

Pre-Budget Submission to the
**Standing Committee on Finance and
Economic Affairs
Legislative Assembly of Ontario**

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Deputants:

Amanda Yetman, President – Ontario Council,
Co-operative Housing Federation of Canada

Harvey Cooper, Manager of Government Relations,
Co-operative Housing Federation of Canada, Ontario Region



Co-operative Housing Federation of Canada
Ontario Region

Introductory remarks

Thank you for this opportunity to make a pre-budget presentation to the Standing Committee on Finance and Economic Affairs on behalf of more than 125,000 residents living in 555 non-profit housing co-operatives across Ontario.

My name is Amanda Yetman. I am President of the Ontario Council of the Co-operative Housing Federation of Canada. With me today is Harvey Cooper, Manager of Government Relations for CHF Canada's Ontario Region, who will answer any questions you may have.

Housing co-operatives are committed to playing a significant role in meeting the affordable housing needs of Ontarians. In our presentation we will focus our remarks on a few critical housing issues and practical suggestions that the Ontario government should consider as it prepares its 2010 budget:

1. **Affordable housing – A fundamental building block for economic recovery**
2. **Make affordable housing a targeted sector for Ontario's infrastructure investments**
3. **A Long-Term Affordable Housing Strategy for Ontario is urgently needed**
4. **Building new affordable homes**
5. **Ensuring housing is affordable**
6. **Protecting the viability of existing community-based housing**
7. **A stand-alone ministry for housing.**

1. Affordable housing – A fundamental building block for economic recovery

Recommendation:

- 1 *Investment in affordable housing investment should be viewed as a key driver of economic recovery.*

Ontario has a great deal at stake as the 2010 Budget is crafted. The right choices will

- provide substantial stimulus to the economy when it is most needed
- assist Ontarians shouldering the burden of the worst economic downturn in generations, and
- leave behind a legacy of investments in infrastructure and people to ensure a sustainable and prosperous future for our province.

Canadian governments, both federal and provincial, have tended to regard housing affordability and poverty reduction as essentially dimensions of a social problem. This view has caused policy makers to look at the cost of addressing housing affordability out of context. They fail to take account of the economic dimension of addressing or failing to address the need for affordable housing.

They overlook the cost to our economy of failing to act on housing need. The lack of housing that key workers can afford is a major roadblock to growth and investment in Ontario. And it is well documented that the construction of new affordable housing and rehabilitation of existing stock, provides significant economic stimulus, creates jobs, has a large multiplier effect, uses locally produced materials and provides a valuable public asset for the long term.

Economists around the world are continuing to urge stimulus and infrastructure spending to boost economic performance. Constructing affordable housing should be seen as a fundamental building block in Ontario's economic recovery.

2. Affordable Housing as a targeted infrastructure investment

Recommendation:

2 Make affordable housing a targeted sector for Ontario's infrastructure investments.

Like transit, highway construction, hospitals, schools, bridges and sewers, affordable housing is an essential component of Ontario's infrastructure. It is critical to the Province's long-term economic success and a significant factor in the quality of life for Ontarians.

Queen's Park should recognize this importance by targeting affordable housing construction and rehabilitation as a key sector for capital infrastructure investments and ensuring adequate funds are available to meet the need for major renovations and new affordable housing.

3. A Long-Term Affordable Housing Strategy for Ontario is urgently needed

Recommendation:

3 *The Ontario Government should ensure that its Long-Term Affordable Housing Strategy recognizes affordable housing as a core government program that needs to be funded every year.*

Work on Ontario's first-ever Affordable Housing Strategy is well underway. The 2007 Liberal Party election platform promised to develop a long-term housing plan that would include a mix of non-profit and co-operative housing. The development of such a strategy comes none too soon.

Since the mid-1990s, a major contributor to the current housing crisis in Ontario, particularly in urban centres, has been the lack of continuing housing programs that have as their purpose the systematic reduction of housing need.

During this period, provincial governments have taken an on-again, off-again approach to housing programs and policy that has offered no certainty as to governments' long-term intentions. The Federal/Provincial Affordable Housing Program, which was launched in the fall of 2001, has always been dealt with by government as a stop-gap measure with no guiding long-term vision for housing on the part of our senior levels of government.

