



ONTARIO NON-PROFIT
HOUSING ASSOCIATION

July 18, 2018

Mr. Charles MacArthur
Senior Vice-President, Assisted Housing
Canada Mortgage and Housing Corporation
700 Montreal Road
Ottawa, ON, K1A 0P7

Re: National Housing Co-Investment Fund; Early Feedback in the Program Onset

Dear Charlie,

Thank you for attending a meeting with the Ontario Non-Profit Housing Association (ONPHA)'s Board of Directors on June 22, 2018, and for your engagement on the National Housing Strategy and more specifically, the National Housing Co-Investment Fund. ONPHA represents more than 700 providers, who house 400,000 people in 170,000 homes across 220 Ontario communities, and on their behalf, we extend sincere congratulations to you and your team at CMHC and to the government in their leadership for the community housing sector.

As you know, ONPHA, along with the Cooperative Housing Federation of Canada – Ontario Region, have co-authored *An Affordable Housing Plan for Ontario* that sets a 10-year target to build 69,000 additional affordable rental homes and 30,000 new supportive units, in addition to extending the life of 260,000 homes and increasing income supports to 311,000 households. The alignment of our strategies and plans are remarkable in our joint interest for growth. As a result, considerable interest in the Fund has generated early feedback from housing providers that are notable in our mission to advance the housing sector for the future. We attach the list summarizing feedback from our members, which are grouped into nine considerations for the Fund, including: the application format, contributions and partnerships that improve quality of life, accessibility requirements, affordability gaps, borrowing ability, local contexts, rural and northern applicants, access for Indigenous housing providers and access to resources.

We look forward to working with you on the implementation of the National Housing Strategy and trust this feedback proves useful in the onset of the National Housing Co-Investment Fund.

Sincerely,

A handwritten signature in black ink, appearing to read "Marlene Coffey".

Marlene Coffey
Executive Director, ONPHA

Cc Janet Hope, Assistant Deputy Minister, Ontario Ministry of Housing



National Housing Co-Investment Fund: Early Feedback in the Program Onset from the Ontario Non-Profit Housing Association

July 2018

1) Create alternate application formats

Our members report that there are challenges with the online application and are requesting that CMHC make it available in alternate formats (i.e. download, complete and submit outside the application portal). The new Application Guide partially addresses this and notes that applications can be mailed-in on a case-by-case basis. We suggest that CMHC make a fillable copy (word or pdf) available so that applicants can refer to it when gathering information, and can copy and paste text when completing it.

We have also received feedback that there are an excessive number of questions in the application, particularly for organizations submitting applications for more than one project. Further, some of the questions will not be applicable across the board. We have two suggestions: that CMHC allow organizations to create an organizational level account that stores contact information and other basic details and that the form follow a skip-logic approach. For example, organizations in rural or remote areas could skip over questions which are clearly designed for urban applicants.

Finally, our members have noted that it would be beneficial for the Financial Viability Assessment Tool to be integrated with the scoring assessment to provide a clearer understanding of the maximum contributions that are available based on the project profile. Currently, the Financial Viability Assessment Tool, scoring template and funding eligibility guidelines are separate documents. We recommend consolidating these documents to provide more clarity on the funding mechanisms available.

2) Recognize contributions and partnerships that improve quality of life

National Housing Co-Investment Fund (the Fund) applicants are given an opportunity to provide additional information that can differentiate a project. We are pleased to see this and encourage CMHC to explore how prioritization scoring could be designed to incentivize projects that incorporate amenities, supports, services and multi-sectoral partnerships that improve quality of life for tenants.



For example, non-profit housing providers could enter into partnerships with local health agencies, support service providers, employment agencies and a variety of other stakeholders to provide onsite access to supports and services. Potential amenities to improve quality of life for tenants could include access to computer labs, free WiFi within common areas, exercise equipment or similar.

Additionally, we encourage CMHC to consider how technology can improve access to housing (i.e. through improved tenant application or waiting list processes) and how the provision or development of such technology could count towards contribution or partnership requirements or prioritization scoring for the Fund.

Finally, we encourage CMHC to provide clarity around how the objectives and criteria for the Fund align with the National Housing Strategy's recognition of housing rights as human rights.

3) Modify accessibility requirements for repair/renewal and new construction streams

The Fund requires all projects within the new construction and repair (renewal) streams to meet or exceed accessibility requirements for 20 per cent of units and common areas. We recognize the importance of building inclusive buildings and communities, however these threshold requirements will present significant challenges for non-profit housing providers.

