The End Is Near:

Report Back on SPT's May Research and Policy Forum

A good crowd came out for Social Planning Toronto's May research and policy forum, **"The End is Near: The Future of Affordable Nonprofit and Co-op Homes in the Post-Agreement Era."** Held on May 23 at the Northern District Public Library, 75 people participated in this engaging discussion on the end of operating agreements and the future of affordable co-op and nonprofit homes.

The panel included Tom Clement, Executive Director of the Co-operative Housing Federation of Toronto (CHFT); Mercedeh Madani, Master of Science in Planning student at the University of Toronto; and Keith Ward, retired Commissioner of Human Services at the Region of Peel and General Manager of Peel Living, as well as past president of the Ontario Non-Profit Housing Association and Vice-Chair of the Social Housing Services Corporation Financial Inc.

"Don't tell me … the one thing that all three levels of government can finally agree on is that they don't want to support low income people in affordable housing. If that's the solution, that's not the one that anybody in this room is interested in." **Tom Clement, CHFT**

Tom Clement from CHFT spoke about the situation of federally funded co-ops and nonprofits, funded in the 1980s by Canada Mortgage and Housing Corporation under the Section 95 program. Across Canada, hundreds of thousands of people live in these mixed income communities. At the end of operating agreements, there will be no money from any level of government for low income people to access rent-geared-to-income housing through these providers.

Tom explained how problems with Section 95 funding formula have already resulted in the loss of rent-geared-to-income housing in co-ops and nonprofits. As well, we have not had a significant affordable housing development program since the mid-1990s. As operating agreements expire, the current affordable housing crisis will simply be compounded. Arguing for the need for a new rent supplement program to maintain and expand affordable housing, Tom commented, “If we’re not successful in shifting public policy, it will be a complete disaster.”

Tom called for a concerted lobby including co-op housing members, nonprofit residents and housing allies over the next several years to ensure that this important asset is not squandered, and that we ensure that co-ops and nonprofits do not drift from their original purpose of providing housing for low income people in mixed income communities. He reminded us of the success of the co-op movement which stopped the download of federally funded co-ops to the Ontario Government under Premier Mike Harris in the 1990s. They said it was impossible, but co-ops did it. Working collectively, we need to do it again to ensure that low income residents can continue to enjoy affordable housing in these mixed income communities.

***“Co-ops under the Section 95 program provide some of the most affordable housing in Canada.”* Mercedeh Madani, Master of Science in Planning student, University of Toronto**

Mercedeh Madani presented the results from her master’s thesis which focused on the end of operating agreements in co-op housing. Her work addressed two questions: will housing co-ops be viable after the expiration of operating agreements, and what are the key financial difficulties for co-ops in the post-agreement era, and how can these difficulties be avoided. As part of her research, she focused on four Toronto co-ops whose operating agreements will end by 2016. Applying tests of viability developed by researchers in the field, Mercedeh spoke about the financial viability of co-ops continuing after their operating agreements have expired. While the four co-ops passed most of the tests of financial viability, Mercedeh cautioned that much is uncertain regarding the future of co-op housing, many complex factors affect the viability of co-ops beyond those measured in the research, and in the post-agreement period co-ops could decide to reduce the number of rent-geared-to-income units in response to other pressures.

Among her research findings, Mercedeh spoke about the situation of one co-op that has managed to save subsidy funding to ensure that funds are available for low income members in the post-agreement period. Recently, Canada Mortgage and Housing Corporation informed this co-op that it will be required to return all subsidy funding at the expiration of its mortgage, ensuring that no government dollars are available for low income residents to access rent-geared-to-income housing in this co-op.

Mercedeh’s recommendations included the broad-based call for greater federal investment in affordable housing, measures to ensure that, at the very least, federal investment in co-ops remain at the same level to allow co-ops to renovate its assets or increase its rent-geared-to-income housing provision, and that Canada Mortgage and Housing Corporation allow co-ops to maintain their subsidy funding reserves after operating agreements have expired.

