

Community Housing as a Response to Tariffs



The threat of tariffs from the United States could have devastating impacts on Ontario's economy in both the short and long-term. The billions of dollars that Premier Ford has committed to help Ontario industry and communities weather potential economic disruption will be critical to protecting jobs and businesses and contributing towards enhanced productivity.

Investments in community housing have been an important element of past responses to economic downturns – including under Prime Minister Harper following the 2008 economic crisis. These investments can both:

- Provide a secure pipeline of projects for the residential construction sector, preserving jobs and investment through uncertainty; and
- Contribute to Ontario's long-term economic productivity by improving overall housing affordability and enabling workers to live where there is demand for skills and labour.

Funding for non-market housing can fill investment gaps created by poor market conditions

The economic headwinds that led to significant decreases in Ontario housing starts in 2024 remain in 2025, with the Canadian Mortgage and Housing Corporation (CMHC) projecting additional slowing of new housing construction in Ontario.¹

The Ontario Home Builders Association (OHBA) has warned of devastating impacts to Ontario's housing sector from US tariffs due to the rising cost of building materials and the decreasing value of the Canadian dollar. They anticipate that increased costs will delay housing starts, stalling progress on increasing housing supply and improving affordability for Ontarians.²

1 Housing Market Outlook 2025 | CMHC (<https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/housing-market/housing-market-outlook/>)

2 <https://www.ohba.ca/ohba-on-the-risk-to-ontarios-housing-sector-from-trump-tariffs/>

There is significant demand for investment in community and supportive housing across municipalities, with many projects shovel ready or at stages of advanced planning. Investments could include:

- Repair and rehabilitation projects, where maintaining Ontario's current community housing stock to a state of fair repair over the next 10 years will require \$11 billion ³ ;
- New community housing units to respond to the 268,000 household waitlist across the province; and
- New supportive housing units, including an estimated 3,000 units needed to address homeless encampments.

These types of projects can keep residential construction workers and equipment productively employed in communities across the province.

Investments in community housing will support long-term productivity gains

Even before the current trade and tariff context, poor housing affordability was impacting Ontario's economic growth. According to a study undertaken by Deloitte and the Canadian Housing and Renewal Association (CHRA), there are many ways that Canada's housing affordability crisis has contributed to its labour productivity challenges, including: ⁴

- Mismatches between where jobs are and where workers live, as residents are unwilling to move due to higher housing costs. In some communities employers must provide housing for their employees due to the scarcity of affordable housing, with constraints on business growth;
- Lost time due to long-distance commuting;
- Less money that can be spent on goods and services other than housing; and
- Diminished employee skills and productivity due to poor living conditions.

Deloitte and CHRA analysis suggests that increasing Ontario's community housing as a percentage of overall housing stock to the level of the Organization for Economic Cooperation and Development (OECD) average could increase Ontario's GDP by as much as \$50 billion. ⁵

An increase in the supply of community housing will have positive impacts on affordability across the housing spectrum. As Ontario looks to make significant shifts in its economy to respond to tariffs and enhance long-term productivity, community housing must be a part of the overall strategy.

3 Housing Services Corporation

4 Canadian Housing Renewal Association, prepared by Deloitte, (2023). The Impact of Community Housing on Productivity. Retrieved February 6, 2025, from <https://chra-achru.ca/economic-necessity/>

5 ibid.



Recommendations

Stimulus investments in community and supportive housing could improve housing affordability, increase productivity and economic growth, and protect jobs in the residential construction sector.

AMO recently worked with HelpSeeker Technologies and other key partners to research Ontario's homelessness crisis. That research called for \$7.7 billion in capital investment over 10 years to develop 41,000 new affordable and supportive housing units.⁶ An immediate new investment of **\$1.5 billion over 2025/26 and 2026/2027** with corresponding operating funding would be a good first step toward this goal. Investments could be targeted in the following ways:

- **Protect current system capacity by funding capital repairs to renovate and upgrade existing community housing stock and establishing an acquisition fund to enable community land trusts, non-profits, cooperatives and municipalities to acquire and rehabilitate existing buildings.**

Many municipal and non-profit housing providers have long lists of unfunded capital repair projects. Residential construction workers could be put to work quickly to tackle these needs while simultaneously enhancing energy efficiency and improving the health outcomes of people living in community housing. It will also be more cost effective to maintain and acquire existing buildings where they already exist.

- **Increase system capacity by funding the capital development and operation of new community and supportive housing units.**

Communities right across Ontario need community and supportive housing. Many projects are already in development and government investment could bring them over the finish line. Capital development would help support jobs in the construction sector, while an additional \$330 million in operating funding would ensure the long-term sustainability of these new housing units.

6 Donaldson, J., Wang, D., Escamilla, C., & Turner, A. (2025). Municipalities under pressure: The human and financial cost of Ontario's homelessness crisis. HelpSeeker Technologies (<https://www.amo.on.ca/sites/default/files/assets/DOCUMENTS/Reports/2025/2025-01-08-EndingChronicHomelessnessinOntario.pdf>)