In terms of the repair stream, many of the buildings in the greatest need of renewal are older and were constructed before current accessibility standards existed. Modifying 20 per cent of units within these buildings to meet the current standards would increase the cost and present sometimes unachievable technical challenges. Organizations may also have to contend with temporary relocation costs for impacted tenants during unit retrofit.

Accessibility retrofits could also reduce the amount of available living space, which may ultimately result in fewer units of rental housing and run counter to the overall goals of the National Housing Strategy. We have also heard from some housing providers that they struggle to match tenants (who have varying levels of income, health and social supports) to existing accessible units. This is because of the way that health funding is delivered in Ontario. Agencies that provide support may not operate in the geographic area where the building in need of repairs is located. This raises questions about whether retrofitting existing buildings to meet increased accessibility standards would be the most effective use of funds, given that the Fund assumes other supports will be available, without



understanding that this is not how support funding gets allocated by the Ministry of Health and Long Term Care or the Ministry of Community and Social Services. Accessibility is important, but it can only happen when the support funding goes hand in hand with the capital funding from the Co-investment Fund.

The same challenges will also be present with the new construction stream. Our members have told us that they already face significant challenges matching tenants and funding to the 10 per cent of accessible units that they are required to provide under current Ontario Building Code requirements. Increasing this to a 20 per cent requirement would be even more difficult to manage. Further, it is important to note that the accessibility requirements for other federal initiatives for new construction (Rental Construction Financing and the Affordable Housing Initiative) have been set at 10 per cent of units. CMHC has provided no clear rationale why applicants under the Co-Investment Fund must meet increased requirements related to accessibility when applicants under these other federal programs do not.

During the ONPHA board meeting on June 22, CMHC staff indicated that the minimum requirements have been set to track progress towards goals and that feedback will help shape the ideal thresholds for each criteria. We were pleased to hear this and encourage CMHC to continue exploring potential solutions. We were also pleased to see that the Application Guide notes that potential applicants have an opportunity to seek exceptions to program requirements and should provide a rationale for doing so. ONPHA will ensure this message is delivered to its members and look forward to CMHC also connecting more broadly with all potential applicants.

To address accessibility requirements for retrofits and new construction in particular, we suggest that instead of requiring all projects to meet the 20 per cent threshold, CMHC should consider moving towards a combined point rating system for renewal projects. This would allow a project to overcome a weak score on accessibility if it was able to significantly exceed affordability (depth or duration) or energy efficiency requirements. Another potential solution could be to allow different – and potentially less costly – ways to accommodate different types of disability.

4) Modify criteria to ensure affordability gaps can be addressed

Affordability criteria continue to pose a challenge. Housing providers believe they can meet the 30 per cent affordability criteria, but they will not be able to go beyond this or



provide deeper affordability. Several of our members have noted that they would need an increased number of market (or above market) units in order to make new development work under the Fund.

There are other challenges. First, municipalities will be unlikely to provide contributions for projects that do not directly target households on their waiting lists. In Ontario, centralized coordinated access systems (waiting lists) are mandatory for all applicants to access rent-geared-to-income (RGI) housing. Non-profits, co-ops and local housing corporations must participate. Ontario's *Housing Services Act* is designed to allow for local flexibility and requires local governments to make decisions about who gets priority access. Federal program funding must recognize the role that local government already plays in determining access.

Second, housing providers would be required to direct an increased amount of resources towards projects that do not meet their core mandate which, in the case of housing providers with charitable status, would not be permitted by law. Finally, it is important to recognize that if only 30 per cent of the projects developed under the Fund are designed as affordable units, it is going to take time to build what is truly needed.

The bottom line is that in order to provide true and impactful levels of affordability, housing providers need access to more capital or subsidy. CMHC may need to rethink the affordability criteria or wait until the Canada Community Housing Initiative is designed by Ontario and its partners to achieve the desired levels of affordability.

5) Understand the limited borrowing capacity of non-profits and local housing corporations

Many established housing providers are in a good position to undertake projects that will further National Housing Strategy outcomes and meet or exceed the Fund's prioritization criteria. However, we have heard concerns that some of these providers have limited ability to service more debt. Sometimes this is a function of cash flow, sometimes it's a function of debt limits set by a local council and, other times, it's because former programs required pristine debt to be registered on title. No secondary debt is allowed under housing projects subject to the operating framework in the *Housing Services Act*. This is because of the competitive mortgage renewal process operating in Ontario where private lenders bid on mortgages that are then put out on the market via CMHC's own Mortgage-Backed-Securities (MBS) products.



