

Overhousing – units (and policies) that fit

Governments, as managers of taxpayers' money, try to guard against the perception that a subsidized member may be receiving "too much housing space". With growing waiting lists for affordable housing, governments are increasingly viewing the issue as one of "making good use of a scarce resource".

The federal government, through CMHC, has traditionally taken a relaxed approach to occupancy standards. Most federal co-ops establish their own occupancy standards and most of these are "reasonable". Members in these co-ops often accept smaller units when encouraged to do so, when the co-op has a unit that fits.

That's important because it makes sure that co-ops using taxpayers' money stand up to public scrutiny. "If co-ops fail to address overhousing through their own policies, they may jeopardize the relative freedom they now enjoy," says CHF Canada's Executive Director, **Alexandra Wilson**.

A different approach in Ontario

Ontario-program co-ops have had to play under different rules. They are the ones most affected by the overhousing issue. Ontario has always enforced occupancy standards in their subsidy programs.

Enforcement changed in the late 1990s. The provincial Ministry of Municipal Affairs and housing (MMAH) stepped up its actions in response to the housing crisis and their own Provincial Auditor's report, which said that "overhousing" was a serious problem. Ontario's new *Social Housing Reform Act (SHRA)* reinforced occupancy standards that were present in co-ops' former operating agreements.

The easy part is that co-op members whose household has shrunk must move to a smaller unit within the co-op. But if the co-op doesn't have the right sized unit (often the case for people needing one-bedroom units), households receiving subsidies must apply to the municipality's centralized waiting list – and eventually move out of their co-op. The penalty for not accepting a move to a smaller unit is the loss of subsidy, rather than the loss of the unit (although, in most cases, that could inevitably follow).

Where do we stand?

Members know that co-op success is based partly on members' sense of having a long-term stake in the community. Forcing people to move – especially in cases when a change in household size is caused by the death of a spouse or children moving – can hurt the co-op sense of community ownership, and lead to conflict. In Ontario, for example, there has been a prevailing fear that widows and empty nesters may have to move away from their co-op.

However, there is little public sympathy for cases where a single subsidized individual is living in a multi-bedroom unit, especially when smaller units are available in the co-op.

Co-ops in Ontario, however, can reassure their members about the actual likelihood of them having to move. Many areas of the province have few one-bedroom units available. The result may be that few “overhoused” members will ever have to leave their co-ops.

In the end, practicing responsible management is a co-op’s best defense against government intrusion. Co-ops should avoid overhousing if they can, particularly if it can be fixed through internal transfers. Clear and consistent by-laws and policies, with no favouritism, are helpful.

For internal transfers, co-ops can consider assisting with moving expenses. Co-ops developed without smaller units can consider adding some units, or subdividing existing homes.

Last, co-ops should try to manage different views among their members about what occupancy standards are appropriate. Having meetings to discuss these policies – without forcing decisions – can be a positive step.

People who are interested in the overhousing issue will want to check out Co-op Talk on the Members’ Network at www.chfc.coop. Overhousing – units (and policies) that fit

A solution for Section 95 housing co-ops?

Some Section 95 co-ops (funded unilaterally by the federal government in the early to mid-1980s) allow overhousing, but build an overhousing surcharge into their subsidy calculations. While this approach is not possible for co-ops developed under later federal programs (or for co-ops developed under provincial programs), it is an alternative means of “dealing with overhousing” that should be considered by Section 95 co-ops.

Here’s how it works:

1. For the purposes of this example, assume that the market housing charges in your co-op are \$650 (one-bedroom), \$750 (two-bedroom), and \$850 (three-bedroom).
2. The formula for calculating the subsidized housing charge is applied in exactly the same manner as it is for any other unit.
3. After the housing charge is calculated, a monthly overhousing surcharge is added. Using the example above, the surcharge for one person living in a two-bedroom unit would be an extra \$100 per month; an extra \$200 per month for one person in a three-bedroom unit.
4. Temporary exemptions to overhousing surcharges are allowed in certain circumstances. For example, if a member’s partner or roommate moves out, the surcharge is waived during the notice period (in the event that the member decides to vacate) or until the member is able to relocate to a smaller unit.

There are two advantages to this approach. First, CMHC is providing no more subsidy for an overhoused co-op member than they would be for one housed according to the co-op's occupancy standards. Secondly, the co-op can avoid forcing moves by members who are comfortable in their homes.

What does Ontario's Social Housing Reform Act say about overhousing?

- Co-ops must transfer an overhoused household to a suitable unit if one is available within the co-op.
- Overhoused households must be given priority on the co-op's internal transfer list.
- If the co-op does not have a suitable unit (e.g. no one-bedroom units), or if the household remains on the internal transfer list for a year without making a move to a suitable unit, the household must be added to the central waiting list for a suitable unit elsewhere in the community.
- Overhoused households are ranked on the central waiting list according to the date when they first applied for RGI housing.
- Overhoused households are permitted to refuse a suitable unit twice. If they refuse a third offer, they lose their eligibility for the RGI subsidy.