Putting Community First

CHF Canada's Submission for the Long-Term Affordable Housing Strategy Update

Co-operative enterprises build a better world

The CO-OPERATIVE HOUSING FEDERATION *of Canada*

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The Ontario Region of the Co-operative Housing Federation of Canada (CHF Canada) welcomes this opportunity to provide input to the Update of the Long-Term Affordable Housing Strategy. CHF Canada's Ontario Region represents some 550 housing co-ops across the province and the 125,000 residents who are proud to call co-operative housing their home.

CHF Canada and housing co-op members played an active role in the consultations for the original Long-Term Affordable Housing Strategy (LTAHS). Representatives from local housing co-operatives attended nearly every consultation held in the province. While we welcomed the strategy as a recognition of the importance of affordable housing in Ontario, we, like many housing advocates, were disappointed that it was not accompanied by a renewed investment in housing. The original LTAHS consultation process put a spotlight on the affordable housing crisis in Ontario, but the resulting strategy fell short of providing a real plan to address the crisis. Throughout this submission we urge the Province to use this opportunity to make significant policy changes to meet defined goals of affordable housing development and reinvestment.

It is clear from the *Long-Term Affordable Housing Strategy Update Consultation Discussion Guide* and the Province's updated Poverty Reduction Strategy that this government recognizes that investing in housing and ending homelessness is not only a moral obligation, but that it provides numerous societal benefits. Affordable housing provides the stability individuals and families need to succeed in school, and to find and keep employment. It yields long-term savings in healthcare among other government services. As well, studies have shown time and again that investing in housing has a significant economic multiplier effect, creating new tax revenues for the Province and boosting local employment, all the while creating a long-term public asset. While Ontario's social housing waitlists continue to grow on average by 5,000 households per year[1], just 1,500 units of new affordable housing are being generated by the Federal-Provincial Investment in Affordable Housing Program (IAH) annually[2]. It is clear that without substantial investment in affordable housing, and bold steps to make affordable housing a priority, the Province cannot expect to make significant progress for the individuals and families experiencing homelessness on our streets, or the 168,000 households on municipal social housing waitlists.

The time has come for Ontario to demonstrate real leadership on affordable housing. Our submission aims to provide practical and effective recommendations that will help the Province reach its goals of achieving better housing outcomes for more people; creating more affordable housing opportunities; and ending and preventing homelessness.

1 Ontario Non-Profit Housing Association (ONPHA), *2015 Waiting Lists Survey*, 2015. www.onpha.on.ca/onpha/web/Policyandresearch/Waiting_lists_2015/Content/PolicyAndResearch/Waiting_Lists_2015/2015_Waiting_Lists_Survey.aspx

2 ONPHA & CHF Canada, *Where's Home?* 2013, 2013. www.chfcanada.coop/eng/pdf/ontdocs/WheresHome2013_WEB.pdf

Summary of recommendations

In this submission, CHF Canada has detailed 12 recommendations that would significantly improve the quality and supply of affordable housing in Ontario. We recognize that implementing real change will take time and effort. That said, we urge the Province to act without delay on the following recommendations so that good-quality, affordable housing is not lost and opportunities to expand and improve Ontario's affordable housing system are not missed. In particular, we urge the Province to act immediately to:

- ensure that affordable housing is not lost when federal operating agreements expire
- build more co-operative housing
- pass inclusionary zoning legislation, and
- develop a system to review service manager decisions.

Our recommendations, for the most part, are grouped under three of the four themes set out by the Province in the *LTAHS Consultation Guide*; however, we have added a section entitled "Supporting Non-Profit Housing Providers" to address some concerns we felt the guide overlooked.

CHF Canada's Recommendations for the Long-Term Affordable Housing Strategy Update:

1. **Ensure affordable housing is not lost when federal operating agreements expire**
2. **Build more co-op housing**
3. **Make the IAH work for housing co-ops**
4. **Give housing priority access to surplus provincial and school land**
5. **Move quickly to pass inclusionary zoning legislation**
6. **Help housing co-ops preserve their aging housing stock by supporting refinancing and capital reserve investments**
7. **Fund a multi-year rent supplement program for new and existing rental housing**
8. **Follow through on the Provincial commitment to simplify the RGI system**
9. **Make sure outcomes are broad based and include household success, integration into community**
10. **Make the most of information already provided in housing providers' annual information returns**
11. **Follow through on developing a system to review service manager decisions**
12. **Provide more balance to support local, housing provider-level decision making**

THEME 1: A sustainable supply of affordable housing

Ontario's affordable housing supply is significantly falling behind the growing need. Over the past eleven years, the number of households on social housing waitlists has increased by 42,000[3]. To reverse this trend, most housing observers agree that 8,000–10,000 units of new affordable housing in Ontario are needed per year to make up for past underfunding and growing need[4]. The following recommendations highlight important interventions the Province should make to help sustain and increase the supply of affordable housing.

