

*The*  
**CO-OPERATIVE  
HOUSING  
FEDERATION**  
*of Canada*



## **Pre-Budget Submission 2018: Productivity Begins at Home**

### **Introduction**

Canadians are calling on their government for more affordable housing. In markets across the country, moderate- and low-income households are finding it difficult to find an affordable place to live in light of soaring prices and a lack of housing options. Budget 2017 noted that “when affordable housing is in short supply, Canada’s whole economy suffers.”<sup>1</sup>

Housing co-operatives have a proven track record of building and maintaining affordable housing. Co-ops are also incorporated businesses, each responsible for a multi-million dollar budget. Measures in Budget 2018 can help make these businesses more productive as well as address our national housing deficit.

As the unified voice for Canada’s 900 housing co-operatives, the Co-operative Housing Federation of Canada (CHF Canada) is advocating for three policy priorities to solve the housing crisis.

### **Summary of Recommendations**

1. **Protect low-income households**: launch measures to preserve affordability for low-income members of housing co-ops as operating agreements expire. New measures must preserve the same **breadth and depth of support**, and the rollout of these measures must be **timely and seamless**;
2. **Renew and Regenerate**: accelerate and improve prepayment terms for co-ops holding high interest CMHC mortgages so that co-ops can leverage private investment for renovation and modernization of housing assets;
3. **Build new homes**: earmark supply measures like predevelopment assistance, grants, and loans to catalyze the development of more mixed-income non-profit housing, like co-operatives.

### **Protect 20,000 Low-Income Households**

CHF Canada’s first priority is to protect 20,000 low-income households living in housing co-ops. The government pledged to do this during the last election,<sup>2</sup> in ministerial mandate letters,<sup>3</sup> and most recently in last year’s budget.<sup>4</sup> The commitment and resources are there, and now it is time to operationalize measures that will protect long-term affordability for those who need it the most.

The interim funding program that extended operating agreements in Budget 2016 will expire in March 2018.<sup>5</sup> It is imperative that new measures feature the same **breadth and depth** of support, ensuring that the same number of households are supported moving forward, and that those households are offered the

same level of financial support. Moreover, the government must implement the new assistance measures in a **timely and seamless** manner, ensuring there is no interruption of government assistance to low-income households.

The productivity of housing co-ops is predicated on the continuation of assistance to low-income households. When low-income households are supported, co-ops can focus on regeneration and growth, thereby contributing to their local economies and expanding the availability of affordable co-op homes.

### **Renew and Regenerate**

Co-ops are modernizing and regenerating their housing stock. Co-ops are leveraging their existing assets to seek out new private capital. In only a few years, co-ops have leveraged over \$100 million for this capital work, fueling their local economies and creating local jobs.

Co-ops are ready to do more with their assets. We are calling on the government to accelerate and improve the options for co-ops to pre-pay their high-interest CMHC-held mortgages. These measures would kick-start hundreds of millions of dollars of affordable housing regeneration. This would create substantial economic benefits and help to create jobs across the country.

### **Build new homes**

Canadians need more affordable housing options. An affordable place to live means more money to spend on goods and services that help build a better life. A CMHC study found that those living in housing co-ops saw more improvement on key quality of life indicators such as an improved sense of community, skills development, and labour force participation.<sup>6</sup>

Co-ops are a time-tested platform for providing affordable housing and ensuring affordability over the long-term. Through a **mix of earmarked grants and loans**, the government can catalyze co-op development, allowing the sector to build urgently needed affordable housing.

### **Conclusion**

Affordable housing is a keystone to a productive economy. Protecting low-income households is a precondition for economic productivity and a robust affordable housing framework. Once existing households are protected, Canada's housing co-ops can focus on regenerating their physical assets, directly contributing to their local economy in the short-term, and providing affordable housing for decades to come. With that same eye to the future, the co-op housing sector is ready to partner with the federal government to build a new supply of affordable, co-op housing.

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<sup>1</sup> Budget 2017, p134 (<http://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf#page=134>)

<sup>2</sup> Liberal Party of Canada, *Real Change*, p7 (<https://www.liberal.ca/wp-content/uploads/2015/10/New-plan-for-a-strong-middle-class.pdf#page=7>)

<sup>3</sup> Office of the Prime Minister (<http://pm.gc.ca/eng/minister-families-children-and-social-development-mandate-letter>)

<sup>4</sup> Budget 2017, p137: “The Government intends to preserve the baseline funding related to these agreements, so that Canadians have access to housing options that are affordable” (<http://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf#page=137>)

<sup>5</sup> Budget 2016, p102: “Budget 2016 proposes to reallocate \$30 million over two years, starting in 2016–17, to help these providers maintain rent-geared-to-income for households living in social housing.” (<http://www.budget.gc.ca/2016/docs/plan/budget2016-en.pdf#page=102>)

<sup>6</sup> CMHC, Co-operative Housing Programs Evaluation (2003), <http://publications.gc.ca/collections/Collection/NH15-418-2003E.pdf>