This will have to change if Ontario is serious about its commitment to a long-term plan. What will be required is a sustainable approach to addressing affordable housing needs in this province. That is why the promise of a ten-year affordable housing strategy is very welcome news indeed.

CHF Canada's Ontario Region has submitted a detailed brief to the Province with recommendations on the key elements that we feel should be included in the Affordable Housing Strategy. We can provide this document to any interested MPPs. In our submission today to the Standing Committee on Finance and Economic Affairs, we offer a few practical suggestions from our material on the Affordable Housing Strategy that may help inform the 2010 Provincial Budget process.

Housing should be seen as a core government program

Affordable housing should be considered a core community need and therefore a central government program like health and education. It is hard to imagine either of these being treated to the stop-start approach hitherto applied to housing. The housing program needs to be funded each year in the provincial budget.

This fundamental principle must be central to Ontario's approach – Queen's Park has to make it clear that it is in for keeps. As noted below Ontario, by signalling that housing is indeed a key provincial area of interest should elicit some reciprocity from Ottawa on the affordable housing file.

The Province needs to leverage federal participation

The federal government has been active in the funding and financing of housing programs for 60 years. Although it no longer delivers development programs directly, Ottawa has continued to support affordable housing throughout the present decade in partnership with the provinces and territories, principally by means of the Affordable Housing Program, the Homelessness Partnering Strategy, and the Residential Rehabilitation Assistance Program. These three programs, all of which feature valuable capital grants, were renewed by Ottawa in September 2008 for five years, with program redesigns scheduled for the third year.

Ontario therefore has a very timely opportunity to influence the look of the reworked federal programs in conjunction with the development of its long-term strategy, and ensure the continuity of the federal funding commitments under them.

To make the case credibly to the federal government that it should continue its historic role in supporting affordable housing, the Province will need to make a clear, long-term financial commitment to playing its part in meeting affordable housing need in Ontario. It has not gone unnoticed by Ottawa that in the McGuinty government's first term, the vast majority of funds committed by senior governments under the AHP in Ontario were federal, not provincial.

4. Building new affordable homes

Recommendation:

4 *As part of its long-term housing strategy, Ontario should ensure at least 8,000 affordable units are brought on stream annually, beginning with an investment in the 2010 Budget to meet this target. Twenty to 25 percent of the units should be targeted for co-operative housing.*

The need for affordable housing is large and growing

Using data from Statistics Canada and Canada Mortgage and Housing Corporation, the Ontario Region of CHF Canada and the Ontario Non-Profit Housing Association, annually publish our *Where's Home?* report. This yearly review takes a comprehensive look at trends in rents and vacancy rates, rental housing development, tenant incomes, and housing affordability issues across the province and in 22 selected municipalities.

Some key findings in the 2009 edition of *Where's Home?* include:

- Over the ten-year period from 2009 to 2019, demand for rental housing in Ontario is forecast to be in the range of 10,000 to 12,000 additional units annually.¹
- Rental production in the late 1980s and early 1990s averaged more than 14,000 units per year. However, with the lack of significant senior government participation, this figure has declined to just over 2,000 units per year since 1995.²
- An astonishing 95% of the housing starts in the most recent five-year period have been in the ownership market, with rental construction accounting for only 5% of the market. Just 15 years ago, the proportion was 75% ownership and 25% rental.³

The need for more affordable housing in Ontario is urgent and growing. According to the December 2009 report of the Provincial Auditor, current municipal social housing waiting lists across the Province stand at over 137,000 households. Many more people in need of affordable housing have given up even putting their names on the lists as reports of waiting a decade and longer for a unit are not uncommon. In Peel Region, apparently the wait is 21 years.⁴

Affordable housing construction; limited progress to date

The McGuinty government had a late start on affordable housing in its first term. It wasn't until 2005 that it agreed to provide funding to match the federal contribution for affordable housing. According to the Ministry of Municipal Affairs and Housing, as of late fall 2009, 6,012 new rental and supportive units had been occupied, 2,434 units were under construction and 1,556 were in planning approvals.⁵ As well, about 3,000 homeownership units were either occupied or under construction.

While construction of any new affordable housing is very welcome news, particularly after a gap of almost a decade under the previous provincial government, the number of new homes built falls well short of what the Liberals promised in their platform in the 2003 election. At that time they pledged 20,000 affordable units, plus 6,600 supportive units to be constructed in their first term in office.