3 Ontario Non-Profit Housing Association, *2015 Waiting Lists Survey*, 2015. www.onpha.on.ca/onpha/web/Policyandresearch/Waiting_lists_2015/Content/PolicyAndResearch/Waiting_Lists_2015/2015_Waiting_Lists_Survey.aspx

4 Campaign 2000, *Submission to the Standing Committee on Finance & Economic Affairs Pre-Budget Hearings*, February 1, 2011. www.campaign2000.ca/Ontario/SubmissionOntarioBudgetHearingFeb2011.pdf

RECOMMENDATION 1: Ensure affordable housing is not lost when federal operating agreements expire

Nearly half of Ontario's 550 housing co-ops have operating agreements with the Federal government. Among other things, these agreements provide funding for rent-geared-to-income (RGI) subsidies so that co-ops can offer good-quality affordable housing to households that cannot afford the market rent. When an operating agreement ends, a co-op loses all of its subsidy funding. Since 2014, seven housing co-ops in Ontario have had their agreements expire. By 2020 there will be over a hundred co-ops whose agreements have ended. Unless something is done, over the next five years 2,000 units of good-quality affordable housing in Ontario could disappear and our most vulnerable co-op households, many of whom have been long-term, active members in their communities, will no longer be able to afford their homes.

The co-ops' operating agreements were tied to 35-year, or longer, mortgages with the Canada Mortgage and Housing Corporation. While the Federal government has suggested that without a mortgage co-ops should be able to subsidize their low-income members on their own, this is simply not the case. As is the norm in the residential housing industry, almost every co-op will need to remortgage to pay for repairs and renovations of their aging properties. Co-ops cannot do this while also keeping rents affordable for low-income residents.

CASE STUDY 1: **LLOYD**

Native Inter-Tribal Housing Co-operative, London
Operating Agreement expired January 2014

Lloyd is a retired electrician. He and his wife were founding members of Native Inter-Tribal. They have lived in the co-op for 32 years. The agreement providing Lloyd's subsidy expired in 2014. To try to balance its budget, Native Inter-Tribal sold four units and offered internal subsidies to the affected members. Lloyd is frustrated that after all their initial hard work and the invested government funds: "to see it all go, for such a small amount of money?"

As of July, 2015 the co-op can no longer provide internal subsidies. Lloyd's housing charge will double, taking half of the family's fixed income. They are not sure they can make it work. They will give up Internet and cable, but he hopes he won't have to sell his car which he needs to attend numerous medical appointments. After three decades of volunteering and community-building, Lloyd does not want to move: "Once I had been here 20 years, I said if I ever leave here they'll be dragging me!" Lloyd recently received an Award of Distinction from the school board for his community work.

For the co-ops whose agreements have already expired, these communities have faced the impossible decision to raise the rents of their neighbours who they know cannot afford it, or to watch their buildings slowly fall into disrepair. The two case studies highlighted illustrate the dire consequences of the current situation.

The funding needed for the co-op share of the overall social housing portfolio to prevent economic evictions and keep people stably housed is actually quite modest. According to the Agency for Co-operative Housing, which administers housing co-ops on behalf of the Federal government, over the next five years $10 million would maintain the 2,000 units of rent-geared-to-income housing in jeopardy. By way of comparison, it would cost the Federal and Provincial governments up to $300 million to build 2,000 units of new affordable housing under the IAH[5]. Clearly ensuring that these existing rent supplement units are not lost is not only sound public policy, it is a cost-effective solution to preserve affordability for low-income households.

The Ontario government has a vital interest in preserving existing affordable housing. While the Federal government should not abdicate its role in supporting affordable housing, and should immediately stop the practice of withdrawing rent supplement funding as provider operating agreements end, it is important to note that Ontario too bears responsibility for this file. In 1999 the Province signed the Canada-Ontario Social Housing Agreement (SHA) which transferred jurisdiction for the social housing portfolio from Ottawa to Ontario. In signing this agreement over a decade ago, Queen's Park took on an important obligation to this social policy area.

We feel the solution to this problem is simple. As mentioned above, the Federal government should stop withdrawing rent-supplement funding immediately. Ontario should offer to cost-share a rent-supplement program with Ottawa to ensure that no rent-geared-to-income units are lost. It would also make sense that as providers' agreements end, the Federal government should transfer its share of the funding for these rent supplements to the Province, which Ontario could manage or devolve to Municipal service managers with accompanying funding from the senior levels of government.