"At ONPHA, we are working on legislative preservation of nonprofit status. That means, even if the [financial] numbers are bad, it shouldn't be an invitation to go condo. We're looking for stronger legislation to ensure that a nonprofit stays a nonprofit and doesn't get sold out to the highest bidder." **Keith Ward, retired Commissioner of Human Services at the Region of Peel and General Manager of Peel Living; past president of the Ontario Non-Profit Housing Association and Vice-Chair of the Social Housing Services Corporation Financial Inc.**

Keith Ward spoke from his experience as a former housing service manager, as a manager of a large nonprofit housing provider and as a provider of direct support to residents, as well as from his experience with the Ontario Non-Profit Housing Association (ONPHA). He spoke to the complexity of the issue, with the multiple programs and implications for individual housing providers.

Keith's report "Courage Under Fire" looks at the experience of private nonprofit, urban native, and public housing providers across the country whose operating agreements have already expired. He found that size matters – noting that the issue of expiry of operating agreements is not on the radar screen for many small nonprofit housing providers. Often the day-to-day demands of these providers takes precedence over the long-term planning for end of operating agreements, including what the long-term capital needs of these projects will be. Some housing providers had imagined that the federal government would step in if a project had difficulty in the post-agreement period, but found that the federal government was quite willing to let these projects fail and have them sold off to the private sector.

Keith also found that affordability suffered in many of these post-agreement housing projects, either in terms of increased market rent levels or decreased rent-geared-to-income provision, or both. His main recommendation from this report was to look at how successful portfolios were functioning and to emulate these practices. The report includes several examples of how housing providers can leverage their existing assets, and work collaboratively with other providers to address difficulties.

On the advocacy side, Keith spoke about the need to send a strong message to the federal government to maintain its commitment in affordable housing. At present, the federal government invests about $1.7 billion in affordable housing, but each year that investment drops off and will continue to decrease dramatically in the coming years if no policy change takes place. Keith spoke about the lack of political drive to invest in affordable housing, as most politicians don't see the issue translating into votes at the ballot box. In response, ONPHA plans to invest an unprecedented $750,000 over three years toward an expansive grassroots public education campaign to put the issue of affordable housing on the map. In addition to mobilizing its members in advocacy campaigns, ONPHA is also working to strengthen legislation to ensure that nonprofits remain nonprofits in the post-agreement era.

The forum concluded with an extensive question and answer period, where participants shared ideas and advice, and raised questions. Although the conversations on the end of operating agreements are just beginning, it was clear from forum participants that there is an appetite for action to ensure that nonprofit and co-op homes remain affordable for all.

Footnote: Expiry of Operating Agreements – What's the Story?

Many nonprofit housing providers and housing co-ops in Toronto and across Canada have long-term operating agreements with the federal government. Through these agreements, nonprofits and co-ops receive subsidy funding from the federal government in return for providing low and modest income residents with rent-geared-to-income affordable housing. However, operating agreements are coming to an end as nonprofits and co-ops retire their respective mortgages. In Canada, a few agreements have already ended. Many are set to expire by the year 2020. In Toronto, the first co-ops are set to have their agreements expire over the next few years.

The end of operating agreements means not only the end of mortgages, but also the end of subsidy funding for rent-geared-to-income affordable housing. While housing providers will not be paying down a mortgage after the operating agreement ends (unless they negotiate a new one), they will have capital costs to contend with as most buildings are at least 30 years old. The end of agreements raises big questions about the future affordability of these homes for low and modest income individuals and families, given the competing demand to meet capital requirements on aging buildings.

With more than 80,000 households on the waiting list for social housing in Toronto alone, we can't afford to lose a single unit of affordable housing. At this forum, the speakers and participants delved into this complex issue, exploring the ways forward to preserving (and expanding) affordable housing through nonprofits and co-ops in the post-agreement era.