WHAT HAPPENS WHEN SOCIAL HOUSING OPERATING

AGREEMENTS EXPIRE?



- 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.





Who they are

Incorporated in 1973, Native People of Thunder Bay Development Corporation (NPTBDC) is a non-profit charitable housing corporation that owns, operates and delivers social housing to Aboriginal people with low to moderate income in Thunder Bay who would have financial difficulty paying market rents from private property owners. All of their 239 social housing homes are rented on a rent-geared-to-income (RGI) basis (25% to 30% of income) to ensure they are affordable to families most in need. For tenants receiving Ontario Works (OW) or Ontario Disability Support (ODSP), rent is calculated based on the shelter component of these allowances. This was also the requirement of NPTBDC's operating agreements with the federal government (CMHC) and the Thunder Bay District Social Services Administration Board.

What happens when funding ends?

The funding from the federal government the NPTBDC receives through the operating agreements covers both the mortgage payments they make on their homes and the difference between the operating costs and the amount they receive in rental revenue. Although the mortgages will be fully paid at the same time as the operating agreements expire, the NPTBDC anticipates they will be in a deficit situation as they will no longer receive assisted funding that bridges the gap between operating costs and rental revenue.

"NPTBDC cannot afford to financially operate without funding assistance, because we receive relatively little revenue from rent, as we are renting to those with the lowest incomes" says John Abramowich, NPTBDC Housing Manager. "The funding allows us to offer affordable rents to those most in need, pay for building maintenance and repairs and to offer services, such as support to tenants. When coming to an urban environment, many Aboriginal people need special help to make a successful transition. Newcomers need to learn how to navigate the city, how to maintain tenancies and how to connect to Aboriginal groups and access city services" concludes Abramowich.

Building maintenance and repair needs are significant because the NPTBDC homes are between 30 and 100 years old (as many were purchased, rather than built). While they have diligently managed their capital reserve fund and as such anticipate they will be able to maintain their portfolio of homes in good condition for the next 5 years, after that, it will be increasingly difficult to do so without external support.

Because most of the social housing homes acquired or built by NPTBDC under this social housing program were single family homes, NPTBDC has almost as many operating agreements as homes. But their operating agreements, and the federal funding that goes with them, are beginning to expire. NPTBDC will have three agreements expire in 2014, with many more expiring in subsequent years.

Without the operating agreement funding, they will be forced to raise rents for those who can least afford it — many of their tenants are families with children - or sell some homes to keep others affordable and in safe condition. Neither of these are acceptable choices. All represent a loss of the public investment in social housing.

"Should funding subsidies disappear and social housing is gone, where are tenants going to go, where are they going to live? This will be an astronomical social issue" concludes Mr. Abramowich.