It should be noted the co-ops are not asking for operation or capital funding at the end of their federal agreements. CHF Canada has developed a successful refinancing program that to date has injected more than $30 million in new private sector investment into federal housing co-operatives through

5 Ministry of Municipal Affairs and Housing, *Investment in Affordable Housing for Ontario 2014 Extension Program Guidelines*, 2014. www.mah.gov.on.ca/AssetFactory.aspx?did=10646

CASE STUDY 2: **NANCY**

Dalhousie Non-Profit Housing Co-operative, Ottawa

Operating Agreement expires July 2015

Nancy is legally blind, on long-term disability and close to retirement age. She moved to Dalhousie 31 years ago. She chose a co-op because she says, "I'm a country gal and I like community." She came to the co-op from a shelter after an abusive marriage, when she felt "there was almost nothing of me left." Dalhousie became her home.

In April, with the operating agreement expiring in July 2015, Dalhousie members approved one year of internal subsidies. Without this reprieve, Nancy is sure she would be homeless. She was told to get her name on the municipal waitlist, but sees no point since it is five years long. As current president of the co-op's board, Nancy also feels the weight of all the members in danger of losing their homes. She knows the co-op can only afford one year of subsidies and is just buying time, hoping for a solution. "I'd be homeless, but I wouldn't be alone, because I won't abandon the other members. You're losing your life! What are they going to do with us when we're all on the street?"

partnerships with credit unions. It has enabled these co-ops to undertake needed repairs and renovations, and created high-value jobs and economic spin-offs in the process. More co-ops will undertake refinancing in the coming months with the expectation that we will reach $60 million in private sector investment by the end of the year.

The co-operative sector takes its responsibilities in preserving affordable housing seriously and has put into action the refinancing program to look after the bricks and mortar of our buildings so that this asset can be maintained for generations to come. It is time that senior levels of government also take their responsibilities seriously. Both the Provincial and Federal governments should come to the table quickly and fulfill their historic income redistribution role in helping low-income households stay adequately housed, instead of continuing to dispute which level is responsible for social housing income supports.

We welcome and appreciate that Ontario has advocated on this issue, publicly encouraging the Federal government to stop the withdrawal of funding. We feel that as the largest province to clearly recognize the importance of this affordable housing, Ontario could lead a coalition of Provinces calling on the Federal government to come to the table. Our sense is that this advocacy would be much more credible if Queen's Park offered to cost-share these expiring rent supplements. The Province of Quebec has already recognized the importance of these subsidies and committed in its 2015 Budget to fund 75% of the lost federal assistance for housing co-ops for the next two years, while continuing discussions with Ottawa on a way forward[6].

In the meantime, as the previous case studies illustrate, low-income Ontarians are at risk of losing their housing. Housing co-ops need the Province to step in to help prevent homelessness in our communities and ensure those most vulnerable do not bear the brunt of an intergovernmental dispute. We urge Ontario to follow Quebec's lead, and put the needs of vulnerable Ontarians first.

6 Government of Quebec, *Budget 2015-2016: The Quebec Economic Plan*, 2015. www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/BudgetPlan.pdf

RECOMMENDATION 2: Build more co-op housing

As mentioned in the introduction, significant investment in housing needs to be made if the Province is going to turn the corner on the consistently growing social housing waitlists. This investment should be made in housing that will be permanently affordable and is proven to create healthy, sustainable communities.

Historically, about 20–25% of non-profit housing developed in Ontario was co-op housing. Over the last several years under the Affordable Housing Program (AHP), and Investment in Affordable Housing (IAH) program, the co-op share has dropped to less than 4%.

The significant drop in co-op housing development is in stark contrast to the measurable and continued success of Ontario's housing co-ops. Consecutive program evaluations by Canada Mortgage and Housing Corporation (CMHC) have found co-ops provide a platform for residents to develop new skills, acquire organizational experience and gain employment. Residents in co-ops also reported an improved sense of community, better relations with friends and neighbours, and improved social supports compared to other forms of rental housing[7].

7 CMHC, *Co-operative Housing Program Evaluation*, 2003. Similar findings were described in CMHC's 1983 and 1992 Co-operative Housing Program Evaluations. ftp://ftp.cmhc-schl.gc.ca/chic-ccdh/Research_Reports-Rapports_de_recherche/Older%2014/CA1%20MH10%2003C53.pdf

Non-profit housing co-operatives also provide the Province with a permanent supply of affordable housing for Ontarians of low and modest means. Past experience has shown private affordable housing projects, similar to many IAH developments, will be of little benefit to low-income Ontarians in 20 years, when their commitment to remain affordable expires[8]. This is unacceptable considering the significant amount of public funding that went into these developments and the growing need for affordable housing.

