

WHAT HAPPENS WHEN SOCIAL HOUSING OPERATING AGREEMENTS EXPIRE?



Social Housing 101

- Social housing is rental housing that is affordable to low and moderate-income households. It is provided by non-profit organizations, co-ops and public housing agencies. 544,000 households live in funded social housing, including 334,000 with very low income.
- Social housing has been funded by the federal government for over 40 years through long-term agreements currently worth \$1.7 billion annually.
- These agreements are coming to an end. Some agreements have already ended and more will soon.
- The end of an agreement usually corresponds with the end of a social housing project's mortgage. This means the social housing provider **requires less funding** than before because their costs are lower. But they still need some support because rental revenues are by definition very low, and for most this won't account for ongoing operating costs and/or repair and maintenance costs.
- This means many social housing providers will have to increase rents or sell units just to maintain other affordable units. **This will reduce the number of low-income Canadians who have affordable housing.** Already long waiting lists will grow even longer.

Brantford Native Housing

Who they are

Founded in 1986, **Brantford Native Housing (BNH)** is a non-profit social housing provider which provides safe and affordable housing to First Nation, Métis, Inuit individuals and families who cannot afford housing in the private market. BNH's homes are located in various neighbourhoods within Brantford, Ontario, which is located about 100 kilometres southwest of Toronto.

What happens when funding ends?

Brantford Native Housing has 85 homes which were acquired through the federal government's urban native housing program in the 1980s. The program put in place long-term social housing operating agreements between the Canada Mortgage and Housing Corporation and BNH, through which federal funding was to be provided to BNH for 35 years. These funds have been used to make mortgage payments on the homes they purchased and to subsidize rents by accounting for the difference between BNH's operating costs and the amount they receive in rental revenue. This has allowed them to offer affordable rents to those most in need on a rent-geared-to-income (RGI) basis, which is a requirement of the operating agreements. BNH has 13 operating agreements between the 85 homes.

BNH's first operating agreement expiration will occur in 2024. While BNH will no longer have mortgage payments once the operating agreements end (as the agreements were structured to end when the mortgage was fully paid), they will also no longer receive funding to subsidize rents. BNH believes it will have no choice but to increase rents once the operating agreements, and the funding that comes with them, ends. The rental revenue they receive is insufficient to pay for property taxes, capital replacements, property management, maintenance and heating costs. Given that the families who live there have very low incomes, it unlikely they will be able to absorb a rent increase.

The majority of BNH's homes are scattered single-family homes and although they also have some side-by-side homes and triplexes, the tenants are primarily families. The homes are between 25 and 100 years old. Because many are quite old, BNH has taken great care to maintain them and keep them safe for tenants. Because the revenue they receive in rent is little (on average \$350/month per unit) and because the funding they currently receive through operating agreements subsidizes rents, they do not have sufficient funds saved in order to undertake the capital repairs to the homes that will be needed in the future. This situation will only be exacerbated as federal funding ends.

At the same time, through the federal government's economic stimulus program in 2009, which provided funding for renovation initiatives for social housing, BNH was able to purchase new furnaces and new windows for some of their homes. A Union Gas insulation program was also accessed shortly after the federal government's stimulus investment. These initiatives made a real difference. In the homes that received these investments, utility costs have been lowered by as much as 40 per cent. Funding which would allow BNH to undertake needed investments on the remaining homes, as well as additional investments, such as new roofs, will, in part, determine whether BNH is able to continue to serve low-income households into the future.

"The social housing renovation program, through the stimulus funding, came shortly after completing a capital reserve study" says Chel Niro, General Manager of Brantford Native Housing. "The study showed that our Capital Reserve Fund would have been completely used up by the capital replacements needed at the time. With the funding we were able to make capital renovations while maintaining the Reserve Fund at its current level and with the added benefit of lowering utility costs" continues Niro. "A future program for capital needs would go a long way in helping us maintain a rent-geared-to-income program after the end of the operating agreements" concludes Niro.