

FEELING THE RIPPLE EFFECTS

Lana Hall

Ontario's rising housing prices are impacting more than just potential homeowners, they also have negative impacts on businesses and the broader economy, a new report finds. As potential employees are priced out of cities and residents and visitors curb their spending, Ontario communities will continue to see a ripple effect of housing unaffordability on the economy unless a broader range of housing options is built. And developing sustainable public-private partnerships to make this development feasible will be key to addressing the housing and economic crises the province is facing.

Late last month, the **Ontario Chamber of Commerce** (OCC) released the report "Home Stretched: Tackling Ontario's Housing Affordability Crisis Through Innovative Solutions and Partnerships." After consulting with many of the 60,000 Ontario business members the OCC represents, the report authors determined that it is not just potential homeowners who are impacted by rising home prices throughout the province. It is also businesses who find themselves struggling to fill labour gaps as potential employees find themselves priced out of cities or spending less

money in their communities.

"For those business themselves, we're seeing that they are really having challenges in the midst of ongoing labour gaps and an aging workforce," says OCC senior policy analyst **Sara Beyer**. "The high cost of housing is actually directly impacting businesses' ability to attract and retain talent because people are being priced out of their communities and oftentimes priced out of the province altogether."

Those that can afford to stay in cities might do so at a cost, as the more money people spend on rent and mortgage payments, the less disposable income they might have to spend on goods and services in their communities. This causes a ripple effect across the broader economy, says **University of Toronto** Factor-Inwentash faculty of social work professor of housing and community development **David Hulchanski**.

"That is the core of the

economy: money changing hands," he told *NRU*. "If

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Left: Infographic showing the percentage of businesses in Ontario that report experiencing labour shortages in their respective industries. A new report released by the Ontario Chamber of Commerce warns that the province's housing affordability crisis impacts the broader economy, as organizations struggle to find and retain local labour, while those that can afford to remain living in cities have less disposable income to spend on goods and services in their communities.

SOURCE: ONTARIO CHAMBER OF COMMERCE

Below: Infographic showing the continuum of housing types required to establish and sustain prosperous, complete communities. To address housing unaffordability and support the broader economy, a new report from the Ontario Chamber of Commerce says, a broader range of housing types is required in Ontario towns and cities, including transitional and supportive housing to affordable and attainable housing, in addition to market housing.

SOURCE: ONTARIO CHAMBER OF COMMERCE



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most of the money is paying a mortgage or going to a financial institution, then what is left over for entertainment, quality food and going out to restaurants and all that? A lot less, and the whole economy slows down.”

Housing serves many needs, notes Hulchanski, including the need for economic viability.

“Housing is many things: social, cultural, economic ... but it’s also physical infrastructure,” he told *NRU*. “... You don’t have much of an economy if people are not adequately housed. If you don’t have the full range of talent and types of employee and types of trained people in your community to do what’s needed, from the librarian to the firefighter, [that’s a problem].”

Another significant part of this housing unaffordability challenge, says Beyer, is the cost of providing emergency healthcare and justice services to Ontario residents, the need for which is often exacerbated by homelessness or housing precarity.

“From a moral perspective, that’s something we really need to tackle to ensure everyone has housing that’s affordable and meets their needs,” Beyer told *NRU*.

“But from an economic

perspective, it’s also very costly the way that we tackle homelessness right now because often those people experiencing homelessness are relying on emergency rooms in our healthcare system or are interacting with the justice system or other social services, which are all much more costly than just providing affordable housing. All of those pieces together really underscore the fact that absolutely, it’s an individual issue, but businesses and the broader economy are really being impacted at the same time.”

The OCC report offers several solutions for tackling the housing crisis in a way that also benefits communities and businesses, including clearing the backlog of immigration applications and prioritizing workforce development, particularly in the skilled trades, supporting the development of affordable, student and seniors’ housing, and exploring technologies that could help streamline development applications.

These kinds of solutions, according to **Federation of Rental Housing Providers of Ontario** (FRPO) president & CEO **Tony Irwin**, can only be developed successfully through collaborative efforts, including from both private and public sector organizations.

“We have [rental housing provider] members who have been building rentals for decades and would like to do much more ... but they need an environment that is receptive to purpose-built rentals, where there’s a desire to collaborate, to encourage and incentivize building all housing types,” he says.

“If we’re really going to tackle this in a meaningful way ... we all need to work together, including all levels of government as well as industry ... It’s a huge task, but failure is not an option.”

[Read the full report, “Home Stretched: Tackling Ontario’s Housing Affordability Crisis Through Innovative Solutions and Partnerships” on the Ontario Chamber of Commerce website.](#) 

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