The development of more co-op housing should be expressed as an explicit goal of the government. The simplest way to ensure more co-op development would be to reserve a share of funding for developing new social housing specifically for co-ops similar to the target for new units for seniors in the IAH, and as noted below, make the program work better for co-ops.

RECOMMENDATION 3: Make the IAH work for housing co-ops

Several barriers have precluded the development of many new housing co-ops or the significant expansion of existing co-ops under the AHP and IAH programs. Key among them are:

- the lack of Project Development Funding (PDF),
- the existing funding formula favours developing small units,
- uncertain rent supplement funding, and
- the effect of utility price increases on AHP/IAH projects' operation costs.

Provide Project Development Funding (PDF): Even though co-ops and other non-profit housing are exempt from the requirement to put forward a percentage of the equity, the IAH program design does not allow housing providers to receive funding prior to the start of construction. For co-ops and other community-based providers, this is a significant barrier to development. To begin construction, a project must first receive municipal approval.

8 CMHC, *Cost Effective Housing: A Comparison of Non-Profit and Market Housing*, 1997. http://publications.gc.ca/site/archivee-archived.html?url=http://publications.gc.ca/collections/collection_2011/schl-cmhc/nh18-1/NH18-1-170-1997-eng.pdf

Developers familiar with the process advise our members that they will need to spend a minimum of $50,000 to $100,000 on architect drawings, environmental and geotech testing, and planning approvals. This only covers the cost to prepare the proposal for submission to a municipality for consideration.

Most housing co-ops understandably feel that as small non-profit groups they cannot justify spending $50,000 to $100,000 of their co-op's money on developing a proposal with no guarantee of selection. By providing non-profit groups with PDF, the Province could help level the playing field and ensure that municipalities are receiving the best possible proposals for IAH funding.

Fund development of larger units: The program design has an inherent bias towards the development of smaller units. The maximum funding a project will receive under the IAH is $150,000 per unit. In large urban areas this falls far short of what is needed to develop larger units. For instance, the $150,000 provided per unit for new IAH projects equals approximately 75% of the cost of developing a bachelor (based on recent projects in Toronto)[9], but only 50% of the cost of a four-bedroom townhouse (based on costs to develop townhouses in rural areas).

9 City of Toronto, *Staff Report: Finalizing Construction Costs for 239 Affordable Rental Homes*, May 6, 2009. www.toronto.ca/legdocs/mmis/2009/ah/bgrd/backgroundfile-21115.pdf

One of the key successes of the co-op housing model has been providing good family housing in large urban areas. However, under the IAH it is simply not cost effective to develop larger units. The First Nation, Inuit, Métis Urban & Rural 2014/20 Housing Program has recognized this problem and increased the possible funding per unit to $170,000 where it can be demonstrated that construction costs are higher. The Province should follow suit and revise the IAH guidelines to ensure appropriate grants are provided to groups wanting to develop family housing.

Provide rent supplements: The IAH sets target rents for new developments at 80% of CMHC's AMR. While more affordable than the private market, it does little to help those in real need, including those on Ontario Disability Support Program (ODSP), Ontario Works (OW) or the working poor in most parts of the province. By making rent supplements for 25% of units a core component of the IAH program, the Province would create housing that is far more affordable to households in the lower income quintiles and make much greater penetration in the swelling social housing waitlists around the province. The rent supplement component would also have the added public policy benefit of assisting non-profit housing providers to ensure that their IAH development is financially viable and provides affordable housing in the long term in a community setting.

Allow AHP/IAH rents to reflect operation costs: The AHP/IAH guidelines require that providers keep housing charges at 80% of CMHC AMR or lower, and limits annual rent increases to the maximum permitted by the rent increase guideline. In recent years this has become a problem as operating costs, particularly for projects that include utilities in the rent, have increased faster than the rent increase guideline. For the past few years, utility prices have increased at roughly 10% annually, causing the overall operating costs of providers that include utilities to increase by approximately 2.5%. At the same time, the rent increase guideline has been limited to an average of 1.87%. If these projects are going to remain healthy for the long term, the IAH guidelines should be changed to permit non-profit developments to increase housing charges beyond the rent increase guidelines, if an increase is needed to offset unavoidable increases in operating costs.

