



The CO-OPERATIVE HOUSING FEDERATION of Canada

Making Progress on Affordable Housing in a Time of Restraint

**CHF Canada Ontario Region 2013 Pre-Budget Submission to the
Standing Committee on Finance and Economic Affairs, March 21, 2013**

Six low-cost or no-cost things the government can – and should – do

The Co-operative Housing Federation of Canada's Ontario Region represents 555 non-profit housing co-operatives, home to some 125,000 people, across the province.

Ontario is facing a staggering and growing shortage of affordable housing. The 156,000 households on municipal waiting lists are the frontline victims of the market's inability to solve this problem. The lack of affordable housing for key workers in many sectors is threatening the province's economic competitiveness.

Investment in affordable housing would play a critical role in addressing this supply and affordability problem, and would create valuable long-term public assets. What's more, construction and renovation of affordable housing would provide significant and immediate economic stimulus, creating good jobs, often using locally supplied materials, and producing a major economic multiplier effect as other demands for goods and services are triggered.

Recognizing that we are in a period of fiscal restraint and global economic uncertainty, and that the government is committed to balancing the budget by 2017-2018, we want to suggest six low cost, or even no-cost, initiatives that the government should take and all parties should support to create new affordable housing and ensure that the existing stock operates efficiently and is preserved as a long-term public asset.



1 **Pass Bill 14 – A cost-efficient tenure dispute resolution system for housing co-ops**

Bill 14, the Non-Profit Co-operative Statute Amendment Act, tabled in February, is the third legislative attempt in the last three years to reform the tenure dispute system for Ontario's non-profit housing co-ops.

Since 2004, it has been a top priority for our sector to move tenure disputes in co-ops out of the clogged and expensive courts into a tribunal system. Co-ops are the only form of rental housing still using the courts for eviction applications. In 1997, all other rental housing evictions were moved from the courts to the Rental Housing Tribunal and are currently heard by the Landlord Tenant Board (LTB).

As co-op tenure disputes have become more and more of a legal anomaly in the court system, the costs associated

with preparing and presenting cases have increased exponentially. Using the courts, the cost of even a simple co-op eviction for arrears is typically at least \$5,000 more than for a comparable non-profit housing provider, and takes many months longer. Some cases have run up costs of tens of thousands of dollars. It has been estimated that Ontario housing co-ops would save approximately \$1 million annually by moving cases to the LTB.

This move to the LTB would make resolution of disputes more efficient, cost-effective and transparent for co-ops and their members. It would also result in significant and permanent year-over-year savings for the Province as court time is freed up. All three parties at Queen's Park agree that this reform represents good public policy. We urge quick passage of Bill 14 to deliver the social and financial benefits that will follow.

2 **Press Ottawa to re-commit expiring federal assistance to affordable housing**

There is a critical issue looming regarding Ottawa's long-term financial support for federal-program housing providers. Today, nearly 200,000 vulnerable Canadian households, almost half living in Ontario, depend on federal rent-geared-to-income (RGI) housing assistance to pay their rent. Of these households at risk, just over 4,000 are families living in Ontario's housing co-ops.

Federal assistance is delivered through operating agreements with co-ops and other housing providers developed under federal housing programs in the 1970s and 1980s. When these agreements end, so does the RGI subsidy. Some of these agreements have already expired and we are quickly approaching 2020 at which point a large majority of the contracts will have ended.



Premier Wynne, then Minister of Municipal Affairs and Housing, with MPP Cindy Forster and MPP Steve Clark, the respective NDP and PC critics for MMAH, celebrating Co-op Housing Day at Queen's Park.



Seniors, single-parent households, people with disabilities, aboriginal people, and other low-income families are affected. These households have few other affordable housing options, but many will not be able to afford to stay in their co-op homes without assistance.

The federal government has been largely silent on this issue. There are billions of federal dollars that will become available over the next quarter century as these operating agreements expire.

The Ontario government has a clear interest in ensuring that existing affordable housing continues to be available. Together with other provinces, Ontario should negotiate with Ottawa for the re-investment of expiring federal assistance in a long-term, cost-shared plan for affordable housing that includes RGI funding for co-ops and non-profits whose operating agreements have ended.

3 Enact inclusionary zoning legislation

The Province, under its planning authority, can mandate a municipal zoning approval process that requires developers to make a percentage of housing units in new developments available at below-market rents. In return, the developer would receive a “density bonus,” allowing more units than would ordinarily be permitted under zoning restrictions. The below-market housing created would be affordable to many low- and modest- income households who cannot afford the steep rents charged in many recent condominium developments.

While inclusionary housing policies are set by local governments, it is up to the Province to ensure that these municipal measures can be enforced and are not subject to endless challenges at the Ontario Municipal Board. A straightforward Provincial statute giving municipalities the authority to establish inclusionary zoning practices would accomplish this goal. MPP Cheri DiNovo, whose private Member’s Bill attempted to enact inclusionary zoning, summed up the benefits of such legislation recently in debate on Bill 14:

“... inclusionary zoning would allow us to provide up to 12,000 units a year of affordable housing without one tax dollar being spent.”

