

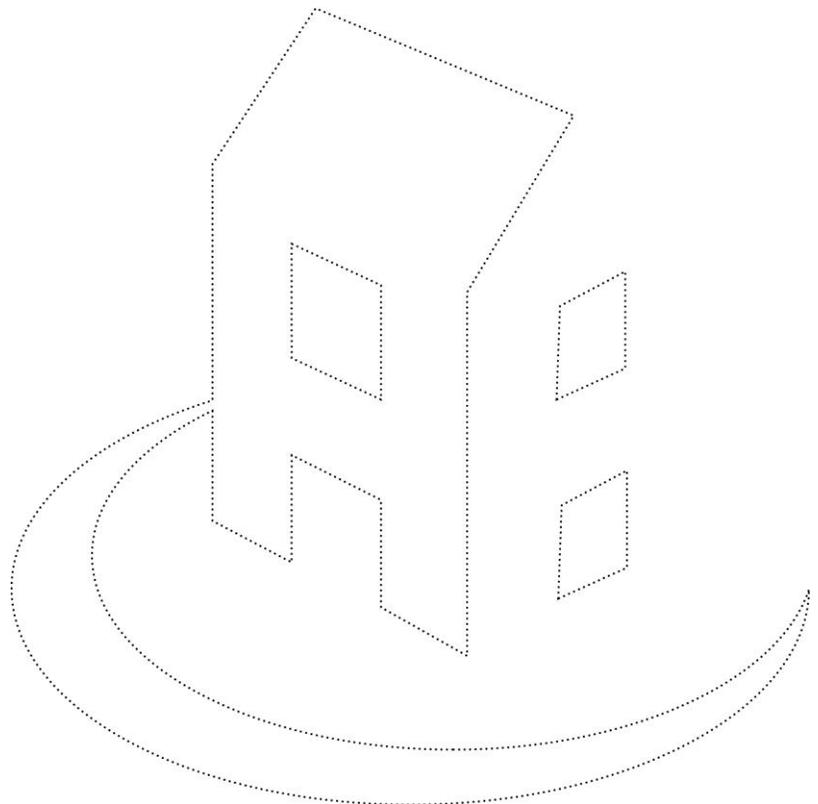
The
**CO-OPERATIVE
HOUSING
FEDERATION**
of Canada



**Submission on Ontario's
10-Year Infrastructure Plan**

Prepared for the Minister of Energy and
Infrastructure, The Honourable Brad Duguid

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*CHF Canada is the national voice of the Canadian co-operative housing movement. Its members include nearly 900 non-profit housing co-operatives and other organizations across Canada.
More than a quarter of a million Canadians live in housing co-ops, in every province and territory.*

Introductory remarks

Minister Duguid, thank you for the opportunity to make a presentation this morning about Ontario's 10-year infrastructure plan. My name is Harvey Cooper. I am Manager of Government Relations for the Ontario Region of the Co-operative Housing Federation of Canada. We speak on behalf of more than 125,000 residents living in 555 non-profit housing co-operatives across Ontario.

Housing co-operatives are committed to playing a significant role in meeting one of the key components of the Province's valued infrastructure that is the provision of affordable housing for Ontarians. In our brief remarks today we will address the four areas the Province set out in the 10-Year Infrastructure Plan Consultation.

- 1. Public Infrastructure Assets – Role of Affordable housing**
- 2. Key economic and social trends affecting the Province's infrastructure needs over the next decade**
- 3. Most important infrastructure investment priorities over the next 10 years**
- 4. Transforming delivery, financing or management of infrastructure to meet provincial needs**

1 Public Infrastructure Assets – Role of Affordable housing

Recommendation:

Make affordable housing development and renovation a targeted sector for Ontario's infrastructure investments through the Ministry of Energy and Infrastructure

Ontario has a great deal at stake as the 10-year infrastructure plan is drafted. The right choices will leave behind a legacy of investments in infrastructure and people to ensure a sustainable and prosperous future for our province. 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.

Since 2004 affordable housing has been identified by Queen's Park as a key infrastructure priority (Building a Better Ontario, Ministry of Public Infrastructure Renewal, 2004). Investments in affordable housing have been part of the *ReNew Ontario* infrastructure strategy, the Infrastructure Ontario Loan Program and the 2009 Ontario Budget's stimulus plan investment in infrastructure.