Firm targets are required; co-op and non-profit housing should be a preferred vehicle

A supply program of 8,000 new affordable units per year would be a reasonable target for the Province to budget for and achieve as part of the Affordable Housing Strategy. Queen's Park also needs to ensure that any new units are initially affordable and remain so over the long term.

Co-operative and other forms of non-profit housing are a best-buy for the Province. These models have a proven track record of providing a supply of permanently affordable housing and creating stable, mixed-income communities in cities and towns throughout Ontario.

¹ ONPHA and CHF Canada, *Where's Home? March 2009*

² ONPHA and CHF Canada, Table 7: Residential Starts in Ontario by Tenure, 1989-2007, *Where's Home? March 2009*

³ ONPHA and CHF Canada, Table 7: Residential Starts in Ontario by Tenure, 1989-2007, *Where's Home? March 2009*

⁴ 2009 Annual Report of the Auditor General of Ontario, page 282

⁵ Ministry of Municipal Affairs and Housing, website posting November 27, 2009

Unfortunately, the existing Affordable Housing Program is oriented towards private sector developers or municipal governments that can contribute equity and have the capacity to put together and cash flow development proposals in a way that no community-based sponsor can compete with. This has resulted to a great extent in small-scale community-based housing proponents, such as housing co-operatives, being largely shut out of the program.

Historically, under social housing programs in Ontario, both federal and provincial, between 20% and 25% of the housing was developed as co-operative housing. Under the Affordable Housing Program the share for co-ops has dropped to about 4%.

5. Housing that is affordable

Recommendation:

5 *The Province should take a number of measures to increase housing affordability for Ontarians of low and modest means.*

Documentation of affordability problems

While we have a shortage of affordable housing supply in Ontario, we also have a growing affordability problem for low- and moderate-income households. Both sides of the affordable housing equation - supply and demand – matter. Both should be addressed in Ontario’s budget.

Again, according to *Where’s Home?*, over 260,000 Ontario renter households – or 20% of all renter households in the province – pay over 50% of their income on rent. Over 580,000 households, about 45% of renter households, spend more than 30% of their income on rent.⁶

Affordability measures must be more comprehensive

Affordability is a large and persistent housing problem. Shelter costs constitute the largest regular expense for most households. The Province’s recent Poverty Reduction Strategy acknowledged that the lack of affordable housing is a core contributor to exacerbating poverty. Excessive housing costs simply crowd out other necessities for many low-income Ontarians. Decent, adequate and appropriate housing is unaffordable for many Ontarians. Measures must be adopted to close the gap between housing costs and low incomes.

Ontario should ensure that any new housing supply programs penetrate down to levels of true affordability for low-income households. The Affordable Housing Program has not achieved this. Some units are rented at a below-market rate but rents are not adjusted based on income and the very neediest households can’t afford to live in this housing.

Only about 6% of Ontario households are able to access rent-geared-to-income housing subsidies, yet close to half of all renters in the province are paying more than 30% of their income on housing. There is currently little in the way of housing assistance for the working poor. Lengthy waiting lists and subordination to priority need often preclude access to the many Ontarians who are desperate to find a home that they can afford.

Recent housing allowance programs have generally been short-lived and narrowly targeted, excluding many in need. The Provincial Auditor highlighted this finding in his recent report. He noted that in an earlier Housing Allowance program, established in 2005 using federal dollars, only \$57 million of the \$80 million has actually been allocated, even though there is a pressing need across the province. Municipal service

⁶ Statistics Canada 2007

managers, who administer the program, attribute the relatively low participation level to some of the narrow and short-term design features of the program that exclude many in need.

Another program that is highly restrictive with respect to who qualifies is Ontario's recent Rental Opportunities for Ontario Families (ROOF) program. The ROOF program, which used exclusively federal dollars, provides a limited, capped and narrowly targeted benefit. It is available only to working families with children and the housing allowance is fixed at \$100 per household per month.

Undoubtedly these programs are providing some welcome financial relief for a number of low-income Ontario households. However, given that the cost of housing often has the greatest impact on the budgets of low- and moderate-income Ontarians, the government needs to ensure that new housing supports are more comprehensive than those provided under recent programs and that RGI assistance is available for at least half of the units under any new supply program.