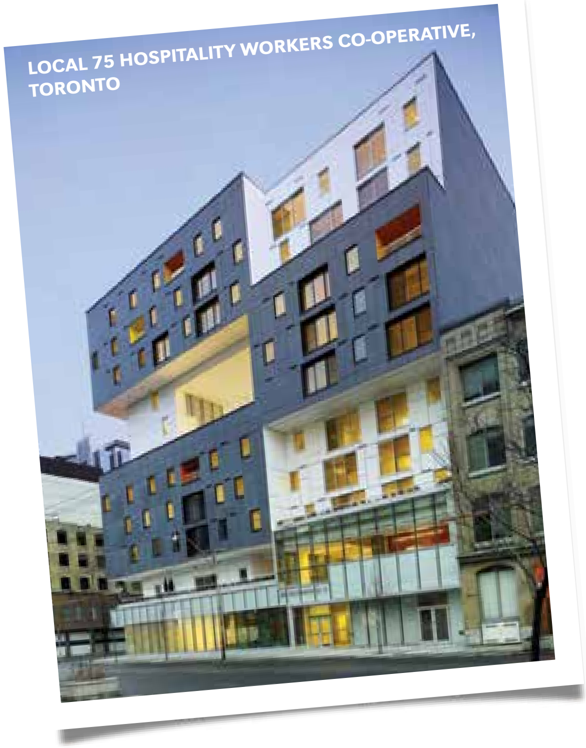
RECOMMENDATION 4: Give housing priority access to surplus provincial and school land

The Province should make surplus government land available for affordable housing development. Land and construction are the two most significant expenses in developing new housing, particularly in urban areas. By giving affordable housing providers access to surplus land, the Province could significantly reduce the capital grants needed for new housing and bring down the required economic rent. Many successful housing co-ops have been developed on municipal land leased to co-ops at substantially below market rates, most notably in the City of Toronto. The Province could easily replicate this success and help develop new housing by prioritizing excess land for affordable housing development and making it available at below market rates. Used in combination with IAH funding, this could significantly help non-profit and co-op housing groups develop new affordable housing.

The Province should also amend Regulation 444/98 of the *Education Act* to add co-operatives and non-profit housing to the list of priority uses for school sites that are underpopulated and need to be repurposed. This change would help housing providers to develop new affordable housing in areas where land values would normally push economic rents far above what is affordable.

RECOMMENDATION 5: Move quickly to pass inclusionary zoning legislation

According to Mitchell Cohen, president of the Daniels Corporation, inclusionary zoning is "the most important tool in the affordable housing tool box. Inclusionary zoning on a city-wide basis creates a level playing field, an opportunity for a



constructive partnership between municipalities and private sector developers to create both affordable ownership and rental homes within every new building approved for construction."[10]

Inclusionary zoning is a regulatory approach to creating new affordable housing. To make inclusionary zoning possible, the Province needs to change the *Planning Statute Act* to give municipalities the option of requiring that a small percentage of units in new developments be affordable. The below-market housing created would be affordable to many low- and modest-income households that cannot afford the steep rents charged in most condominiums.

A key benefit of inclusionary zoning is that it leads to the development of new affordable housing at no cost to government, often in areas that have particularly low access to affordable housing. It also encourages mixed-income housing, which leads to healthier communities. While approaches vary, there are a number of examples of the successful implementation of inclusionary zoning. In the US, and in some municipalities in Canada outside of Ontario, inclusionary zoning has been used to create thousands of new affordable homes.

10 Cohen, Mitchell, "A Perfect Storm for Action on Affordable Housing" *The Toronto Star*, December 23, 2014. www.thestar.com/opinion/commentary/2014/12/23/a_perfect_storm_for_action_on_affordable_housing.html

Over the years there have been a number of Private Members' bills introduced to allow inclusionary zoning in Ontario but none have passed. Now, important members of the development industry, including Mitchell Cohen, are joining affordable housing advocates in publicly calling for inclusionary zoning. It is clear the Province should pass the necessary legislation without delay. This could be accomplished by supporting government MPP Peter Milczyn's current Private Member's Bill 39 or through new legislation.

At this point, it is baffling why the Province hasn't already passed inclusionary zoning. If enacted even five years ago when the Province unveiled its first LTAHS, inclusionary zoning, with the existing condo boom, could have led to the development of thousands of new affordable housing units, many of which would have been in very attractive housing markets in urban Ontario. All completed at no cost to taxpayers. The Province cannot hesitate on this any longer; inclusionary zoning needs to be passed without delay.

RECOMMENDATION 6:
Help housing co-ops preserve their aging housing stock by supporting refinancing and capital reserve investments

The majority of the provincial program co-ops in Ontario were built in the 1980s and early 1990s. These buildings are now starting to age and need reinvestment so they can continue to provide good-quality housing for the next 25 to 30 years. A mix of refinancing and capital reserve savings will be needed to make this possible. The Province can help co-ops preserve their assets by removing barriers to refinancing and encourage investment in capital reserves by allowing co-ops to keep their surpluses.

