



July 30, 2014

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Mr. James Rajotte, Chair  
Standing Committee on Finance  
House of Commons  
Ottawa, ON  
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Dear Mr. Chairman,

### **2015 Federal Pre-Budget Submission**

The Ontario Municipal Social Services Association (OMSSA) and its members are calling on the federal government to implement an action plan that will provide Canadians and Ontarians with much needed labour market supports. Supports that will strengthen the economy and the health and well-being of Ontarians and Canadians alike.

OMSSA represents staff working on behalf of Ontario's municipal governments in the area of human services. OMSSA members plan, manage, fund, and deliver social and community services including early learning and child care, employment and income supports, and housing and homelessness prevention programs in Ontario.

OMSSA offers the following considerations as the government establishes its budget priorities for 2014:

- Establishing and funding a national early learning and child care plan;
- Establishing and funding a national affordable housing strategy and ensuring the renewal of the expiring federal funding for affordable housing.

OMSSA 2015 Federal Pre-Budget Submission  
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## **Establishing and funding a national early learning and child care plan:**

Access to child care is critically important for the wellbeing of Canadian children and their families. It is also a key labour market support that many families need in order to access and maintain employment. Child care is key to labour market and economic strength and growth, as much as it is important to building a strong, educated future labour force.

It is well understood that child care is also a foundation for poverty reduction. For low-income parents, the ability to seek financial independence is often tied to the availability of reliable childcare. Access to affordable child care supports parents to prepare for, and participate in, the workforce by making it possible to train, retrain, seek and keep jobs.

Participation in the workforce, in turn, means parents are less reliant on social assistance. Investing in early learning and child care is not only the right thing to do for Canadian families, it also makes economic sense.

Investments in child care stimulate the economy by creating new and sustainable jobs in various sectors. Child care is also an important part of economic development. The availability and affordability of child care is important for attracting talented young professionals, and the companies that employ them, to Canadian cities.

According to TD Economics, early years programs have the highest rate of return to human capital investment. For every dollar invested in early childhood education, the returns on investment range from \$1.49 to \$2.78<sup>1</sup>. What this means is the cost avoidance or savings from investments in early childhood results in increases in government revenues from income taxes of parents who would not be able to otherwise work and the reduction in social costs, special education and health care costs.

Early learning and child care programs are integral to the health of Canadian families and a healthy economy, and should be a key priority for public investment. Canada's investment in early childhood remains low in comparison on a global scale<sup>2</sup>. As the government continues its strategies on building a strong and sustainable Canadian economy, investing in child care should be a component.

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<sup>1</sup> TD Economics (2012). *Special report: Early childhood education has widespread and long lasting benefits.*

Retrieved from: [www.td.com/document/PDF/economics/special/di1112\\_EarlyChildhoodEducation.pdf](http://www.td.com/document/PDF/economics/special/di1112_EarlyChildhoodEducation.pdf)

<sup>2</sup> [Childcare Resource and Research Unit. Early learning and child care: How does Canada measure up? Retrieved from: www.childcarecanada.org/sites/default/files/BN\\_EarlyLearning06.pdf.](http://www.childcarecanada.org/sites/default/files/BN_EarlyLearning06.pdf)

## **Establishing and funding a national affordable housing strategy:**

OMSSA was pleased to see that the 2014 budget included a commitment by the federal government “...to work with provincial and territorial governments, municipalities, the Federation of Canadian Municipalities, and other stakeholders at the community level to ensure the accessibility and sustainability of housing, including social housing, for those most in need.”

As the government knows the lack of affordable housing is a serious problem for Canadians. Data demonstrates that approximately 1.5 million households – or almost 13 per cent of all households in Canada – live in core housing need.

In Ontario alone:

- Over 158,000 households languish on wait lists for affordable housing, a 10% increase from 2010.
- There are 270,000 social housing units in Ontario, 70% of which have capital reserve shortfalls amounting to an estimated \$1.215 billion.
- Ontario is expected to need between 15,000 and 20,000 rental and social housing units per year.
- 20% of Ontario renters spend over 30% of their income on housing while the national average is only 13%.<sup>3</sup>

But we also know that there are important economic benefits from access to stable, secure and affordable housing:

- Each dollar spent on housing equals a \$1.40 increase in gross domestic product (GDP).
- For renovations and new housing construction, an expenditure of \$1 million on housing generates roughly three full-time-equivalent jobs, and 10 additional indirect and ancillary jobs.
- Housing starts remain consistently below the years leading up to the 2008 recession, creating an estimated gap of 50,000 jobs in the construction sector.
- The housing sector now makes up 20% of Canada's GDP.<sup>4</sup>

The lack of access to adequate, affordable housing is associated with a host of negative consequences for individual health and wellbeing, in areas including: physical health, mental health, and education and employment opportunities.

The cost implications of homelessness are staggering. Supportive or social housing costs \$25-\$31 a day versus a shelter bed at \$69, jail at \$143 and hospitalization in a psychiatric facility at \$665 a day<sup>5</sup>. A

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<sup>3</sup> Ontario Nonprofit Housing Association, *Where's Home*, 2013

<sup>4</sup> Federation of Canadian Municipalities, *Crunching Canada's Housing Numbers*, 2014.

<sup>5</sup> Canadian Housing and Renewal Association (n.d). *Every Canadian deserves a place to call home*.

conservative estimate of the annual cost of homelessness in Canada in 2013 was \$7 billion, for community organizations, governments and non-profits to provide emergency services<sup>6</sup>.

With \$13b currently in the system only to address the consequences of the lack of access to affordable housing, the argument for upfront investments in affordable housing clearly makes sense.

Access to affordable housing plays an important role in economic growth by supporting labour market participation and creating jobs. An affordable, decent place to live offers stability, which in turn supports employment. A job becomes very difficult to attain and maintain if you have to worry about getting or keeping a roof over your head.

*Sustaining federal funding in the housing system:*

As the numbers above indicate, more funding is needed to address the affordable housing challenges in Ontario and Canada. Funding that is stable, secure and sustained.

OMSSA and its members look forward to the federal government's action plan on its commitment to work with key stakeholders to find solutions to this emerging and troubling issue.

A good first step would be for the federal government to keep the \$1.7b nationally for social housing agreements in the system permanently.

As the government is aware, by 2033, Ontario and all provinces and territories face a housing crisis as the federal funding is currently expiring and is scheduled to end at that time.

Social housing is a valuable public asset. With the end of federal funding facing Ontario, many social housing projects will be at risk resulting in even less access to affordable housing and a greater concern for the economic and social health of our province and the county.

Investing in sustainable, predictable funding for housing and child care, is investing in Canadians, Ontarian's and in the strength and sustainability of our social and economic health and well-being for today and tomorrow. We recommend that a commitment to a national child care and housing program be included in the government's economic action plan for 2015.

Sincerely,



Kira Heineck  
Executive Director, OMSSA

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<sup>6</sup> Gaetz, S., Donaldson, J., Richter, T. & Gulliver, T. (2013). *The State of Homelessness in Canada 2013*. Toronto: Canadian Homelessness Research Network Press.