One very cost-effective way for the Province to increase affordability for qualifying households would be to take advantage of the existing supply of rental units in co-op, non-profit and the private sector buildings and offer rent supplements to these landlords.

6. Protecting the viability of existing community-based housing

Recommendation:

6 *The Ontario government should take additional steps to address the capital repair and funding deficit in social housing.*

Social housing stock at risk

The long-term viability of much of Ontario's social housing stock, now administered by municipalities, is at serious risk. Many of the housing units are 30 to 50 years old and require major capital investment. A series of studies by individual municipalities and the Province have all found that capital reserves of Ontario-program housing providers are seriously under-funded. We know that municipalities are strapped for cash and many are unable to ensure that the housing they oversee is adequately maintained.

Province takes important steps

The Province is to be commended for the initial steps it has taken, starting with the 2008 budget, to begin to refurbish our aging social housing infrastructure. Measures included making \$100 million available to municipalities for capital repairs and making social housing providers eligible to borrow funds for capital repair at a reduced rate from the Ontario Strategic Infrastructure Authority.

The Social Housing Renovation and Retrofit Program (SHRRP), introduced in the 2009 provincial budget, provides for \$1.2 billion in combined federal and provincial funding for the renovation and retrofitting of the social housing stock over two years. This funding is welcome and extremely significant. However, as valuable as the SHRRP program is, it provides one-time funding and will still not come near to making up the funding shortfall or providing a long-term solution.

Low cost solutions available

Additional measures are urgently needed to deal with this long-term liability. One significant step the Province could take with little cost to the provincial treasury would be to change program rules to allow co-ops and non-profits to borrow additional funds against their equity for capital repairs. Given the deteriorating conditions of a good deal of the housing stock, particularly the former public housing portfolio, the Province

should attach some urgency to making legislative and regulatory changes to give housing providers this borrowing capacity.

Mortgages should also be extended so that housing providers can afford to pay back the additional debt over a longer term. In addition, the provincial government should provide reduced-rate loans for capital repairs through Infrastructure Ontario. Alternatively, the Province could call on the federal government to make its Direct Lending program available for this purpose.

7. A stand-alone ministry for housing.

Recommendation:

7 *The Province should create a stand-alone ministry for housing.*

One very important step that Ontario could take that would cost relatively little but have a significant impact would be to restore a stand-alone Ministry of Housing. Having a Minister with responsibility solely for housing would significantly improve the provincial government's capacity to move forward on its affordable housing agenda.

Since 1995, the housing portfolio has been combined with the responsibility for municipal affairs. Under this arrangement, housing has been very much the junior division with the Minister of the day having little time to address the escalating affordable housing problems. While this has been the case for the past 15 years, it was not always so. Historically, when housing was a more significant priority for the Province, a stand-alone Minister and Ministry of Housing existed.

From the early 1970s to the early 1980s, and from 1985-1995 under the Peterson and Rae governments, the Province had a full-time Minister of Housing. Not coincidentally, it was during these time periods that Ontario made historic strides not only in building new housing but also providing a spectrum of housing options to its citizens, particularly to those of low and modest means.

Closing remarks

Co-operative housing in Ontario is a well-documented success story. For almost four decades co-ops have provided good-quality, affordable housing owned and managed by the community members who live there.

We are anxious to roll up our sleeves and work with the government and MPPs of all parties to ensure that co-op housing is an integral part of the solution to the affordable housing crisis in Ontario.

We feel that some of the key directions that the Province should move forward on and signal in its 2010 Budget are clear:

- Affordable housing construction should figure prominently in the Ontario government's efforts to revitalize our economy.
- The Province should ensure that its Long-Term Affordable Housing Strategy recognizes affordable housing as a core government program that needs to be funded each and every year.
- An effective affordable housing strategy must address both the need for more supply and affordability and include a recommitment to community-based housing, including co-operatives.
- The urgent need for refurbishment of the deteriorating social housing infrastructure must be addressed.

- Creating a stand-alone Ministry of Housing would significantly improve the Province's capacity to move forward on its affordable housing agenda.

Again, we want to thank the members of the Committee for giving us the opportunity to express our views today. We would be pleased to answer any questions.