Despite these recent initiatives, affordable housing is often left out as a core infrastructure sector to be funded by the Ministry of Energy and Infrastructure, on an annual basis. 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 each and every year of the 10-year plan to meet the need for major renovations and new affordable housing

2 Key economic and social trends affecting the Province's infrastructure over the next decade

Recommendation:

Ontario should produce 10,000 affordable homes per year over the next decade based on economic and social trends

The Ontario Region of CHF Canada and the Ontario Non-Profit Housing Association (ONPHA), annually publish *Where's Home?* This report 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 most recent May 2010 edition of *Where's Home?* include:

- Demand for new purpose-built affordable rental housing is conservatively estimated at 10,000 homes a year for the next decade. On average, only one-third of this need has been met over the last 10 years.
- One-in-five Ontario renter households are still spending more than half their income on housing.
- An astonishing 94% of the housing starts in the last five-year period were in the ownership market, with rental construction accounting for only 6%. Just 15 years ago, the comparable figure for rental construction would have been over a quarter of the housing market.
- Waiting lists for assisted housing continue to be long and are growing. They swelled to over 141,000 households throughout Ontario in 2010. Many 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, the wait is 21 years.

3 Most important infrastructure investment priorities over next 10 years

Recommendation:

Ontario's infrastructure plan should be balanced and recognize the economic stimulative effect of affordable housing

It is critical that Queen's Park take a balanced approach in developing its 10-year infrastructure plan, ensuring all key sectors are taken into account. Canadian governments, both federal and provincial, have tended to regard housing affordability and poverty reduction as 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.

The cost to our economy of failing to act on housing need is often overlooked. The lack of housing that key workers can afford is a major roadblock to growth and investment in Ontario.

It is well documented that the construction of new affordable housing and rehabilitation of existing stock

- provides significant economic stimulus
- creates jobs and has a large multiplier effect
- uses locally produced materials
- provides a valuable public asset for the long term.

Many analysts are continuing to urge stimulus and infrastructure spending to boost economic performance. Constructing affordable housing should be seen as a fundamental building block, not only to assist in Ontario's economic recovery in the short and medium term, but in the decade ahead.

4 Transforming delivery, financing or management of infrastructure to meet provincial needs

Recommendation:

As part of its infrastructure strategy, Ontario should ensure that the viability of existing community-based housing is protected.

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 housing providers are seriously under-funded.

The Province is to be commended for the initial steps it has taken in the last two budget years to begin to refurbish our aging social housing infrastructure. 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.

Housing providers have used this funding for building envelope and energy efficiency measures, such as window replacement, heating systems, lighting retrofit, dealing with mould, and other restoration measures.

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. Many housing providers estimate that less than one third of their replacement needs have been met.

Another welcome measure that the Province has introduced makes social housing providers eligible to borrow funds for capital repair at a reduced rate financed through Infrastructure Ontario. However, despite being eligible, many housing providers are not able to take advantage of the program.

The approval process is quite onerous and not particularly well adapted to small scale community-based organizations. Infrastructure Ontario is set up for large institutions such as hospitals and municipalities, and takes an appropriately rigorous and prudent approach to risk assessment.

Infrastructure Ontario sets interest rates in accordance with the level of risk, which can reduce the feasibility of borrowing. In the case of loans for capital costs in social housing projects, the housing provider must pre-qualify by calculating the debt service coverage ratio for the proposed loan. In many cases, as a result of this debt service ratio, the housing provider has been precluded from accessing Infrastructure Ontario arranged financing.

A number of actions may improve the uptake of the Infrastructure Ontario financing option:

- Better targeted promotion of the program to social housing providers
- A facilitated and flexible approach to the application and approvals process
- Lowering interest rates for social housing providers.

Another significant impediment is the need for housing providers to get a conditional approval from the service manager before applying for a loan. This is unnecessary, particularly for those loans that would also require CMHC mortgage insurance. It delays the application, and municipalities could reject it for reasons that have nothing to do with the risk rating of the loan.

The Province should make the necessary legislative and regulatory changes to give housing providers the ability to borrow without this extra approval process, providing they meet Infrastructure Ontario's loan requirements.

Finally, there is another important tool that can be used to leverage additional funds for capital work, and that is the extension of mortgage amortization periods. This will improve social housing providers' ability to repay additional debt.

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 work with Queen's Park to ensure that the Province's 10-year infrastructure plan will serve the needs of Ontarians, particularly with regard to the provision of affordable housing.

We feel that some of the key directions that Queen's Park will want to consider as it develops this long-term infrastructure strategy include:

- Make affordable housing development and renovation a targeted sector for Ontario's infrastructure investments through the Ministry of Energy and Infrastructure.
- The Province should produce 10,000 affordable homes per year over the next decade based on economic and social trends.
- Ontario's infrastructure plan should be balanced and recognize the economic stimulative effect of affordable housing construction and rehabilitation.
- As part of its infrastructure strategy, Ontario should ensure that the viability of existing community-based housing is protected.

In closing once again, we want to thank Minister Duguid and officials of the Ministry of Energy and Infrastructure for giving us the opportunity to express our views today.