As mentioned earlier Federal housing co-ops in Ontario and across Canada have been participating in a program developed by CHF Canada to refinance their properties. This has provided the co-ops with the capital they need to ensure their buildings will be healthy for years to come. Unfortunately, to date, all *Housing Services Act* (HSA) co-ops' attempts to participate in the program have been resisted by their service manager. The rationale for not allowing the co-op to take part has ranged from the complexities of remortgaging HSA properties to the potential that refinancing would raise the co-op's operating subsidy.

The HSA co-ops that have attempted to take part in the program had their finances reviewed by CHF Canada's refinancing staff and consultants and were found to be stable, well-run communities that would benefit from leveraging their assets.

By and large co-ops have managed to keep their buildings from facing some of the serious capital repair deficits experienced in other types of housing. The Province should help them build on this success by working with CHF Canada and service managers so that refinancing can move forward quickly, either through Infrastructure Ontario or through a program similar to CHF Canada's refinancing initiative.
As part of the new system, the Province should limit service managers' ability to prevent housing providers from refinancing unless it poses a risk to the viability of the project. This would help ensure short-term operating cost savings do not trump maintaining these buildings for the future.

This issue will become even more pronounced as HSA co-ops begin to pay off their mortgages. The current legislation is silent on this issue. Without clarification housing providers may end up paying substantial negative operating subsidies to their service managers, and be unable to refinance their buildings. As part of the LTAHS update, the Province needs to seriously review HSA O. Reg 369/11 Part II & III and plan for what will happen when a housing provider's mortgage is paid off.

Similarly, the Province should help encourage co-ops to save for capital repairs by adding a clause to HSA, O. Reg. 369/11 s. 9 and s. 14, and HSA O. Reg. 367/11 s. 98 (4) so that co-ops with Building Condition Assessments (BCAs) that show underfunded capital reserves are able to redirect any surplus into their reserves. The current system forces co-ops to send half of any surplus back to their service manager, then plead for funding capital projects. Many services managers have recognized this is a disincentive for co-ops to operate efficiently, and a waste of time for both parties. These service managers have allowed co-ops to keep surpluses if they are invested in their capital reserves. This option should be extended to all co-ops in the province.


COURTYARD HOUSING CO-OPERATIVE, TORONTO

THEME 2: A fair system of housing assistance

The *LTAHS Consultation Guide* highlights that not all people in need of housing assistance receive support. The limited number of subsidies available means two people in similar situations may receive significantly different levels of assistance. A public policy option that has been raised for a number of years is that the Province should consider some type of universal housing benefit to assist qualifying households to improve affordability. Queen's Park should explore this suggestion further but will also need to address the limited supply of rental housing in most urban markets if a housing benefit is going to be effective.

Some housing observers have suggested the Service Level Standards should be broadened to allow housing allowances and other initiatives to be counted towards the standards. CHF Canada has reservations about broadening the Service Level Standards that may have the effect of reducing the overall funding provided to low-income households. Any housing allowances or other initiatives counted toward the standard should offer the same level of affordability (30% RGI) as the current units.

Overall, CHF Canada recommends the Province reinvest in rent supplement programs as they have proven to be one of the most cost-effective affordable housing tools. We also suggest that Ontario make the current RGI system less onerous to housing providers and less punitive to households by switching to an Automated Income Verification system.

RECOMMENDATION 7:
Fund a multi-year rent supplement program for new and existing rental housing

A large portion of federal housing co-ops originally received income-tested assistance for a significant percentage of their units. This funding provided a substantial number of affordable homes for low-income Ontarians. For the Section 95 co-ops, following the terms of their operating agreements, every five years the amount of funding the co-op received for this assistance dropped and the number of households they were able to support decreased. Currently, on average, only 25% of households in Federal housing co-ops receive assistance. In some co-ops it is as little as 15% of units.

Many housing co-ops would be interested in providing assistance to more households if they received funding from government to do so. Providing income-tested assistance or rent-geared-to-income assistance in housing co-ops is more economical for governments than building new affordable housing or providing subsidies in the private rental market, because housing co-op rents are already on the low-end of market and co-ops are committed to providing affordable housing for the long term.

RECOMMENDATION 8:
Follow through on the Provincial commitment to simplify the RGI system

The original LTAHS called for a simplification of the RGI system to make it easier for housing providers to administer and less punitive for households receiving support. Specifically, it mentioned reducing or eliminating more than 60 criteria currently used to calculate income, and using an automated, income tax–based system. Housing co-ops welcomed these reforms and encourage the Province to follow through on them.

