Stability

The nonprofit sector is experiencing an unprecedented challenge with workforce stability. Recruitment and retention challenges are at an all-time high. Demand is increasing in this context resulting in 86% of nonprofits surveyed by ONN reporting increasing waitlists, as well as delayed service, service quality challenges, and the loss of capacity for innovation. The instability of the workforce is driven by rising caseloads, increased pressures, and most of all by staggering wage disparities between nonprofit sector workers and other workers in the broader public sector doing similar jobs. Nonprofits report steadily losing staff to hospitals, schools, and municipal services — positions for which they do not have the bandwidth or resources to rehire and retrain.

To address these issues, nonprofits need the creation of new skills development resources, allocated from the Skills Development Fund, to bring in new employees, train them, and support their transitions. This process can support increased scope in the skilled workforce and enhance efforts to build skills in marginalized communities and among peer service providers, giving clients a pathway out of poverty and reducing demand on services overall.

Failure to stabilize community services will certainly result in increased public sector costs. The loss of personal support workers, for example, leads to more demand on hospitals at higher costs. To prevent this, nonprofits need to narrow the wage gap between themselves and the public sector. That will require the province to commit funding to achieve wage parity with other sectors. The cost of this adjustment is substantial, and nonprofits have proposed a phased approach, over four years, to achieve that goal.

### Stable and Adequate Funding

The pressure on the workforce is exacerbated by the instability and inadequacy of nonprofit sector funding. Even jobs at competitive wages are hard to fill and retain when only a year away the funding is uncertain: impending unemployment is a fact of life for those working on single-year contracts.

Despite growing inflation, many nonprofit service providers have seen over a decade of frozen funding levels, making it impossible to deliver the same service at the same quality, especially in the face of growing demand. As we bounce back from the intense role that nonprofits played in the pandemic, the strain of long-term belt tightening is showing more and more.

We need a transition to stable, long-term, and flexible operational funding for nonprofits that reflects the true cost of delivering services and programs, and keeps pace with inflation and emerging needs.

### Volunteerism

The HR crisis in the nonprofit sector is not limited to paid staff. According to Volunteer Mississauga/Brampton/Caledon, volunteerism is rapidly declining. The Ontario Nonprofit Network's recent survey found that 62% of organizations have lost volunteers. According to the Canadian Survey of Business Conditions, half of Ontario nonprofits that sought to recruit volunteers lack time and resources to do so.

This is a loss for the sector and also for our communities. Both volunteers and clients benefit tremendously from the charitable work of volunteers. The province's own statistics indicate that for every \$1 invested in a volunteer, the return on investment is \$15. Volunteers were critical to our pandemic response, and future emergency preparedness relies on our recovering our volunteer base. We can't afford not to reverse the current downward trend in volunteering.

A provincial volunteer recovery strategy is needed. Ontario has the advantage of many volunteer centres and other partners in the broader nonprofit sector to codesign strategies that would address the negative impacts on volunteerism.

### Technology

One of the few benefits of the pandemic was the increased technological sophistication of nonprofit staff and clients. Many who, only 4 years ago, had barely touched a computer, can now teleconference, e-transfer, download, and upload with ease. While that opens up opportunities for efficiencies and new horizons, funding has not been adjusted to enable efforts to capitalize on these new technical

opportunities. Resources to maximize the use of technology and share technological innovations among nonprofits will help the sector better serve communities at greater efficiencies.

### Disaggregated Data

One of the pandemic's stark lessons was the clear recognition that impacts are not evenly distributed. Infection rates were higher for some communities and vaccine access was lower. Disaggregated data collection enabled public health efforts to focus on where the challenges were most acute and helped Peel region, for example, go from a national COVID-19 hotspot to a leader in vaccine distribution. That approach to data needs to continue to allow nonprofits to focus efforts on those most in need.

### Home in Government

Right now, the nonprofit sector is stretched out across 16 ministries, and dozens of departments, where conflicting rules often make compliance and engagement difficult. This makes little sense given the significance of the sector. Ontario's nonprofits are an economic driver contributing \$65 billion to our province's GDP, mostly from private donations and earned income, and employing 844,000. Ontario's nonprofits deliver millions of hours of necessary services, including housing, childcare, healthcare, seniors' programs, youth programs, mental health services, food security, and disability supports to millions of Ontarians in every corner of the province.

A coordinated approach to the sector just makes sense. It is long past time for Queen's Park to establish a whole-of-government approach for Ontario's 58,000 nonprofits and charities by creating a "home in government" for the sector, with an associate-minister-level appointment within the Ministry of Economic Development, Job Creation and Trade, supported by a deputy or assistant deputy minister in an office representing nonprofits, charities, and social innovation.

### Impacts

The serious risks to the sector are in fact risks to provincial goals. The challenges that nonprofits face undermine efficiency, effectiveness, economic growth, success for youth, people with disabilities, and the health and well-being of Ontarians. Addressing these challenges is a crucial element of meeting the government's goals as well as the public's.

### Summary of Recommendations

The 2023 budget should:

- **Provide new skills development resources, allocated from the Skills Development Fund, to help address the nonprofit human resources crisis.**
- **Phase in wage parity funding over 4 years to reduce the loss of nonprofit staff to other sectors.**
- **Transition to stable, long-term, and flexible operational funding for nonprofits that reflects the true cost of delivering services and programs, and keeps pace with inflation and emerging needs.**
- **Develop a volunteerism recovery strategy jointly with Ontario's volunteer centres.**
- **Fund technology efforts by nonprofits to capitalize on new opportunities in our more tech-savvy post-pandemic context.**
- **Expand the collection and sharing of disaggregated data to help nonprofits focus where the need is greatest.**
- **Create a "home in government" for the sector by establishing an associate minister and deputy minister position in a new Office for Nonprofits and Charities within the Ministry of Economic Development, Job Creation, and Trade.**

For more information on the forum and its recommendations, please visit [www.ontarioforall.ca](http://www.ontarioforall.ca) or email [info@ontarioforall.ca](mailto:info@ontarioforall.ca)