

**Ministry of
Municipal Affairs
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March 25, 2024

Mr. Cameron Banach
Director, Housing Services/Chief Executive Officer NRH
Regional Municipality of Niagara
1815 Sir Isaac Brock Way, P.O. Box 344
Thorold, ON L2V 3Z3

Dear Mr. Banach:

Late last week, I received a letter from federal Minister Sean Fraser regarding Ontario's National Housing Strategy (NHS) Action Plan. The Minister has indicated that the federal government is cutting \$355 million in funding that goes to support the most vulnerable in our province.

The federal government has disagreed with the 11,529 community housing units that Ontario proposed to count towards the overall provincial target of building 19,660 new rent-assisted units as part of its NHS Action Plan. In doing so, they are refusing to recognize the important contributions made by Ontario's service managers to grow the provincial community housing stock while balancing other critical housing priorities, including the significant repair backlog.

As a result, the federal government is forcing the province to revisit the way we fund service managers in order for them to demonstrate greater progress against meeting our target. This directly impacts our ability to provide service managers with the autonomy and flexibility they need to address local housing priorities.

We believe this is unacceptable as we know that the flexibility provided to our service managers to spend money on local priorities leads to better outcomes for Ontarians.

Additionally, the federal position on NHS funding does not reflect some major factors that should be taken into account – factors that Ontario has repeatedly brought to the attention of the federal government. Since the NHS targets and outcomes were agreed to in April 2018, the economic landscape has shifted dramatically with the rising costs of building materials, supply chain disruptions, gaps in the labour market, and most of all, higher interest rates.

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The federal position also does not consider the importance of ensuring that the current social housing stock is there for the many households that need it most through our focus on repairing and renovating units. While it is important to grow the stock, it is equally, if not more crucial, to ensure it does not shrink due to units that cannot continue to be offered because of deferred repairs and renovations.

Ontario's stock is the oldest in the country and in the greatest need for additional investment in repairs and renovations. A January 2024 report from the Housing Services Corporation reviewed 86,000 of Ontario's social housing units and found that more than 25,800, or 30% of these units, are at risk of being in critical condition by 2035 based on the Facilities Condition Index. By focusing on the repair backlog, Ontario has successfully staved off the risk to both affordability and availability of units for tens of thousands of families and overachieved on the NHS repairs target. In fact, we have effectively exceeded the overall nine-year repairs target by 170% to date.

Given the age of Ontario's stock, we question the federal government's singular focus on achieving a new supply target while adhering to a low repairs target, both of which were set more than 5 years ago. This approach would amount to gross negligence on our part as the stock would be at risk of deteriorating to a point where, over time, more units could be lost unnecessarily compared to how many are to be created by way of the 15% expansion target. Our approach, on the other hand, continues to support the financial and physical viability of the social housing stock over time, while also respecting the independence and autonomy of our service managers.

I have written back to Minister Fraser and have asked that he consider a revised NHS Action Plan that identifies solutions to address these concerns while not cutting crucial funding that you as service managers depend on.

To date, I have not received a response, as such I am writing to you today to inform you that there may be a significant impact in funding starting on April 1st.

We hope that the federal government will reconsider the approach they have chosen and come to the table as partners so that we can get to a resolution that will not put the most vulnerable Ontarians at risk.

Sincerely,



Hon. Paul Calandra
Minister of Municipal Affairs and Housing

- c. Michael Klimuntowski, Chief of Staff, Ministry of Municipal Affairs and Housing
Martha Greenberg, Deputy Minister of Municipal Affairs and Housing
Angela Cooke, Assistant Deputy Minister, Ministry of Municipal Affairs and Housing