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June 29th, 2016

The Hon. Chris Ballard
Minister Responsible for the Poverty Reduction Strategy
Minister of Housing
MPP Newmarket-Aurora
College Park
777 Bay Street
Toronto ON M5G 2E5

Dear Minister Ballard:

Re: Supporting Ontario's Housing Strategy

Congratulations on your appointment as Minister of Housing and Minister responsible for the Poverty Reduction Strategy. Significant challenges exist throughout the province relating to the issue of shelter affordability, a topic that touches on both of your portfolios. To overcome these challenges, we have collectively been contributing to a comprehensive analytical research platform to help inform your decision making.

Last year, the *Canadian Centre for Economic Analysis (CANCEA)*, an independent and cutting-edge interdisciplinary research organization that specializes in “big data” socio-economic simulation, was retained by the *Residential Construction Council of Ontario (RESCON)* to perform an independent and comprehensive review of the factors impacting shelter affordability in Ontario and the GTHA. The report, *Understanding Shelter Affordability Issues: Towards a Better Policy Framework in Ontario* was released in December of last year, offering several key insights:

- **Shelter is a basic need with complex characteristics and multiple functions.** Families across the province will require different types of shelter in order to live, work, and play.
- **Shelter affordability is not only about ownership and mortgage financing;** in fact, the low cost of debt and the surge in leverage masks significant risk to the economy overall and to vulnerable households, for whom an economic slowdown or a housing market cooling could mean default.
- **The affordability of accessing shelter—either by ownership or other markets—must be understood in a holistic framework:** families must allocate their incomes to a variety of other essential purchases along with shelter, such as food, clothing, and transportation, before making discretionary purchases. A squeeze in discretionary income could mean less consumer choice, a lower quality of life, and lower tax revenue for government.

- **The Shelter Consumption Affordability Ratio (SCAR Index)** was introduced to help appreciate shelter affordability through this interconnected lens, combining all shelter-related and transportation with the costs of other needs, including food, clothing, healthcare, and child care.

This work (and the SCAR index in particular) has gained traction among industry, academics, municipal planners, and the media. Beginning with a conference hosted at Ryerson University, this work gathered provincial Ministers and staff, municipal councillors and staff, leaders of the construction (and related) industry, advocacy groups, professors, and more, to kick-start a more robust conversation about shelter affordability and its many dimensions.

Multiple articles in major news publications have helped this integrated framework gain traction, with contributors spanning the likes of the Globe and Mail's Rob Carrick to Toronto's Chief Planner Jennifer Keesmaat. The SCAR index has also replaced less comprehensive measures of shelter affordability as a component in the *Canadian Index of Wellbeing*, a well-known and respected composite index that strives to reflect core Canadian values in a non-partisan way. Today, other industry stakeholders, namely the *Ontario Association Architects (OAA)*, the *Ontario Construction Secretariat (OCS)*, and the *Residential and Civil Construction Alliance of Ontario (RCCAO)* have joined RESCON to contribute to and facilitate CANCEA's further investigation into the housing-related challenges in Ontario and the GTHA.

Housing affordability does not have a single policy solution. The types of concerns facing a family of four in a suburban region will not be the same as those facing a lone-parent family of three living in a core urban area. Essential research currently underway will assess the salient factors identified in CANCEA's initial review, and measure the strength with which each factor is driving affordability challenges across communities in Ontario and the GTHA. Using CANCEA's "big data" computer simulation platform and an appreciation of different community situations, this research will reveal and quantify:

- Which families in which regions are most at risk and under what circumstances;
- What the risks arising from different levels of shelter affordability are to government and industry; under different economic and policy considerations, including interest rates, fees, taxes, and transfers;
- Which other essential expenses are limiting households' ability to afford the shelter they need;
- How households' relationship with debt, consumption, and other financial behaviour contribute to shelter affordability levels;
- What roles that issues such as land supply, the development and buildings approval process, and infrastructure play in shelter affordability; and
- What the role of different preferences and demographic trends are.

We believe that effective, independent, and evidence-based research will be critical to your decisions as Minister surrounding these complex issues. The outcome of this research will offer a quantified perspective on the options facing government and how to resolve these challenges in a way that calculates risks and acts towards the social and economic benefit of the residents of Ontario.

We would welcome the opportunity to discuss this research with you and your team. Please contact Mr. Anthony Fernando, Director of Public Affairs for RESCON & RCCAO, to coordinate the next steps. He can be reached by email at fernando@rescon.com and by telephone at [\(905\)-760-7777 \(x112\)](tel:(905)-760-7777).

Thank you for your consideration.

Yours sincerely,



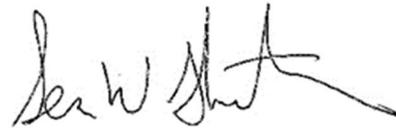
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