Co-operative Housing Federation of Canada
Fédération de l'habitation coopérative du Canada

CHF Canada's Submission to Bill 184, Protecting Tenants and Strengthening Community Housing Act, 2020

Introduction:

The Co-operative Housing Federation of Canada (CHF Canada) is a member based organization representing over 550 non-profit housing co-operatives in Ontario, home to approximately 125,000 households.

CHF Canada welcomes the opportunity to speak to *Bill 184*, *Protecting Tenants and Strengthening Community Housing Act, 2020.* While there are a number of changes to legislation proposed by the bill, we have focused our submission on the sections of the act that address the Housing Services Act (HSA).

Bill 184 provides a strong framework to work toward sustainability in the community housing sector. The bill will allow flexibility in the sector and open future changes to be done through regulations—a new regulatory regime based on true partnerships where Ontario's housing provider associations are at the table drafting regulations. These organizations represent the housing providers that provide safe affordable housing for over 250,000 families and individuals across Ontario.

Our submission is broken down into four areas:

- The long-term financial sustainability of housing co-ops (End of Mortgage)
- Rent-Geared-to-Income Rent Geared to Income and service level standards
- Exit and service agreements
- Residential Tenancies Act (RTA) and the Landlord Tenants Board (LTB)

We greatly appreciate the open and consultative approach the Province has taken towards the Community Housing Renewal Strategy and the government's direct engagement with those on the frontlines—providing affordable housing all across the province. We look forward to working with all parties to create a new community housing system that works better for everyone, and allows providers, like co-ops, to focus on what they do best—creating and maintaining good-quality, affordable homes.

<u>The long-term financial sustainability of housing co-ops</u>

The Province's work on Bill 184 comes at a critical time. In just a few years housing co-operatives will be reaching their final mortgage payment. As it currently stands, the HSA funding formula allows **<u>negative operating subsidy</u>.** This occurs when the co-ops benchmark revenues are greater than its benchmarked revenues.

As a direct result co-ops will not see the benefits of being mortgage free either for ongoing operations or renewal of their assets. Coupled with aging buildings and decades of underinvestment in capital repairs, HSA co-ops will not be sustainable into the future unless action is taken.

Based on the study by retired auditor David Roberson 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. **<u>If not addressed the current funding formula will:</u>**

1. **Prevent non-profit and co-op housing providers from reinvesting their mortgage savings back into their buildings.** Making housing providers more reliant on government funding and preventing the community housing sector from being more sustainable and businesslike.

2. **Cause 1,500 housing providers, home to tens of thousands of unit, to experience negative cash flows.** Housing providers will have the resources to either maintain rental subsides or cover needed capital repairs. **<u>They will not have the ability to do both.</u>**

CHF Canada is calling on the province of Ontario to allow co-ops to put their mortgage savings into capital repairs and reserves. This can be accomplished through a regulation of the Housing Service Act that **sets the operating subsidy at zero** when HSA co-ops come to the end of their mortgage. Our recommendation would:

- Protect and expand affordable housing options over the long-term,
- Allow housing providers to leverage their mortgage savings to do necessary capital repairs on aging buildings and expand their portfolios, and
- Help housing providers become more businesslike.

Rent-Geared-to-Income (RGI) and Service Level Standards

CHF Canada is pleased that Ontario’s Community Housing Renewal Strategy has set out a vision that will help sustain, repair and grow our community housing system. A key part of this is the protection of current and future RGI households.

Bill 184 proposes to repeal both section 40 and 41 of the HSA that determines the number of households that receive RGI assistance and the number of accessible units Service Mangers must provide. In its place the act would add a new section (10.1) that would require Service Managers to ensure they are providing assistance related to housing based on regulations, including service level standards.

Bill 184 lays the foundation for future regulations that may allow Service Managers to count other forms of rent subsidy toward their service level standards (i.e. housing allowances). Currently only RGI units under the HSA counts. In addition, regulations could outline the number of RGI units to provide by Ontario’s 47 Service Managers.

CHF Canada is concerned that Service Managers may move away from providing RGI units towards a system with shallower supports such as housing benefits. In this time of increased uncertainty due to the global COVID-19 crisis, it is vital that the Ontario government maintains and creates opportunities to grow the current level of RGI assistance to low-income families across the province. We have 50 years of evidence that this model works and creates a strong sense of community.

Exit and Service Agreements

Bill 184 proposes to add an “Exit Agreement” that would allow housing providers to delist from the Housing Service Act (HSA) and its obligations (i.e. operating and reporting standards) maintaining a set number of RGI units. Housing providers that wish to leave the HSA would need to enter into an agreement with their Service Manager and meet the prescribed criteria which would be laid out in regulations.

In addition to the delisting process, Bill 184 also creates a new legislative framework that would allow housing providers to be governed by part of the HSA. Housing providers would need to enter into “Service Agreements” with their Service Manager and meet the criteria which would be laid out in regulations.

