



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

December 2, 2020

York Regional Council
17250 Yonge Street
Newmarket, ON L3Y 4W5

Dear Council:

Re: Recommendations for the End of Community Housing Mortgages

The Co-operative Housing Federation of Canada (CHF Canada) is the national organization representing Canada's non-profit housing co-ops. In the Regional Municipality of York, we represent 20 non-profit housing co-ops, home to over 1,500 households in the communities of Aurora, Jackson's Point, Keswick, Markham, Newmarket, Richmond Hill and Thornhill. Our members are a mix of federal housing co-ops that have a direct relationship with Canada Mortgage and Housing Corporation (CMHC), and HSA housing co-operatives that are administered by York Region.

On November 25, 2020 we received a copy of the *Sustaining and Investing in Community Housing: An End of Mortgage Position Paper*. While we have had just a few days to review the report, we are concerned that the position of CHF Canada, and our members, has been incorrectly reported and that it has led to an inaccurate interpretation of our perspective and recommendations. We are also concerned about the discrepancies between the financial modelling cited, and our own study of the impact of end of mortgage on co-op housing providers.

The end of mortgage is a critical issue for housing co-ops in Ontario. After 35 years, our communities, like affordable housing communities across the region, are in significant need of capital repair. Improving the sustainability of housing co-ops, and the community housing sector as a whole is essential to protecting the community housing that exists today. Getting end of mortgage right is key to the sustainability of our HSA co-ops and ensuring that our communities are able to continue offering good-quality homes for future generations and expand to meet the growing need. We would like to take this opportunity to clarify our perspective and recommendations.

To this end, CHF Canada is advocating based on two central concepts

- At the end of mortgage, co-ops continue to receive rent-geared-to-income (RGI) assistance for households that need it; and,
- Co-ops continue to receive property tax subsidy to reflect that 75% of the households are receiving assistance.



The first misunderstanding we would like to address is on mortgage subsidies. CHF Canada is not seeking mortgage or operating subsidies. We do strongly support rental assistance programs like RGI, and we advocate for these programs at all levels of government across the country. We have 50 years of evidence that this model works and creates a strong sense of community. However, RGI subsidy is a benefit for the household in need, not the housing provider. Many municipalities have rent supplements with private landlords, those agreements would not be characterized as mortgage subsidies.

The second misunderstanding we would like to address is the financial modelling. Over four years ago CHF Canada began studying the financial impact of the end of mortgage on HSA housing co-ops. Our models showed that if there is a negative operating subsidy (that in effect takes the mortgage savings at end of mortgage out of the RGI subsidy the co-op receives for households), the unfunded capital repairs would threaten the viability of every co-op provider included in the study. Instead of proactively planning to meet the capital repair deficits, co-ops would be continually dependent on grants from the Region to meet their building's needs and repairs. This form of funding would result in an excess of administration costs for the provider and the region, a poor state of repair for households, inability to plan long term, and potentially diminish the housing providers' ability to obtain private financing. All of which create a greater dependency and increase costs to municipalities.

This is opposite to our shared goals to build a stronger, more sustainable community housing sector. As well, our model also did not result in the over funded situation suggested by the KPMG study.

CHF Canada wants to work in partnership with York Region. We are requesting that the Region's staff share the assumptions and perspectives that led to the recommendations in the KPMG report, so that we can better understand the discrepancies and work towards a resolution. Together, we believe that we can protect these community assets for the future and provide value for York Region tax payers.

CHF Canada greatly appreciates the leadership of council and staff on affordable housing issues throughout the province, and, particularly, the efforts to keep our communities safe during these extraordinary times. The pandemic has reminded all of us of the importance of home. As non-profit community-based affordable housing providers we look forward to continuing to working together to ensure there is a safe and affordable home for everyone in York.

We hope we will be able to work further with staff and council on these issues, so that we can protect the community housing we've all worked so hard to build.

Sincerely,

Tim Ross
Executive Director