

HOUSING IS THE SOLUTION

SUBMISSION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS, JANUARY 2018



The CO-OPERATIVE HOUSING FEDERATION of Canada

The Co-operative Housing Federation of Canada (CHF Canada) Ontario Region is the umbrella organization for the 550 independent housing co-operatives in Ontario, home to some 125,000 people across the province.

All across Ontario, middle- and low-income households are struggling to find a home they can afford. The unaffordability of Ontario's housing market is reported on almost daily, and the 2016 census data is clear: Ontario has the highest percentage of households in core housing need of any province and the number is growing.

This is not just a downtown Toronto story. While the Toronto Census Metropolitan Area (CMA), which includes Mississauga, Brampton, Markham and Vaughan, had the highest rate of core housing need in the country,

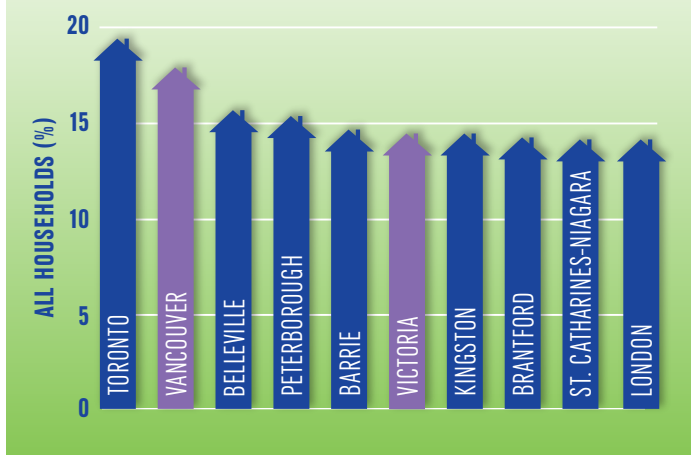
seven other communities in Ontario that we less-frequently acknowledge as being part of the housing crisis were in the top ten. At the same time, the provincial rental vacancy rate has fallen to 1.6%, 1.1% in the GTA, well below the healthy market level of 3%.¹

The lack of affordable housing is one of the most significant drags on the economy. Mayor John Tory highlighted the shortage of affordable and rental housing as one of the most serious disadvantages for Toronto in its Amazon HQ2 bid, and in attracting other Silicon Valley businesses.³ The Region of Durham similarly highlighted that "a ready supply of affordable rental housing" will be a key factor in the region's ability to attract and retain talent, and in its economic future.⁴

It's time to look at housing as the solution, not the problem. Investing in housing is an opportunity to make life better for people all across the province, for nearly all income groups and ages, while also growing the economy, creating jobs and making the province a more attractive location for business. To fully implement housing as a solution, action needs to be taken across the entire spectrum of housing. CHF Canada has four recommendations for affordable housing:

1. Sign on to the National Housing Strategy
2. Invest in building more affordable rental housing
3. Partner with the co-op sector to fix the affordable housing program
4. Create targets for new co-op development

Ontario holds 8 of the top-10 Census Metropolitan Areas (CMAs) with the highest proportion of core housing need²



1 Canada Mortgage and Housing Company. *Rental market report: Ontario highlights*. 2017. <https://www03.cmhc-schl.gc.ca/catalog/productList.cfm?cat=102&lang=en&fr=1515522707549>.

2 Statistics Canada. *Core housing need, 2016 Census*. November 15, 2017. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>.

3 McGillvray, Kate. *Why Toronto might not land Amazon HQ2, according to the mayor*. October 20, 2017. CBC News. <http://www.cbc.ca/news/canada/toronto/tory-amazon-bid-1.4364007>.

4 The Regional Municipality of Durham, *Championing Affordable Rental and Seniors' Housing Across Durham Region: Task Force Recommendations Report*, 2017. https://www.durham.ca/en/doing-business/resources/Documents/HousingDevelopment/Accessible-Task-Force-Report_FINAL.pdf.



1 Sign on to the National Housing Strategy

The National Housing Strategy released in the fall commits \$40 billion in funding for new and existing housing programs over ten years. The Strategy is a significant re-engagement in housing on behalf of the federal government. Until the release of the Strategy, Ontario was set to lose hundreds of millions of dollars in annual federal funding for affordable housing over the next ten years as operating agreements expired. The Strategy reinvests this funding back into housing and adds to it to help some of the most in-need households in the province.

To reach its goals, the Strategy relies in part on signing bilateral agreements with the provinces and territories, leveraging an estimated \$7.4 billion from these governments. With over 170,000 Ontarians on social housing wait lists and increasing pressures on our rental market, this funding is desperately needed in Ontario. The province should sign on to cost-share this investment without delay. The public housing stock, in particular, depends on the cost-shared funding, and the programs in the Strategy are expected to help build approximately 2,000 affordable housing units a year in Ontario, and provide financial support to approximately 90,000 more.

National Housing Strategy commitments:

- build 60,000 units of affordable rental housing
- continue funding for rent supplements in 385,000 existing social housing units
- retrofit 245,000 units
- create a portable housing benefit for up to 300,000 households.

2 Invest in building more affordable rental housing

While the National Housing Strategy is an important contribution, the housing situation in Ontario requires a greater investment in new supply than the national strategy provides. A conservative estimate suggests Ontario needs to generate 6,500 units of affordable rental housing per year for the next ten years to dig itself out of its affordable housing deficit. This is in addition to a significant increase in the production of private rental housing.

