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CO-OPERATIVE HOUSING FEDERATION OF CANADA UPLOADING PROPOSAL

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, March 28, 2007, from the Commissioner of Community Services, Housing and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. Staff continue to monitor feedback to this uploading proposal and report back to Council within three months.
2. A request be made to the Province that the Region participate in any discussions with the Co-op Housing Federation to consider the details of such a proposal.

2. PURPOSE

This report provides information to Council with respect to a proposal that has been made by the Co-operative Housing Federation of Canada to return the cost and control of Ontario-Program Co-operative Housing from the municipal to the provincial level and its potential impact on the Regional Municipality of York.

3. BACKGROUND

In the context of the current Provincial-Municipal Fiscal and Service Delivery Review, the Ontario Region of the Co-operative Housing Federation of Canada has proposed to the Province that the cost and control of Ontario-Program Co-operative Housing be returned from the municipal to the provincial level.

There are 252 co-ops and 21,300 units of Ontario-Program co-operatives currently under administration by municipal Service Managers. Municipalities provide approximately \$65 million per year in ongoing subsidy to this program.

3.1 How it would Work

The Co-operative Housing Federation is proposing that such a transfer would be facilitated by having the Province take on the funding responsibility for the Ontario-Program Co-ops and contracting on a fee for service basis with the Co-operative Sector for the ongoing program administration role currently performed by municipal Service Managers such as York Region.

Within the Co-op Sector, there exists a not-for-profit agency called The Agency for Co-operative Housing, which was incorporated in 2004 to administer federal co-op housing programs under contract to the Canada Mortgage and Housing Corporation (CMHC) in the provinces of Prince Edward Island, Ontario, Alberta and British Columbia. It is proposed that this same agency take on the program administration role for Ontario-Program Co-ops.

3.2 The Case as Proposed by the Sector

The Co-operative Housing Federation has put forward a detailed case to the Minister which focuses on what they believe to be a poor fit between the objectives of the *Social Housing Reform Act, 2000* (SHRA), the capacity of Service Managers and the objectives and operating framework of non-profit co-operative housing.

It is worth noting that York Region is seen as a proactive and understanding Service Manager, with experienced staff drawn, in part, from the co-op housing sector. York Region has a strong working partnership with the co-op housing sector. Many of the comments in the Federation proposal with respect to the capacity of Service Managers would not apply to the Region.

A summary of their case is as follows:

- The SHRA, passed in 2000 by the previous provincial government, put in place a homogenized program framework for all types of non-profit housing – co-operative, community and municipal – and made municipal Service Managers responsible for program administration.
- It is their position that this arrangement hasn't worked well for housing co-ops or Service Managers.
- The Sector suggests that housing co-ops are fundamentally different from other parts of the social housing system. They are the only form of resident-controlled non-profit housing in Ontario. They operate under different governing legislation (corporate and landlord-tenant), have a different model of governance and, generally, have a very different operating dynamic.
- The Sector believes that community-based decision-making in co-ops and member expectations of involvement in decisions can present themselves as messy and complicated processes to program administrators.
- It is suggested that under the SHRA, complex and prescriptive program rules, combined with the program administration challenges just noted, have compromised the ability of co-ops to direct their own affairs. Co-ops deliver the best outcomes, both socially and financially, when member control is effective and the co-op is responsible for its own operating results. (It should be noted that the same SHRA

rules apply to all non-profit housing providers – the majority of which would have similar concerns).

- The Sector notes that the proposed realignment of responsibilities would result in substantial immediate and downstream savings in program funding costs for municipalities. It would also remove the liability that municipalities now have for unpredictable future program costs including the under-funded capital reserves of co-ops and increases in mortgage interest rates and property taxes. It is believed that an upload would reduce some of the impacts of program complexity for Service Manager staff and allow a greater focus on the balance of the non-profit housing system.

4. ANALYSIS AND OPTIONS

A review of the potential impact of such a transfer for York Region demonstrates that there is the potential for significant financial benefit. The following sections provide a summary of the fiscal benefit as well as some areas for additional consideration as to the impact of a major shift in public policy around social housing delivery for our communities.

4.1 Housing Providers Affected

York Region is currently responsible for funding and administering ten Ontario-Program Co-ops (see Table 1 below).

Table 1
Regionally Funded and Administered
Ontario-Program Co-operatives

Municipality	Corporation Name	Number of Units
Aurora	Charles Darrow Housing Co-operative Inc.	107
Aurora	Machell's Corner Housing Co-operative Inc.	67
Georgina	Bethany Co-operative Homes Inc.	68
Markham	Thornhill Green Co-operative Homes Inc.	101
Newmarket	Carpenters Local 27 Housing Co-operative Inc.	119
Newmarket	Bogart Creek Co-operative Homes Inc.	40
Richmond Hill	John Fitzpatrick Steelworkers Housing Co-operative Inc.	180
Richmond Hill	Landsberg Lewis Housing Co-operative Inc.	149

Municipality	Corporation Name	Number of Units
Richmond Hill	Centre Green Co-operative Homes Inc.	42
Richmond Hill	Richmond Hill Co-operative Homes Inc.	105
Total Affected Units		978

It should be noted that there are also 11 Federal–Program Co-ops in the Region which are already under administration by the Agency for Co-operative Housing. York Region has no role in the administration or funding of these co-ops (see Table 2).

