

February 10, 2022



**Mennonite  
Central  
Committee**

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The Honourable Peter Bethlenfalvy  
Minister of Finance  
c/o Budget Secretariat  
Frost Building North, 3<sup>rd</sup> Floor  
95 Grosvenor Street  
Toronto, Ontario M7A 1Z1

Dear Minister Bethlenfalvy,

Mennonite Central Committee (MCC) has over 100 years of working on the front lines of relief, development and peace initiatives in Canada and around the world. In Ontario, MCC strives to build respectful relationships between Indigenous and non-Indigenous people, works at restorative justice, supporting refugees and newcomers. MCC also has several programs working with people who have experienced homelessness, mental health issues and disabilities. Our program participants face challenges finding affordable housing and securing enough income to pay rent and put food on the table. We know these struggles are not unique to our program participants but are experienced by many people throughout Ontario.

We are pleased to participate in public consultations for the 2022 Ontario Provincial Budget. We have outlined below several measures for budget 2022 that would have an immediate, positive impact on Ontarians living in deep poverty and severe housing insecurity.

**Recommendation 1: Preserve affordable rental housing by reinstating rent control on vacant units and apartments built since 2018**

The crisis in housing affordability has been the subject of news headlines for months. It has also been a focus for governments, including the Ontario Government, whose Provincial-Municipal Housing Summit focused on housing affordability.

MCC sees the affordable housing issues through our program participants' perspective. Whether they are newcomers to Canada, people returning to community after incarceration or people who have been homeless, most of the people with whom we work are renters. They have few financial resources. They struggle to afford their rental apartments. And each time they are forced to move, they find that rents have increased even higher.

While much attention is focused on affordable home ownership and building more homes faster, it is crucial to recognize that many Ontarians rent. And while there has been some attention to building new rental housing, including units that have below-market rents, more attention needs to be paid to preserving the naturally affordable rental housing that already exists in older apartment buildings.

Unfortunately, Provincial Government policy has allowed rents to skyrocket by exempting vacant units and rental housing built since 2018 from rent controls.

*More Homes, More Choice: Ontario's Housing Supply Action Plan* states:

"We've exempted new rental units from rent control to [encourage new rental construction](#) so that there can be more choice for tenants. An increase in supply should help bring rents down."

From <<https://www.ontario.ca/page/more-homes-more-choice-ontarios-housing-supply-action-plan#section-6>>

*The justification for removing rent controls to promote new rental construction and lower rents is not a new idea. This was the same justification used in the mid-1990s by the Government of the day to remove rent control on vacant units even though More Homes, More Choices makes clear that earlier policy failed when it observed that "new construction has focused on condominiums rather than rental apartments."*

What rent decontrol on vacant units has done is create a market for Real Estate Investment Trusts (REIT) to purchase many existing rental buildings and extract profits by systematically raising rents. Martine August, professor in the School of Planning at the University of Waterloo, has documented the rise of REITs in Canada from 1997 to 2017, from owning zero to 10% of Canada's multi-unit apartments. The geographic presence of REITs has been more pronounced in provinces with weak rent controls -- including Ontario. <http://www.waterlooregion.org/sites/default/files/August2020.pdf>

*Reinstating rent control for vacant units and for apartments built since 2018 will cost the Provincial Government nothing. But it is critical for preserving affordable rental units and helping prevent more households falling into core housing need.*

**Will budget 2022 reinstate rent control on vacant units and on apartments built since 2018?**

**Recommendation 2: Invest in the Canada-Ontario Housing Benefit to help more households in core housing need.**

A recent report from the Financial Accountability Office (*Housing and Homelessness Programs in Ontario*) reveals the extent of the affordable housing crisis in Ontario and the genuine challenges in the years ahead.

Between 2011 and 2018, the number of households in core housing need grew from 616,900 to 735,000, an increase of 118,100 households, or 19.1 per cent. (FAO, *Housing and Homelessness Programs in Ontario*, p. 2)

The Canada-Ontario Housing Benefit is a valuable program providing income-tested support for households in core housing need. The Province should expend this portable housing benefit through provincial investments and ongoing partnership with the federal government for funding to help more households afford their housing costs.

**Will budget 2022 invest in the Canada-Ontario Housing Benefit to help more households in core housing need?**

**Recommendation 3: increase social assistance rates and index them to inflation.**

The 2021 Ontario Economic Update and Financial Review announced a 4.5% increase in the minimum wage from \$14.35 to \$15 an hour, effective January 1, 2022.

The increase to the minimum wage is a crucial step to help ensure Ontarians who have full-year, full-time paid work to earn enough to reach the poverty line. Just as important, the minimum wage has been adjusted annually to reflect increases in the cost of living.

When the minimum wage increase was announced, you said, "For too long, workers have been falling behind and wages have not kept up with the cost of living, which is why we are raising the minimum wage...."

From <<https://news.ontario.ca/en/release/1001390/ontario-working-for-workers-by-increasing-minimum-wage-to-15-an-hour>>

For many who are unable to work or to find full-time, full-year work, the Ontario Disability Support Program (ODSP) and Ontario Works (OW) form their main source of income. ODSP and OW rates leave recipients in deep poverty. ([Welfare in Canada, 2020 \(maytree.com\)](#)). Their incomes have not kept up with the cost of living. Their incomes have been frozen since 2018.

Many of MCC's program participants rely on ODSP and OW. They talk about how once they pay their rent, they have little or nothing left over, even for groceries.

As of November 2021, the Ministry of Families, Community and Social Services reported 843,460 people in Ontario relying on ODSP or OW. That means at least 843,460 Ontarians living in deep poverty. **Each year that the Government decides to freeze ODSP and OW, we effectively pushing these people deeper into poverty.**

**In Budget 2022, will you also raise people's incomes on ODSP and OW by 4.5%? And will you index rates to inflation?**

Thank you for taking the time to review these recommendations. We encourage you to move forward with these recommendations and improve the lives of Ontarians living in deep poverty and severe housing insecurity.

Sincerely,



Wendy Adema  
Program Director