Pilot tests at Halton Region suggest that an automated income verification system run in collaboration with the Ontario Ministry of Finance and Canada Revenue Agency would be an improvement over the current system, which makes housing providers' staff spend valuable time collecting and verifying information on income.

THEME 4: Evidence and best practices

There is ample evidence available of the importance of affordable housing in Ontario. Many organizations, including the United Way, the Wellesley Institute and the Mowat Centre, have reported extensively on the impact an affordable home has on the success of families, singles and those with disabilities. There is also significant research available from other jurisdictions including Co-operative Housing International which has analyzed the different models of co-operative housing in numerous countries around the world. Finally, while less active recently, CMHC has a bank of research evaluating the success of their different housing programs. As mentioned earlier, the most recent study of housing co-operatives is the 2003 *Co-operative Housing Program Evaluation*.

It is important that the Province ensures when investing in research that it is building on the body of knowledge already available and not delay actions on the affordable housing front by expending valuable public resources restating past findings. Similarly, any new research should make the most of the substantial amount of information already collected from housing providers through their annual information return, and not unnecessarily burden housing providers that already have significant reporting requirements.

RECOMMENDATION 9:
Make sure outcomes are broad based and include household success, integration into community

Housing co-op members and their staff know that the success of the co-op housing model has to do directly with our democratic model of member control and the increased sense of social support, community, independence and security it creates. As mentioned before, consecutive CMHC *Co-operative Housing Program Evaluations* have shown households in housing co-ops achieve more improvement than residents in other housing models on key quality-of-life indicators such as an improved sense of community, improved relations with friends and neighbours and increased social supports[11]. These are key factors in the success of a household and should be included in the outcomes the Province hopes to achieve in its social and affordable housing program. We invite the Province to review these program evaluations and work with CHF Canada to see if a similar study of housing co-operatives in Ontario would be appropriate.

11 CMHC, *Co-operative Housing Program Evaluations*, 2003. ftp://ftp.cmhc-schl.gc.ca/chic-ccdh/Research_Reports-Rapports_de_recherche/Older%2014/CA1%20MH10%2003C53.pdf

RECOMMENDATION 10:
Make the most of information already provided in housing providers' annual information returns

While the Co-operative sector appreciates the Province's focus on ensuring decisions are made using the best available evidence, it should be cautious of increasing administrative burdens that draw the attention of staff and volunteer boards away from providing the best possible housing.

It is possible, however, for service managers and the Province to make better use of the data already provided by housing providers in their annual information returns. The Agency for Co-operative Housing, which administers federal housing co-ops in Ontario, Alberta, British Columbia and Prince Edward Island, on behalf of CMHC, has an automated system for compiling all of the data provided by housing co-operatives in their annual information return. The system compares the information provided by an individual co-op to that of co-operatives across the country and generates an impartial risk rating that highlights what is working well and where the co-op may need to improve. The Agency only performs operational reviews of co-ops that are deemed to be moderate to high risk, saving themselves and co-ops significant administrative costs. This system would be a benefit to both service managers and housing co-ops. Particularly, for service managers with few housing co-ops whose limited experience can lead to unnecessary reporting requests.

Supporting non-profit housing providers

RECOMMENDATION 11: Follow through on developing a system to review service manager decisions

As part of the LTAHS Update it is important the Province follows through on its commitment to create a process to review service manager decisions. Section 157 of the *Housing Services Act* states, "A housing provider may request a review of a decision of a service manager if the decision is prescribed for the purposes of this section." However, the Province never developed a regulation to prescribe which decisions could be reviewed. This is a key issue for housing co-ops. Without a system to review service manager decisions, the only option for a co-op whose service manager has made a decision clearly beyond its authority, is to take the service manager to court. This is not a reasonable or productive solution. Co-ops do not have the resources to take legal action to test whether a service manager has exceeded its authority under the HSA or is acting unreasonably.

In the past, housing co-ops have had to take legal action against service managers that sought to sell the housing co-op to their own housing company against the co-op's wishes and without consultation, or put it in to receivership without cause. These lawsuits were extremely expensive for all involved and the service managers' decisions were overturned by the courts in two of the three major cases.

While housing co-ops by and large enjoy very productive and respectful partnerships with Municipal service managers, the current legislation is unbalanced and significantly favours the service manager's government authority over the community partner. To illustrate the need to ensure that a regulation is finally drafted to make the review of service manager decisions operational, we offer a few anecdotal illustrations of this legislative imbalance as reported to CHF Canada from housing co-ops.

