

Ontario Social Housing Reform Act: Key municipal issues for Ontario program co-ops

Ontario's new *Social Housing Reform Act* allows municipalities to make choices on program administration that will have a big impact on co-ops. Municipalities must consult with all co-ops as they prepare detailed local transfer plans on how they intend to run provincial housing programs. The plans must be sent to the province by late spring. Municipalities don't have to make the final decision on some key program administration issues before completing their transfer plan. There is no need to rush things and make a hasty decision just to meet the spring deadline.

Here are some key issues at the municipal level for Ontario program co-ops.

1. Rent-geared-to-income (RGI) administration

The act says municipalities are responsible for RGI administration. They have a lot of flexibility in how they will take on the job, what roles they assign to others and what local rules they set.

Financial testing

The issue: Municipal service managers can integrate financial testing of applicants and co-op members with existing Ontario Works (welfare) and childcare subsidy administration. But they don't have to. They may delegate the job to another agency. Or they can allow co-ops to continue to do the financial testing, as we do now.

What co-ops say: Co-ops have successfully administered RGI programs on behalf of the federal and provincial governments for decades. Co-op administration offers the best value for taxpayers along with superior service to clients. *Municipal Outreach Bulletin #2* (May 2000) includes more information on financial testing.

Income and asset limits

The issue: Municipalities can decide to impose income and asset caps, so that households with income and assets above a certain level would not be eligible for RGI assistance. The province would set a minimum limit for such caps. The caps would not apply to existing RGI households, but applicants and new RGI occupants

would be subject to the limits. Municipalities do not have to do this. They can use the existing provincial income and asset rules.

What co-ops say: Don't change the rules. The current rules allow for a good mix of household incomes and circumstances, within a modest range. Setting income and asset limits could mean that only the poorest of households will be eligible for RGI assistance in co-op and non-profit housing. It could produce a wide income gap between RGI and market households. It could discourage households on subsidy from getting low-wage or part-time employment, since they will not be eligible for any subsidy. It will also be costly for municipalities, since the RGI subsidies will all be deep. It makes no financial or community sense.

Centralized waiting lists / co-ordinated access

The issue: The act requires municipalities to take on responsibility for access to social housing. Service managers must create a common waiting list, with sub-lists for each provider, within 12 months of the date of the transfer. Municipalities may take on existing co-ordinated access systems, but may choose to delegate this responsibility.

What co-ops say: There are many different types of access systems across the province. Municipalities should take their time to understand how the current systems work. They should not rush into making changes until they examine the impact on costs and quality of service to applicants

Waiting list priorities

The issue: Municipalities must continue to give victims of family violence priority on waiting lists. They can add other priorities.

What co-ops say: Co-ops are proud of our record of success in providing good homes to people in need. More mandatory priorities are not required. The problem of competing priorities is made worse in Ontario because of years of provincial neglect in funding new social housing, which has created long waiting lists in most municipalities.

Occupancy standards and overhousing

The issue: Municipalities can set local occupancy standards, or they can choose to adopt the existing provincial rules. Municipalities might feel pressure to adopt

standards that increase the minimum number of persons required per unit. This would make the problem of households being forced to move because they are overhoused much worse. There are also maintenance and cost implications to increasing the minimum number of persons per unit.

What co-ops say: The lack of affordable housing is already causing problems for households who do not meet current occupancy standards yet have nowhere else to move. Municipalities should be discouraged from adopting standards that will create more problems. Co-ops should urge municipalities to take a planned approach to occupancy standards, which ensures healthy, liveable space, and reasonable relocation policies.

Utility charges and allowances

The issue: Utility charges and allowances are part of RGI calculations. Until now, the province has set the utility charges and allowances. There are regional differences. After the transfer, the charges and allowances will be set by the service manager, within provincial guidelines.

What co-ops say: We will need to watch this issue carefully to make sure that RGI households do not suffer hardship from any changes to their current housing costs. This is particularly important when utility costs are going up quickly. Utility charges and allowances try to even out big differences in housing costs between households paying their own utilities and those with utilities paid by the co-op. It has not been based on full cost recovery. The charges and allowances affect the level of subsidy for each household, so municipalities may have an interest in increasing the charges and decreasing the allowances for RGI households. This could lead to arrears, loss of utility services and other problems. We must ensure that municipalities are sensitive to the impact of the system they adopt.

2. Financial issues

Operating surpluses

The issue: The new financial model requires co-ops to share operating surpluses with municipalities. Some co-ops will be able to build up an operating reserve before they have to share surpluses. The rules won't be clear until the province finalizes regulations.

What co-ops say: Co-ops don't agree with surplus-sharing. Program rules already require co-ops to make a mandatory payment to municipalities. The rule works against good management by encouraging a "use it or lose it" approach to spending. Municipalities and co-ops share an interest in making sure co-ops operate on a sound financial basis. Municipalities should agree to let co-ops use any operating surplus to build up a reasonable operating reserve and top up their capital reserve (if it is underfunded) before being required to share any surplus.

Capital reserves

The issue: Capital reserves in co-ops are too low after years of underfunding by the province. A few municipalities have done studies that confirm this.

What co-ops say: The province has a responsibility to make sure that capital reserves in all Ontario program co-ops are adequate before the transfer to municipalities. Co-ops should work with their municipality to make the case for more provincial funding for capital reserves. They should also press their municipality to do a detailed study of replacement reserves in every co-op.

3. Program administration

Municipal administration

The issue: Service managers can decide which municipal department will take on the administration of social housing programs, or it can set up a special corporation or contract out to a third party, such as a local housing corporation.

What co-ops say: The administration of the co-op and non-profit housing programs will require specialized expertise in the financing and operations of community-based housing. Co-ops should join the debate about which approach will work best and ensure accountability.

Communication and consultation

The issue: Municipalities must consult with local housing providers as they prepare their transfer plans. They will also need to decide how they will communicate with co-ops and non-profits on an on-going basis.

What co-ops say: Even though municipalities are required to consult, co-ops shouldn't wait to hear from them. It's critical for co-ops to have their say on how the

municipality will run the program and what the local rules will be. They should also press municipalities to put in place a committee or other ways to communicate and consult with them in future.

4. New co-ops / new housing

Conversion to co-op management

The issue: As of January 2001, ownership of public housing was transferred to municipal service managers. They can make changes in the management of this housing, including conversion to co-op management. The tenants of Alexandra Park, a public housing project in downtown Toronto, have created Atkinson Housing Co-operative and are in the final stages of negotiations with the city on financial and management issues.

What co-ops say: In some (but not all) public housing projects, it may make sense to consider co-op management. Public housing tenants should be able to make this choice. Co-ops should encourage service managers to inform tenants of this option. Municipalities should provide development funds to allow groups to explore co-op conversion and, where appropriate, help them to set up a co-operative.

New social housing

The issue: Almost all of Ontario has a huge shortage of affordable housing. Municipalities now have the power to create social housing, but the province hasn't provided any funds. The local property tax base is not able to fund new housing, along with other municipal responsibilities.

What co-ops say: Co-ops don't expect the municipal property tax base to support new social housing. But we can join with municipal leaders to help persuade the Ontario government to restore funding for social housing.

For more information, call your local co-op federation. Or call **Harvey Cooper** or **Diane Miles** at CHF Ontario Region at 1-800-268-2537 (in Toronto, call 416-366-1711). E-mail: hcooper@chfc.ca or dmiles@chfc.ca.