



The CO-OPERATIVE HOUSING FEDERATION of Canada

# Now is the time for action on affordable housing

CHF Canada's Ontario Region 2015 Pre-Budget Submission to the  
Standing Committee on Finance and Economic Affairs – January 30, 2015

## Five low-cost ways to make real progress on affordable housing

**The Ontario Region of the Co-operative Housing Federation of Canada** speaks on behalf of the 555 non-profit housing co-operatives, home to some 125,000 people across our province.

Affordable housing is about much more than helping people. It is tightly connected to the health of our economy. The lack of affordable housing for key workers in many sectors is threatening the Province's economic competitiveness.

What's more, construction and renovation of affordable housing would provide significant and immediate economic stimulus, creating good jobs, 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. Investing in affordable housing should rightly be seen as a key component of the province's infrastructure.

Unfortunately, Ontario is facing a staggering and growing shortage of affordable housing. The over 165,000 households currently languishing on municipal waiting lists across the province are the frontline victims of the market's inability to solve this problem.



Since 2003 the Canada-Ontario Affordable Housing Program (AHP) and now its successor, the Investment in Affordable Housing (IAH) have added about 17,000 units over a 12-year period. While the addition of about 1,500 affordable homes annually is a welcome contribution by senior levels of government, the amount of investment is quite modest when compared to the affordable housing supply programs in existence from the end of WWII until the mid-1990s.

We recognize the province has set clear priorities of stimulating the economy, creating jobs, building infrastructure and bringing the budget into balance by 2017–2018. In light of this, we offer five low-cost, or even no-cost, initiatives that Queen’s Park can take and all parties should support to create new affordable housing and ensure the existing stock 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, with over a third living in Ontario’s social housing, depend on federal rent-geared-to-income (RGI) assistance to pay their rent. Of these Ontario households, over 7,000 live in federally funded housing co-ops.

Federal assistance is delivered to co-ops and other housing providers through operating agreements 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 the majority of the contracts will have ended.

The funding necessary in Ontario to maintain these existing RGI affordable homes is quite modest. The cost of the overall social housing portfolio averages about \$15 million annually over the next few years as agreements expire. The cost of the co-op share of this portfolio is estimated at only \$1 million per year.

This is a critical issue for residents living in federal co-ops and non-profit housing. Seniors, single-parent families, people with disabilities, Aboriginal people, and other low-income households across Ontario are affected. Simply put, these households will not be able to afford to stay in their homes without assistance. Many of these vulnerable people, not surprisingly, fear they will be evicted from their homes as more federal agreements expire over the coming years.

The federal government has been largely silent on this issue. Ottawa currently spends about \$1.5 billion annually across



*MPPs celebrate Co-op Housing Day at Queen’s Park with co-op representatives, October 2014.*



*Members from multiple Scarborough co-ops join in the You Hold the Key Campaign, December 2014.*

the country on these RGI supplements. However those dollars are gradually being withdrawn as more operating agreements expire each year.

Ontario must show leadership on this critical issue. The province has a clear interest in ensuring this existing cost-effective affordable housing continues to be available. Queen's Park should offer to cost-share a new long-term rent supplement program with the federal government. Negotiations with Ottawa for the re-investment of expiring federal assistance should begin immediately. A key component of any agreement is that households who depend on this RGI assistance should continue to qualify and can stay in their homes.

## 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.

Over the years there have been a number of attempts through Private Members' bills to bring in such legislation.

MPP Peter Milczyn's current Private Member's Bill 39 – Planning Statute Law Amendment Act, is yet another legislative effort to usher in this effective affordable housing tool. The government should give very serious consideration to expediting and enacting such legislation.

Inclusionary zoning has proven an effective tool in a number of jurisdictions but particularly in the U.S. where it has been used in a number of states and municipalities. In many cases thousands of affordable housing units have been brought on stream without incurring public expenditure.

## 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 at nominal charge or through very favourable long-term leases. 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 an 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 simplified program through Infrastructure Ontario (IO). This would allow providers to leverage the equity in their housing to borrow the money they need at favourable IO rates and extend their mortgages so their debt servicing costs do not increase.

### You Hold the Key

**Co-ops across the province are joining this national campaign. They know the key to action is their demand on all levels of government to fix the co-op housing crunch. MPPs at Queen's Park are critical partners to opening doors for a better co-op housing future.**



**YOU HOLD THE KEY  
FIX THE CO-OP HOUSING CRUNCH**

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## 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 current programs that share has dropped to less than 4%.

We don't believe this is the policy intent of the Ontario government. In debate on the Co-op Housing bill passed in fall 2013 (which now allows housing co-ops and their members to use the Landlord Tenant Board to resolve tenure disputes), MPPs from all three parties spoke about the benefits of the co-op housing model. They universally agreed that co-operative housing is cost-effective and builds healthy communities. MPPs suggested that the government needs to find ways to facilitate the development of more co-ops.

The current IAH program is oriented to private sector developers and municipally-run housing corporations who can contribute equity and have the capacity to cash flow developments in a way that no community-based sponsor can compete with. Our association has made a number of submissions to the Province over the years to address these barriers and level the playing field so co-ops and small-scale non-profits can participate in the building of new affordable housing.

Another measure we previously recommended to aid in the building of more housing co-ops, would be for the Province to set aside a certain number of units specifically for co-op development. 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.

The co-operative housing sector is ready 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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