

## Ontario Budget 2024: OCA Pre-Budget Submission

Co-operatives have a significant role to play in capturing opportunities for new business, creating stronger and more vibrant local economies, increasing community engagement and building a more sustainable economy overall. The co-operative sector is seeking a government commitment to support three important recommendations.

### Summary of Recommendations

1. Increase Ontario Business Registry services for Co-operatives
2. Modernization of Offering Statement Regulations
3. Consideration of Key Co-operative Housing Initiatives

#### 1. Increase Ontario Business Registry services for Co-operatives

When the Ontario Business Registry was introduced in 2019, it modernized the way businesses interacted with the government. However, co-operatives have not seen the same level of modernization as other business types, creating an uneven playing field. While co-operative corporations do have profiles in the Ontario Business Registry, they cannot transact within the registry, leading to more administrative burden for co-ops and much longer processing times (It currently takes 35 business days to process the incorporation of a co-operative corporation in Ontario). Co-operative corporations should have the same ability to transact within the registry as other not-for-profit or business corporations.

#### 2. Modernization of Offering Statement Regulations

Co-operatives in Ontario use Offering Statements to raise capital from within their membership to build and grow their businesses. The current Offering Statement exemption limits, that are set within the Regulations of the Co-operative Corporations Act, have not been raised to keep up with the realities of the costs to do business in 2024. We recommend that the government increase these exemption limits related to member purchases of securities, and the total amount of issued securities, to help facilitate the development and growth of our sector.

#### Recommendation:

- An increase in the exemption cap on individual member purchased securities of \$1,000 per year or \$10,000 total to **\$5,000** per year and **\$50,000** in total.
- An increase of total securities issued to members from an exemption cap of \$200,000 to a cap of **\$1,000,000**.
- An increase in the cap on the number of security holders for an exemption from 35 to **50**.

If the exemption limit required to submit an Offering Statement is increased, co-operatives will be able to start and grow their businesses in 2024 with fewer financial, regulatory and administrative burdens, all while still providing full disclosure to investors.

### 3. Co-operative Housing Key Considerations

Amendments to the Housing Services Act (HSA) in 2022 have set the stage for significant changes in Ontario's co-operative housing landscape. With approximately 10,000 co-operatives expected to reach the end of their mortgage periods by 2027, negotiations between municipal service managers and housing providers are underway to establish new agreements. It is imperative that these agreements safeguard existing co-op home affordability, preserve Rent-Geared-to-Income (RGI) subsidies, maintain high asset management standards, and empower co-ops for capital repairs, renovations, and expansions.

We are in support of the creation of a Co-operative Acquisition Fund designed to mitigate the gap between feasible project debt and the acquisition of affordable units. Such a fund, specifically dedicated to acquisition, would significantly contribute to maintaining and preserving affordable housing.

To address the pressing need for non-market housing units, we advocate for a government commitment to creating at least 250,000 such units by 2031. Proposed tools include unlocking surplus government-owned land for affordable/non-market housing development, property tax exemptions or deferrals for new projects, and mandatory non-market housing targets for municipalities. Allocating a portion of Build Faster Fund resources to affordable, non-market units will stimulate growth in this sector.

Lastly, we emphasize the importance of a for-Indigenous, by-Indigenous urban, rural, and northern housing strategy, supporting Indigenous-led solutions and recognizing housing as a vital component of reconciliation efforts.

In conclusion, we believe that these recommendations are crucial for the growth and development of the co-operative sector in Ontario, and we hope that the government will take action to support co-operatives in these areas. For more information, please contact Jennifer Ross, Executive Director of the Ontario Co-operative Association.

#### **About the Ontario Co-operative Association**

The Ontario Co-operative Association (OCA) develops, supports, educates and advocates for Ontario's 1,200 co-operative businesses. Our goal is a sustainable province built on thriving communities that are providing social, environmental and economic wellbeing to all Ontarians. Co-operatives operate in all sectors of the economy including finance through credit unions, insurance, manufacturing, agriculture, housing, retail and health care. In the province of Ontario, co-operatives employ 57,000 people and generate \$6 billion for the economy every year. One in four Ontarians is a member of a co-operative.

Thank you for your time and consideration.

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