ONPHA

Board Connections

ONPHA

Ontario Non-Profit Housing Association | www.onpha.on.ca JANUARY, 2007

Rental shortage on its way

Canada Mortgage and Housing Corp. published its current vacancy rate numbers in late December. As we have been predicting for the last few years, for the most part, rates are dropping. Unfortunately, in the absence of a stable economic environment that encourages the continuous production of affordable rental housing, we continue to get caught in economic swings too sudden for the market to handle. In any event, it's clear that market forces cannot create a stable housing market. Canadian governments need to recognize that their carefully deployed and predictable presences in the housing market are permanent and necessary ingredients in success.

The initial stages of the Affordable Housing Program were consciously targeted at the low vacancy rate areas. This made sense to federal and provincial decision makers, was easy to explain to the media, and certainly made sense to existing landlords who looked askance on publicly-supported competition when vacancy rates were high. That was, as it turns out, a shortsighted view.

The dilemma is that you need to think about investing in housing when you least seem to need the housing. This "catch 22" has haunted housing markets for years.

ONPHA 489 College Street, Suite 400,
Toronto, ON M6G 1A5
T: 416-927-9144 | 800-297-6660
F: 416-927-8401 | mail@onpha.org

THE SECTION 95 PROBLEM

A meeting held during the recent ONPHA Annual Conference brought together Section 95 Private Non-Profit providers, Service Managers and ONPHA staff to discuss this problem: they experience a subsidy shortfall every time a mortgage roll-over coincides with a drop in interest rates. A quirk in the funding formula means the drop in assistance is greater than the drop in mortgage payments, thus leaving a shortfall. A sampling of 70 provider projects shows the shortfall is well over $1-M, and in a special briefing paper commissioned by ONPHA, the problem is actually closer to $68-M if calculated back to 1981.

At the meeting, providers witnessed first hand the financial stand-off: the province claims all federal monies for the program are distributed to municipalities and Service Managers state otherwise.

In the end, Ministry staff and Service Managers agreed to review the breakdown of funds that Service Managers receive for this program and agreed to keep ONPHA in the loop. A meeting is expected later this month.

PARTNERSHIP WITH MMAH MOVING AHEAD

At the ONPHA conference, John Gerretsen, Minister of Municipal Affairs and Housing, announced a partnership with ONPHA and CHF Canada (Ontario region) to strengthen the capacity of the non-profit and co-op sectors.

ONPHA is beginning with an "environmental scan" which involves contacting Service Managers, non-profit proponents and development consultants who have been involved in the Pilot and Strong Starts versions of the Affordable Housing Program. We will contact groups responding to the current Requests For Proposals for Wave One. If contacted, please consider giving us 15 minutes of your time – it is an important opportunity to improve our ability to build under programs like the Affordable Housing Program.

ONPHA'S NEW FACES

The following are new members of the board.

- Michael Lee, CRC Self Help Inc.
- Margaret Singleton, Ottawa Salus Corp.
- Brigitte Witkowski, Mainstay Housing
- Fred Bishop, Kitchener Housing Inc.
- Susan Duncan, Legion Branch No. 6 Non-Profit Housing (Thunder Bay)
- Kelly Hastings, Ottawa Community Housing Corp.
- Hope Lee, Kawartha Lakes-Haliburton Housing Corp.
- Jack Sullens, City of Windsor Non-Profit Housing Corp.

WHAT'S NEXT FOR SHRA FUNDING MODEL?

Providers hoping for solutions to SHRA funding model problems will not likely see relief until the end of 2007 or perhaps even 2008. The Benchmark Advisory Team (BMAT) - comprised of ONPHA, CHF Canada Ontario Region and Service Managers - recommended that Section 110 of the funding model be invoked. A subsequent third party report from Mercer Delta verified the BMAT recommendations for the Ministry of Municipal Affairs and Housing (MMAH). Despite this overwhelming support for the recommendation, the Ministry will not act until it has gone through another round of consultation. ONPHA wants to hear about the financial implications of the funding model members expect to face during 2007. Please send your comments to Sharad Kerur (sharad.kerur@onpha.org).

SECTION 95 PROVIDERS AFFECTED BY HUMAN RIGHTS DECISION

A new legal precedent set by the Human Rights Tribunal of Ontario affects the administration of Rent Geared to Income (RGI) for tenants who: a) receive social assistance; b) live in federally funded Section 95 housing; c) receive rent subsidy from the subsidy pool. The HRTO ruling states the housing provider must "set the housing charge...that they may pay the sum of their housing charge, hydro costs and insurance cost out of the amount they receive as the shelter component of their public assistance."

RTA REGULATIONS

The regulations supporting the *Rental Tenancies Act*, filed in November, reflect many of ONPHA's recommendations including: exemption extensions for all social housing units as defined by the RTA to include new social/affordable housing rental units and programs, including retrofit units; the criteria for classifying a unit or project for exemption has been broadened to include all providers mandated to provide affordable housing, and; current market exemptions from RTA legislation have been retained for market units in social housing/mixed-use buildings.

INTRODUCING PALLISTER COURT

Pallister Court, which was officially opened in Nepean in September, is a 62-unit community which serves both families and individuals with disabilities. It has 37 units for rent geared to income. The remainder are market rent, although four of these are in the "below market rent program" which rent at 70% of market rent.

MANAGEMENT TIPS:

SMOKING OR NON?

Providers have inquired if they can designate their buildings as 100% smoke-free, including all apartments. Providers do have this ability and can change the lease to reflect this new policy. However, the approval of all tenants is required. If one tenant is opposed, then the provider cannot proceed. Tenants have the right to smoke within their units, which are not designated "common areas" under the *Smoke Free Ontario Act*.

RETIRING MANDATORY RETIREMENT

Mandatory retirement ended on December 12, 2006 with Bill 211. This legislation amended the Ontario Human Rights Code and other legislation to prohibit employers from forcing employees to retire at 65. It does not prevent employees from retiring if they wish to. An employer could only force retirement at age 65 if being younger than 65 could be proven to be a bona fide occupational requirement.

CHANGE TO ODSP BENEFITS

The award of Ontario Disability Support Program (ODSP) benefits is no longer limited to a retroactive period of four months. When this happens, providers must recalculate the rent-geared-to-income (RGI) rent to the date the retroactive payment applied to, and collect the increase from the tenant. The *Social Housing Reform Act* says the most you can ask a tenant to pay for retroactive RGI rent is 10% of the new RGI rent per month.

ONPHA