The National Housing Strategy is expected to build 2,000 units per year in Ontario, leaving a shortfall of 4,500 units per year. The province could make up the shortfall by earmarking a percentage of the Land Transfer Tax. The Land Transfer Tax has been a windfall for Ontario;



Annual Co-op Housing Day at Queen's Park.

it generated an estimated \$2.8 billion in revenue in 2017 and \$2.7 billion in 2016. It's time these resources were used to help create a healthier and fairer housing system for all Ontarians, easing the housing burden for generations to come.

British Columbia, facing a similar housing market, responded by setting itself an ambitious target of adding 114,000 units of affordable private, non-profit and co-operative housing over the next ten years. It will take similar ambition to fix the market in Ontario.

3 Partner with the co-op sector to fix the affordable housing program

CHF Canada has highlighted for a number of years that the current Investment in Affordable Housing (IAH) program does a poor job engaging co-ops and other community-based non-profits. The structure of the program has meant over time fewer and fewer non-profits are able to take part.

This is a real loss to the province. The 2017 Auditor General's report found that while the IAH does not encourage not-for-profit development, "not-for-profits can provide the affordable rentals in a more cost-effective manner than private developers."⁵ It highlighted proposals



"Prior to co-op life, my life was miserable. Now I have a bright future ahead of me. Thank God for co-op housing."

Ontario housing co-op member



Premier Wynne speaks with emerging co-op leaders.

by non-profits that offered significantly greater value for money than proposals by private developers, building much-needed larger units at a lower cost per unit. As well, a 2016 Ministry of Housing study found that nine out of ten private developers in past programs converted their affordable buildings to condominiums or increased rents to market rates once their contract periods had expired. For the IAH, that contract period can last as little as 20 years while non-profits and co-ops offer affordability in perpetuity.

In addition, a 2016 report found that federal non-profits and co-ops have an estimated \$400 million in land and other assets that could be leveraged to build more affordable housing.⁶ Unlocking these assets by partnering with these providers should be a top priority for the province.

To fix the affordable housing program and make it a better investment for Ontarians the province should partner with CHF Canada and the Ontario Non-Profit Housing Association to:

- Reintroduce project development funding. With limited upfront investment, non-profit and co-ops would be in a far better position to develop proposals for IAH funding. CHF Canada submitted a proposal to the province in 2017, to create a \$3 million Co-operative Housing Development Fund as a pilot project to test

⁵ Office of the Auditor General of Ontario. *Annual Report 2017*. December 6, 2017. Quote from pp. 732. <http://www.auditor.on.ca/en/content/annualreports/arbyyear/ar2017.html>.

⁶ Evergreen. *Building new affordable housing through leveraging*. March 2016. <https://www.evergreen.ca/our-impact/cityworks/publications/#housing>.

the impact increased project development funding could have on the number of housing co-ops developed. The revolving fund would help an initial 12 housing co-ops develop proposals.

- Reset the program design with a better and more flexible mix of loans and capital grants so that non-profits can play a more active role in the development of new housing. Increase the capital grant available for building three- and four- bedroom units where needed.

4 Create targets for new co-op housing development

More Ontarians than ever, whether they are seniors, single adults, new immigrants or young families, are in the rental market; and for young adults, they will need to stay in the rental market for longer than past generations.⁷ These renters deserve better housing options than are currently available. They deserve opportunities to live and grow a family in a safe, secure home they can afford.

Co-op housing offers unique benefits not found in other forms of housing. Successive CMHC Program Evaluations found that, compared to other forms of rental housing, residents in co-ops reported an improved sense of community, better relations with friends and neighbours, and improved social supports. In addition, co-ops have proven to be a platform for residents to develop new skills, acquire organizational experience and gain employment.⁸

Over the past 20 years, however, new co-op housing development in Ontario has ground almost to a complete halt. Only six new housing co-ops have been built or expanded in Ontario under the affordable housing programs of the last 15 years, representing less than 4% of the new stock. We do not believe that this was the policy intent of the government or a reflection of housing co-ops, but rather a reflection of a housing program that does not work well for community-based housing.

Many MPPs have spoken to the benefit that co-op housing brings to their own communities. In other provinces, most notably Quebec and British Columbia, co-op housing is playing a significant role in the development of new affordable housing, helping those provinces increase their supply.



Members of
Jeanneville Co-op,
Vanier

“My co-op has been and continues to be the only place I want to live.”

Ontario housing co-op member

Ontario can once again take the lead in creating vibrant communities. We recommend that the government set targets for new co-op housing development to ensure these programs help build the types of housing the community needs.

Conclusion

The government deserves credit for making progress on housing issues in 2017. The Fair Housing Plan and the earmarking of \$657 million of cap-and-trade revenues for social housing retrofits are all steps in the right direction. With the National Housing Strategy in place, it is time for Ontario to prioritize developing more affordable housing to create a housing system that works for everyone.

Housing co-ops are an important part of the solution in Ontario. The co-operative housing sector is ready to partner with government to help ensure that every Ontarian has a decent, affordable place to call home.

CHF Canada Ontario Region 1.800.268.2537

Simone Swail, ext. 223
sswail@chfcanada.coop

Jacob Larocque-Graham, ext. 801
jlarocque-graham@chfcanada.coop

⁷ Kershaw, Paul. *Code Red: Ontario is the second worst economy in Canada for younger generations*. Generation Squeeze, 2017. https://d3n8a8pro7vhm.cloudfront.net/gensqueeze/pages/136/attachments/original/1491359455/GS_CodeRed_ON_second_worst_economy_2017-04-04.pdf?1491359455.

⁸ CMHC, *Co-operative Housing Program Evaluation*, 2003. Similar findings were described in CMHC's 1983 and 1992 Co-operative Housing Program Evaluations. <http://publications.gc.ca/collections/Collection/NH15-418-2003E.pdf>.