The government should give very serious consideration to enacting such legislation. Inclusionary zoning has proven an effective tool in the United States where it has been used in a number of states and municipalities.

4 Make government lands available for affordable housing

Ontario should follow through on earlier commitments to facilitate the development of affordable housing on surplus provincial lands. A major part of the capital cost for affordable housing would be removed if the land were available without charge. This would reduce the capital grant required from government and bring down the required economic rents. It would also lower the subsidy required to bridge the gap between economic rent and a rent-gear-to-income (RGI) rent level.

The Province should follow through on this long-delayed initiative that would help create many more affordable homes without incurring significant government expenditures. To ensure maximum accountability for public investment, and long-lasting affordability, priority for provincial lands should be given to co-operative and other non-profit housing.



Current Minister of Municipal Affairs and Housing, The Honourable Linda Jeffrey, meeting with co-op housing representatives.

5 Preserve the existing affordable housing stock

The long-term viability of much of Ontario’s social housing stock is at risk. As Economist Don Drummond noted in his 2012 report on Reform of Ontario’s Public Services:

“Much of Ontario’s social housing was constructed over 30 years ago ... and is in need of repair and rehabilitation The province also has an ongoing obligation to help ensure the safety and sustainability of municipal infrastructure.”

Drummond includes social housing as a key component of that municipal infrastructure, which he characterizes as “crumbling.”

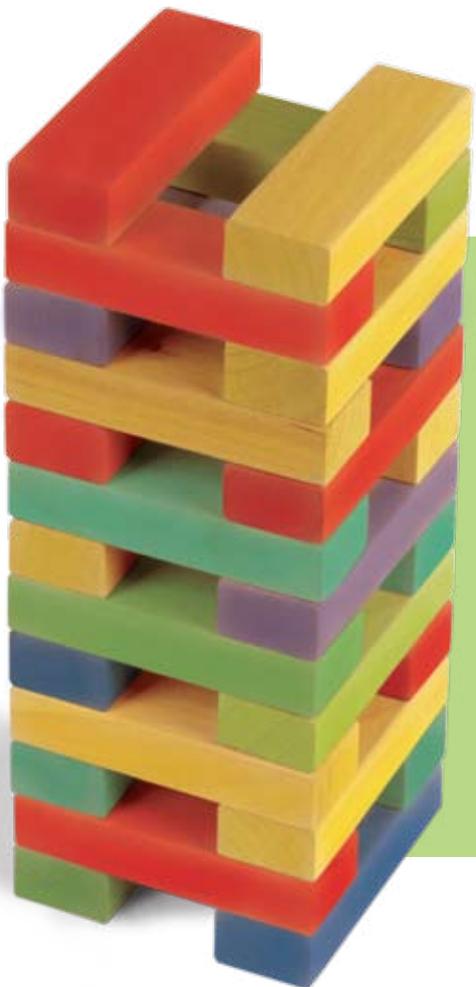
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Co-op and non-profit housing providers need access to new mortgage financing to pay for capital repairs to their aging buildings. One significant step Ontario could take with little cost to the provincial treasury would be to expedite a program through Infrastructure Ontario to allow providers to leverage the equity in their housing to borrow the money they need (at reduced I.O. rates) and extend their mortgages so that their debt servicing costs do not increase.

6 Build more co-op housing

For many years, CHF Canada has raised concerns with the Province about the barriers to development of co-ops and other community-based non-profits under the Federal-Provincial Affordable Housing Program (AHP) and its successor, the Investment in Affordable Housing Program (IAH). Historically almost a quarter of social housing developed in Ontario was co-op housing. Under the AHP and IAH that share has dropped to less than 4%.

CO-OP HOUSING MAKES A DIFFERENCE



We don't believe that this is the policy intent of the Ontario government. In the recent debate on Bill 14, MPPs from all three parties spoke about the benefits of the co-op housing model that is cost-effective and builds healthy communities, and said that the government needs to find ways to facilitate the development of more co-ops. MPP Steve Clark expressed the views shared by many MPPs when he said:

“How can we put in place in legislation an opportunity to grow co-ops, to expand co-ops, to make sure this unique gem that we have in the province can be increased and that more people can be associated with it?”

We urge the government to examine the barriers that have blocked the development of co-ops under recent supply programs and take steps to address them. As noted earlier, these steps should include making government land available for affordable housing and enacting inclusionary zoning legislation. In addition, affordable housing should be made eligible for infrastructure funding programs.

More generally, we believe that the ministries of Housing and Infrastructure should work closely together to develop a strategy to use public-private partnerships to lever the development of more affordable housing. The Infrastructure Minister, Glen Murray, pointed in this direction during the recent debate on Bill 14 when he said

“We have a lot of abilities to create a tool kit and incentives to harvest some affordable housing through this amazing condo boom going on ... Right now in my constituency, there are 47 condo towers going up that haven't even broken ground.”

The co-operative housing sector is anxious to work with MPPs of all parties to follow through on these practical suggestions and to partner with government to find other creative ways to ensure that every Ontarian has a decent, affordable place to call home.

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