



Co-operative Housing
Federation of Canada

Building up Ontario's housing

Three ways we can build and support affordable housing in Ontario

Submission to the Standing Committee on Finance and Economic Affairs, January 2020

1

Increase
affordable
housing
supply



2

Maintain
existing
affordable
housing
stock



3

Removing
barriers to
development



For the past **50 years**, the Co-operative Housing Federation of Canada has represented more than **550** non-profit housing co-operatives, home to some **125,000 residents**.

More Ontario families than ever—seniors, working families, and young people—are feeling the squeeze in the housing market. Since 1992, rents in Ontario have climbed over 63% while the average income for families is failing to keep up.¹

It will now take the average young person 15 years, or three times as long as past generations, to save for a down payment.² At the same time, current estimates show that close to half of all Ontario renters spend over 30% of their income on rent.³

Ontario businesses, and our economy, are also feeling the impacts; the Toronto Region Board of Trade has said that a lack of affordable housing is a barrier to attracting and keeping employees.

Small investments in affordable housing would have significant positive impacts on communities across the province by easing cost pressures throughout the housing system.

Rural Ontario: The fact is that places like Wawa, St. Thomas, Grenville, Strathroy, and Hawkesbury are all facing a housing crisis. ROMA says “the provision of affordable housing is essential.”⁴ Whether it’s homes for the workers who develop rural Ontario or keeping seniors in the community they created, co-ops can provide those homes for Rural Ontario.

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.

CHF Canada wants to work with the Government of Ontario, other affordable housing partners and the private sector to offer Ontario residents more housing options. CHF Canada has three low-cost initiatives that the government should adopt to create new affordable housing and ensure that the existing stock operates efficiently and is preserved as a long-term public asset:

1 Increase affordable housing supply

The best way to increase the supply of permanent affordable housing, at the lowest cost to government, is through leveraging government surplus land.

Ontario should be focusing on getting the **maximum public value out of government surplus lands**. This can be accomplished by viewing the land not as a one-time revenue generator, but as an asset that can be leveraged for the public good.

To do this, CHF Canada recommends that appropriate sites for residential development be leased to the non-profit and co-op sector or sold below market value in the exchange for the provision of permanent affordable housing.

To expedite the process required to unlock the government lands, the province should identify and create an inventory of surplus and underutilized government lands across Ontario including crown corporations and government agencies such as the LCBO and school boards.

1. Analysis by CHF Canada and the Ontario Non-Profit Housing Association of the Census data and CMHC Rental Market data (2019).
2. Code Red Generation Squeeze. https://d3n8a8pro7vhmx.cloudfront.net/gensqueeze/pages/136/attachments/original/1491359455/GS_CodeRed_ON_second_worst_economy_2017-04-04.pdf?1491359455
3. Canadian Rental Housing Index. http://rentalhousingindex.ca/en/#comp_prov
4. <https://www.roma.on.ca/ROMA-Docs/Reports/2018/ROMA-2018-Pre-Budget-Submission-2018-01-11.aspx>





Air rights above transit corridors:

The provincial government has an opportunity to increase the supply of affordable housing by harnessing unused air right spaces over transit corridors.

There are 200 major transit nodes, including the Ontario Line and Eglinton Crosstown, that could provide greater density and more affordable housing.

Utilizing these air rights through partnerships with the non-profit and co-op sectors would translate into thousands of new permanent affordable units.

2 Maintain existing affordable housing stock

Ontario's co-ops provide homes for over 21,000 low and middle-income households in 261 buildings across the province.

The majority of these buildings are over 30 years old and are coming to the end of their mortgages.

As co-ops reach the end of their mortgages, this presents a unique opportunity for the sector to leverage these savings for needed capital repairs **without provincial funding**.

However, outdated provincial legislation (Housing Service Act) prevents co-ops from reinvesting their mortgages back into their buildings.

The current legislation allows Municipal Service Managers to prevent co-ops from reinvesting

in themselves. Making them more reliant on government funding and preventing the sector from being more businesslike.

By updating the funding formula, the province has a chance to strengthen frontline housing providers that work tirelessly to provide affordable housing for low and modest-income households.

Based on the study commissioned by CHF Canada, we expect the overwhelming majority of the 261 HSA housing co-ops in Ontario will end up in financial difficulty when they reach their End of Mortgage (EOM) if the funding formula is not fixed.

The solution: CHF Canada recommends that the province amends the Housing Service Act funding to allow co-ops to keep their savings once they reach end of mortgage.

To do this the province can **set the operating subsidy portion of the formula to zero** once a co-op reaches the end of its mortgage. There will be no provincial contribution to make this regulatory change.

Municipalities would allow the co-ops to reinvest these savings back into their buildings and would ensure that this funding remains in the affordable housing sector.

It is far cheaper to maintain the community housing stock we have than to replace it. The Province of Ontario can't afford to lose any community housing units, but we are at risk of having these co-ops fall into a state of serious disrepair.

3 Removing barriers to development

Over the next 30 years Ontario's population is expected to increase by 5.4 million people.⁵ It is crucial that we create housing options that meet all the needs of Ontario families.

There are societal costs if we ignore the housing needs of low and middle income families. Today a generation of 20 and 30-year-olds are putting off starting families as rents continue to eat more into their savings, resulting in the decline of family units.

Housing co-ops are an important part of the solution. They operate in the space between renting and homeownership, give families security of tenure and a voice in their community, while also remaining affordable for the long term.

We urge the government to prioritize and support affordable housing projects through the design of programs and incentives to increase the supply of affordable housing.

The lack of sufficient project development funding under Ontario's affordable housing programs is a significant barrier to new coop housing.

The financial risks associated with developing a proposal, often in excess of hundreds of thousands of dollars, has kept most co-ops from pursuing new development and expansion opportunities.

To help spur the development of housing co-ops CHF Canada recommends the province look into creating a development fund that would offset the cost of project development.

In Ontario alone, co-ops and non-profits have approximately \$400 million in land that could be leveraged by existing housing providers created under provincial housing programs.⁶

Conclusion

Housing matters. It matters too much for us to simply accept the status quo, which represents a real threat to our equity, social cohesion and economic prosperity. CHF Canada is ready to do its part to protect and growth the affordable housing sector. But we need strong partnerships with all levels of government so we can find lasting solutions for housing for all Ontario families.

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5. Ontario Population Projections, 2018–2046. <https://www.fin.gov.on.ca/en/economy/demographics/projections>

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

