



The CO-OPERATIVE HOUSING FEDERATION of Canada

# Time for concerted action on affordable housing

CHF Canada's 2014 pre-budget submission to the  
Standing Committee on Finance and Economic Affairs, January 2014

## Five ways to make real progress on affordable housing in a time of constraint

**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-plus people on municipal waiting lists are the frontline victims of the market's inability to solve this problem. The Canada-Ontario Affordable Housing Program (AHP) and now its successor, the Investment in Affordable Housing (IAH) have added about 1,500 units annually since their inception about a decade ago. While this is a welcome and important contribution by senior levels of government, the levels of investment are quite modest when compared to the affordable housing supply programs in existence from the end of WWII until the mid-1990s.

The lack of affordable housing for key workers in many sectors is threatening the Province's economic competitiveness. Increased 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. Investing in affordable housing also improves health and education outcomes. It lessens demand on resource-intensive areas of public expenditure such as emergency services.

Recognizing that we are in a period of fiscal restraint and global economic uncertainty, and that the Province is committed to balancing the budget by 2017-2018, we want to suggest five 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 Replace expiring federal housing assistance for low-income households

Today, nearly 200,000 vulnerable Canadian households, almost half living in Ontario, depend on federal rent-geared-to-income (RGI) assistance to pay their rent. Of these households, over 7,000 live in federally funded housing co-ops in Ontario.

Federal assistance is delivered through operating agreements with co-ops and other housing providers funded 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 the year 2020 by which time a large majority of the contracts will have ended.

This is a critical issue for federal co-ops. Vulnerable households have few other affordable housing options, but they will not be able to afford to stay in their co-op homes without assistance. Co-ops across the country have been actively asking government to **Fix the Co-op Housing Crunch**.

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 cost-effective 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 rent supplement funding.



*Co-ops were pleased to celebrate the passage of Bill 14, The Non-Profit Housing Co-operatives Statute Law Amendment with MPPs on Co-op Housing Day at Queen's Park. The legislation introduced a new co-op housing tenure dispute resolution system that will be more efficient, cost-effective and transparent for co-ops, their members and the Province.*



*Co-op housing representatives participate in Ottawa rally for continuing federal housing assistance.*

A key part of this solution is to ensure that a portion of the funding is earmarked for long-term RGI assistance for federal housing co-ops and non-profits with expiring operating agreements, and by extension, the households that live in these communities, who depend on this assistance.

## 2 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 that cannot afford the steep rents charged in most 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 current private Member’s Bill 37 would 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.

## 3 Make government lands and surplus school properties 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-geared-to-income (RGI) rent level.

The Province should move forward this long-delayed initiative that would help create many more affordable homes without requiring 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.

Another step the government should take to increase the supply of affordable housing is to amend regulation 444/98 to the *Education Act* regarding the disposal, selling or leasing of Public School Board lands to add co-operative and non-profit housing to the list of priority uses for the surplus sites.

## 4 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.*”

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.

*continued*

## 5 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 Federal-Provincial AHP and IAH programs. 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%.

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. The Minister of Municipal Affairs and Housing Linda Jeffrey expressed the views shared by many MPPs when she remarked, during the debate on Bill 14, that:

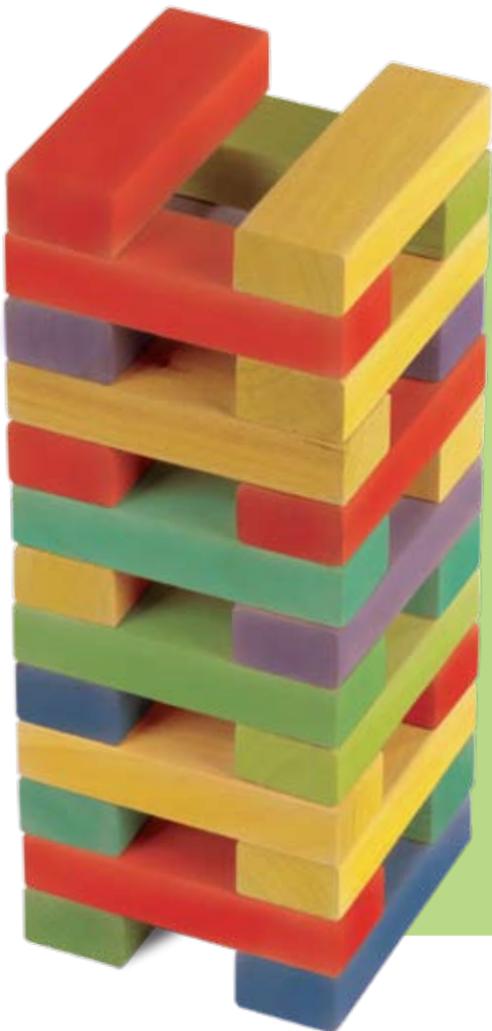
*"The list of amazing co-ops around Ontario goes on and on, but it's the residents of these co-ops that make (them) such amazing places. The diversity and community focus of co-op housing is what makes it unique and strengthens this province."*

Current Municipal Affairs and Housing Critic for the Progressive Conservatives, MPP Jim McDonnell, echoed these remarks noting:

*"In the end, I think we're all looking for more reasons to build co-operative housing. It's a great solution to look after a lot of people ..."*

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 and surplus school properties available for affordable housing and enacting inclusionary zoning legislation. In addition, affordable housing should be made eligible for infrastructure funding programs.

Another measure that we have recommended on a number of occasions to achieve more co-op housing development would be for the Province to set aside a certain number of units specifically for the development of co-ops. The Province used this type of approach when they set up a reserved stream for development of affordable housing on Brownfield sites a few years ago. Municipalities would still be responsible for selecting suitable projects for development and later would be responsible for administration but the reserved pool of units could only be used to build housing co-operatives.



## Co-op housing makes a difference

**The co-operative housing sector is anxious to work with MPPs of all parties to follow through on these practical budget proposals 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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