We are concerned that maximum contribution levels may not be sufficient to address the limited borrowing ability of some housing providers, and that it will result in the exclusion of applicants who are otherwise ideally positioned to deliver and manage new affordable housing projects. We suggest that maximum contributions be assessed on a case-by-case basis, and that maximums be exceeded if a provider can exceed eligibility or prioritization criteria in other areas.

6) Recognize the importance of local context

In Ontario, housing is primarily administered by service managers (largely City Councils or regional forms of government) who are required by law to establish, implement and evaluate 10-year housing and homelessness plans. The five-year update to these plans are due by January 1, 2019. We were pleased to see that the recently signed Bilateral Agreement recognizes the important role local government plays. We encourage CMHC to ensure that service managers and others are meaningfully included in decision-making processes around the administration of the Fund.

It is also important to recognize that priorities set at the national level may not always align with local or provincial priorities, which could ultimately impact which applications are selected or which projects receive contributions from another level of government. For example, while veterans are identified as a priority group within the National Housing Strategy, applicants targeting this population may be disadvantaged if that group is not a provincial or municipal priority identified in a Council-approved housing and homelessness plan or a local priority allowed under the *Housing Services Act*. It is important to recognize that a strong level of control already exists in Ontario at a local level and that national interests may not be achievable for this reason.

7) Consider alternate approaches for rural and northern applicants

The Fund is designed to prioritize applications based on proximity to amenities, among other criteria. Rural/northern projects need to be held to different standards than those in highly urbanized areas, both for new construction and renewal projects. Many buildings in need of renewal are located in rural/northern communities but are not close to the amenities listed in questions 13 to 24 of the prioritization scoring grid, yet they still provide important housing for their communities. The continued need for housing in these areas should be prioritized over transit / amenities.



In terms of new construction, there are some rural/northern communities that do not have certain amenities. For example, there are large regions of Ontario that do not have public transit, but this does not mean that affordable housing is not needed in these communities. Beyond this, rents in many rural and northern communities are not measured under CMHC's Rental Market Survey, making it challenging to develop projects under the current design.

We appreciate CMHC's acknowledgement of these challenges, both at our meeting on June 22 and within the new Application Guide, and the clarification that applications from rural and northern areas will need to be treated differently. We encourage CMHC to disseminate this message widely in order to encourage rural and northern applicants who may have decided against applying because they do not meet the publically posted prioritization criteria. We also encourage CMHC to clarify what definition they are using for "rural" and "northern".

8) Provide alternate access for Indigenous housing providers

The Fund is designed to give projects that target priority groups, including Indigenous peoples, first consideration. However, we have received very strong feedback that the Fund will be of limited, marginal help for Indigenous people living in urban, rural and northern areas and that there will be limited uptake by Indigenous housing providers without understanding the severe affordability challenges faced by residents and the non-profits that house indigenous people.

We suggest instead that CMHC create a specific stream of funding for Indigenous communities. We also suggest that CMHC work with Indigenous communities to develop this separate stream and to build capacity to apply for and deliver these projects.

9) Ensure support, guidance and resources are available

Our members have raised concerns about the high cost of securing preliminary materials, reports and assessments that must accompany applications for the National Housing Co-Investment Fund. Applicants can expect to spend upwards of \$300,000 to obtain necessary studies and reports. Non-profits and local housing corporations do not generally have excess funds available to support this preliminary work. Access to seed funding or to the Sector Transformation Fund is critical to success.



Finally, we have also received feedback that potential applicants did not feel as though they had ready access to CMHC staff to discuss issues and challenges identified with different aspects of the National Housing Co-Investment Fund. We are pleased that potential applicants are being encouraged to contact a local CMHC Affordable Housing Consultant to help them work through the application process, including the development and establishment of partnerships and collaborations. We will be sharing this message and strongly encouraging our membership to engage with you. We were also pleased to hear that specific research funds have been allocated to disseminate information about successful and unsuccessful applications/projects under the National Housing Co-Investment Fund. Having access to this information will assist potential applicants in developing and revising their own proposals.