Most of the details for both exist and service agreements will come through a regulatory framework. When designing these regulations the province should ensure that co-ops are well positioned to take advantage of innovative and entrepreneurial opportunities. However there are a number of barriers that prevent this:

- **Negative operating subsidy**,
- **Inability to refinance while remaining an HSA housing provider, and**
    - Currently, the only way a housing co-op governed by the HSA can refinance is to opt out of the legislation with government approval. However, opting out makes a co-op ineligible for social housing programs. It is important that whatever regulatory changes are enacted allow housing co- ops to borrow against their equity for capital repairs.
- **Surplus sharing.**
    - Under the current funding formula, co-ops that accumulate an operating surplus may be required to share 50% with the Service Manager. Permit co-ops to keep all of their operating surplus. Co-ops could use these funds for retrofits, capital repairs or future development.

CHF Canada's Refinancing Program

Addressing the issues outlined above would make co-ops less reliant on government. Removing these restrictions would allow HSA housing co-ops across Ontario to finance loans with the private sector to complete necessary capital repairs. In partnership with Ontario's credit unions, CHF Canada's Financing Program has helped housing co-ops under Federal programs, borrow over **$125 million** from financial institutions, ensuring their communities are viable into the future.

Now is the time for the province to work with Service Managers and housing providers to come up with solutions that ensure co-ops and non-profits will remain good-quality affordable housing communities for years to come.

Residential Tenancies Act (RTA) and the Landlord Tenant Board (LTB):

Many of the changes to the Residential Tenancies Act have no or minimal impact on housing co-ops or its members. The expanded use of alternate dispute resolutions processes could be of benefit as long as the Landlord Tenant Board provides enough scrutiny of the process to ensure fairness for co-op members.

The primary concern of housing co-ops related to eviction is the current shortage of adjudicators at the LTB. The LTB has been operating for some time with a shortage of trained adjudicators and this means that the process of resolving these cases is taking longer and longer. With at least eight current vacancies and a number of terms ending shortly, there is no improvement in sight.

Combined with a backlog of cases due to the pandemic, co-ops will be left without the tools to address disputes in a timely manner. Adequately staffing the LTB with staff trained in housing issues should be the first priority. CHF Canada stands ready to assist the LTB in training staff on the unique features of co-op housing.

Conclusion:

A great deal of the details of the changes to the HSA, in Bill 184, will be decided in regulation. While we feel this is appropriate as regulation is far easier to change than legislation. **This makes it absolutely vital that CHF Canada and the Ontario Non-Profit Housing Association (ONPHA) as the organizations representing community based housing providers, are closely consulted in the drafting of the regulations**.

As part of the Community Housing Renewal Strategy the province set the goal of to "improve efficiency of the community housing system to ensure value-for-money and long-term sustainability." CHF Canada looks forward to working with the province to reach this goal and build a new system that allows housing providers to operate in a more flexible environment than the previous rule bound by the HSA. We hope that this new framework will allow the community based housing system to innovate, flourish and expand by providing good quality affordable housing to Ontarians for generations to come.

In summary, any regulatory framework must include the following:

1. **True Partnerships.** The system should be based on partnerships between housing providers and Service Managers and not simply the current compliance based approach wrapped in a new regulatory framework.

2. **Allow housing providers to reinvest their mortgage savings into capital repairs.** If housing providers aren't allowed to benefit from their surpluses they will not have the ability to finance capital repairs.

3. **Protect and grow Rent-Geared-to-Income assistance**. This can be accomplished by grandfathering existing RGI units and the continued financial support of new RGI assistance across the province.

4. **Flexible exit and service agreements.** They should provide housing providers with flexibility to take advantage of innovative and entrepreneurial opportunities. Such as allowing HSA co-ops to leverage their assets once they reach the end of their mortgages.

5. **Address the current shortage of adjudicators at the LTB.** Ensure the LTB has a fully staffed roster of trained adjudicators.

Addressing the above issues will help to strengthen Ontario's Community Housing Sector. The COVID-19 pandemic has shown the importance of ensuring all Ontario families have a safe and affordable place to call home. When people have the housing they need, they have better health, education and employment outcomes. When housing is affordable individuals have the opportunity to manage their lives and raise their families.

Without sustainable action and investment in affordable housing, the disparities in our communities will only serve to deepen, especially as eviction bans are lifted and emergency support funding ceases.

CHF Canada sincerely appreciates the opportunity to comment on *Bill 184, Protecting Tenants and Strengthening Community Housing Act, 2020.* Ontario's housing co-ops are keen to see this legislation passed so we can start the work to update Ontario's Community Housing Sector. CHF Canada is committed to working closely with all stakeholders to achieve a sustainable community housing sector for future generations.

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