Table 2
Federally Funded and Administered Co-operatives

Municipality	Corporation Name	Number of Units
Aurora	Aurora Village Co-operative Housing	122
Georgina	Keswick Community Co-operative Housing	24
Georgina	Jackson's Point Co-operative Housing	41
Markham	Ramer's Wood Co-operative	81
Markham	William Lyon Mackenzie Co-operative	152
Newmarket	Eagle Housing Co-operative	32
Newmarket	H.O.P.E. Co-operative Housing	60
Newmarket	Newmarket Co-operative Housing	34
Richmond Hill	Parkfarm Co-operative	55
Vaughan	Crown Heights Co-operative Housing	118
Vaughan	Eamon Park Co-operative Housing	136
Total Units		855

4.2 Operating Impact for York Region

4.2.1 Direct Fiscal Impact

Currently, York Region provides \$5,750,000 in annual subsidy to the Ontario-Program Co-ops in the Region. There is a potential exposure for the Region with respect to the

concern that most will have exhausted their replacement reserves within the next several years and will have ongoing need for support to maintain their buildings. As well, should any project fail to operate efficiently, the Region may find itself taking responsibility either directly or through receivership of such projects, along with all attendant liabilities.

Furthermore, the Region carries administration costs and resources in order to meet our current obligations under the SHRA to ensure that the providers operate appropriately under the terms of their funding.

York Region may also receive additional financial relief from reduced GTA polling costs, however until the details of a transfer are resolved it would be premature to estimate potential savings.

4.3 General Considerations

A general review of the potential transfer raises a number of areas for consideration and clarification. As with many program management areas that affect cross government relations and responsibilities, it will be details of such a transfer that allow municipalities to determine the potential benefits and costs of a major change.

4.3.1 Fiscal Benefits

- Fiscally, a transfer which moves the cost of a portion of the social housing program to a senior level of government has the potential to have a positive impact on municipal budgets.
- Equally, a transfer which clearly removes potential long term financial liabilities, such as unfunded capital reserves and potential mortgage defaults from municipalities would have a positive long term fiscal impact.
- Transparency must be ensured in the redistribution of federal housing subsidy that would be a by-product of such a transfer, such that municipalities are assured that the limited federal funding now received is not reduced in any way.

4.3.2 Provincial/Federal Objectives

- Clarity must be sought as to the objectives of both the Province and the federal government in such a transfer. Would they continue to have an expectation that co-ops follow SHRA requirements, such as participation in a municipally funded common waiting list system? It would be important to establish the details of such expectations, in order to determine the cost impact on municipalities. If a service were expected, it should be expected that the Province fund that service.
- Minimally, municipalities would be concerned that the Co-op Sector be required to meet the same standards and requirements as municipalities must under the SHRA – it's all public money and residents across the system should be able to have similar expectations of the system.

4.3.3 System Fragmentation

- A transfer would further fragment the subsidized housing supply system and reduce opportunities for service integration, which may have a negative impact on the community in terms of equity across programs and capacity to respond to local needs. Municipalities have consistently held that the best place to deliver community services is locally.
- Social housing is a system that connects to other systems of social support and stakeholders may wish to consider what outcomes are desirable in the overall system prior to structuring any major program change.

4.3.4 Viability of Proposed Approach

- The proposal suggests that the Federal Co-op agency be contracted to provide service management for the transferred co-ops. It would be important to confirm their capacity to manage the program, or municipalities run the risk of poorly supported co-ops having a negative community impact, with municipal politicians often being the first point of contact for concerns, regardless of jurisdiction.

5. FINANCIAL IMPLICATIONS

A transfer of the funding responsibility for Ontario-Program Co-operatives has the potential to reduce social housing costs by a minimum of \$5,750,000 per year, and to reduce the potential long term liability in the Program.

6. LOCAL MUNICIPAL IMPACT

It will be important to ensure that whatever course is chosen for program administration in relation to Ontario-Program Co-ops, it is responsive to the needs of local communities and ensures appropriate oversight and funding.

7. CONCLUSION

The transfer of responsibility for funding and administration of Ontario-Program Co-operatives to the Province of Ontario has the potential to provide significant financial relief to the Region. Ensuring that the details of such a transfer confirm that benefit and do not result in new or different costs will be important, as will ensuring appropriate and lasting support for the Region's co-operative housing providers.

For more information on this report contact Sylvia Patterson, Director, Housing Services Branch in the Community Services and Housing Department.

The Senior Management Group has reviewed this report.