One service manager recently created a new budget form, insisting co-ops use it instead of the routine form developed by the Province. The new form is flawed, creating budgets that do not reconcile. An unreasonable amount of staff hours has gone into finding a solution. In spite of the flaws, the service manager continues to have co-ops use this form. Co-ops have no recourse to challenge the service manager's decision.

Another service manager insists co-ops apply for permission to use their capital reserve funds. This is not mandated by the *Housing Services Act*, which authorizes service managers to direct the budgets of a project *in difficulty*. This decision challenges the authority of co-op members to approve their budgets as described in Section 127 of the *Co-operative Corporations Act*. To insist co-ops apply for permission regardless of their financial stability undermines their autonomy and their ability to set community priorities. This degree of oversight is unwarranted.

Ontario housing co-ops boards legislatively have rights and responsibilities that are somewhat different from other housing providers. It is essential the Province develop a fair review system, to provide a proper balance between the regulatory role of service managers and the autonomy of housing co-ops and non-profit housing providers, many of which are also small community-based organizations.

Request for a review of a service manager's decision by housing providers is sound public policy and was included in the legislation for good reason. It is time the Province enact this section of the statute and ensure it affords the protections to housing providers the legislation originally intended. The vast majority of housing co-ops have a positive and constructive relationship with their service manager. In the rare case where a dispute occurs, there should be a fair system to resolve the dispute so that all parties can move forward.

RECOMMENDATION 12: Provide more balance to support local, housing provider–level decision making

In the Affordable Housing Strategy, the Province said it would introduce new legislation that would support "community-centred approach" to housing. A key concern identified in the Strategy was "protecting non-profit and co-operative housing" and maintaining "community-based approaches to housing." Unfortunately, for the most part *Housing Services Act* failed to deliver on this commitment. Far from creating a better balance in the rights and authority of service managers and housing providers, the Act took significant steps to increase government control and reduced housing provider autonomy. Most significantly, the HSA reduced the number of Ministerial Consents needed, based triggering events on the opinion of service managers instead of the normal practices of similar housing providers, and allowed for service managers to significantly increase oversight through local rules. CHF Canada warned at the time the HSA had tipped the balance towards too much deference to service managers, and could lead to the overregulation of housing providers[12]. Over the past five years, we have started to see the demands on housing providers gradually increase even when the service manager recognizes that the provider is operating well.

In any update of the *Housing Services Act* or regulations, it is of the utmost importance that the Province maintains Ministerial Consents that protect housing providers from service managers that seek to transfer or sell the provider's assets to the service manager or the municipally controlled housing company. This provision protects the significant public investment the Province has funded over the years in creating and supporting community-based housing models, and the public benefit it derives from these

12 Co-operative Housing Federation of Canada, Ontario Region. Hansard, Committee Transcripts, Standing Committee on Justice Policy, March 24, 2011. Bill 140, Strong Communities through Affordable Housing Act, 2011. www.ontla.on.ca/web/committee-proceedings/committee_transcripts_details.do?locale=en&Date=2011-03-24&ParlCommID=8855&BillID=2440&Business=&DocumentID=25606#P159_33176

providers. The Province, as a custodian of public policy that recognizes the importance of non-profits and housing co-operatives to the social housing system in Ontario, should ensure that it has reviewed and consented to any proposal to sell the assets of these community-based housing providers so it only used when no other solution exists.

The emphasis on local rules is leading some service managers to overstep their regulatory responsibilities. Housing co-ops have reported to CHF Canada that a service manager is requesting monthly rent ledgers from co-ops in its area. Another is asking for monthly unit activity reports. There is no reason for a service manager to need this level of reporting from a housing provider that is not in difficulty. The Province has wisely focused the LTAHS consultation on achieving outcomes. A similar approach should be taken at the service manager level. The Province needs to provide direction to service managers that they should allow community-based housing providers to get on with their business, and only intervene if a project is in difficulty.

Conclusion

There is a growing consensus that the affordable housing situation in Ontario is reaching a crisis point. Despite the efforts of the Province and municipalities so far, the number of households in need of an affordable place to live is steadily increasing at serious cost to the social and economic wellbeing of Ontarians. In this submission we have outlined the directions we believe the Province should take to grow the supply of affordable housing, and ensure the success of community-based providers. These recommendations will no doubt take significant leadership to implement, but they are essential if the Province wants to meet its stated goal of achieving better housing outcomes for more people, and ending and preventing homelessness.

Co-operative housing in Ontario is a well-documented success story. For 40 years, co-ops have provided good-quality, affordable housing owned and controlled by the community members who live there. Put simply, co-ops build strong communities and we believe that co-op housing can play an important part in helping Ontario meet its housing goals.

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