



Co-operative Housing Federation of Canada  
Fédération de l'habitation coopérative du Canada

**Written Submission for the Pre-Budget Consultations in Advance of  
the Upcoming Federal Budget**

**By the Co-operative Housing Federation of Canada**

July 29, 2020



## List of Recommendations:

- **Recommendation 1:** Commit to long-term rental assistance for low-income households.
- **Recommendation 2:** Invest in affordable, permanent, non-market housing (non-profit and co-op housing) as a response to Canada's housing crisis and economic recovery.
- **Recommendation 3:** Take an “affordable housing first” approach to government surplus lands.
- **Recommendation 4:** Enhance the National Housing Strategy to better meet the needs of housing co-operatives by increasing rental assistance programs, and improving the Co-Investment Fund.



## **Housing is Central to all Social and Economic Recovery**

The Co-operative Housing Federation of Canada (CHF Canada) is the national voice of co-operative housing, representing 2,200 housing co-operatives, home to a quarter of a million people in every province and territory.

Housing needs to be at the centre of any social and economic recovery plans. COVID-19 has reminded us how a safe and secure home is essential for all Canadians; the pandemic has brought to the surface, the social and economic inequities that exist in Canada today.

The co-op housing sector is well positioned to drive efficient and effective housing solutions that will address affordability challenges for Canadians, while providing critical economic stimulus for the country in the midst of a public health emergency and economic recession.

Without sustainable action and investment in affordable housing, the disparities in our communities will only serve to deepen, especially as eviction bans are lifted and emergency support funding ceases. CHF Canada has four recommendations that the federal government can and should implement to stimulate the economy while addressing the lack of affordable housing in Canada.

### **Key Recommendations:**

- 1. Commit to long-term rental assistance for low-income households.**
- 2. Invest in affordable, non-market housing (non-profit and co-op housing) as a response to Canada's housing crisis and economic recovery.**
- 3. Take an "affordable housing first" approach to government surplus lands.**
- 4. Enhance the National Housing Strategy to better meet the needs of housing co-operatives by increasing rental assistance programs, and improving the Co-Investment Fund.**



## **1) Commit to long-term rental assistance programs**

CHF Canada is calling on the federal government to support low-income households through long-term rental assistance programs. As we have seen over the past few months, income assistance programs—like CERB—are key to economic stability and will be key moving forward into economic recovery.

Rental assistance programs are a proven method to help low-income households off-set the cost of rent. If a household is spending more than 30 per cent of their monthly income on rent, they could be eligible for rental assistance, and their rent would be lowered to match their income.

Over the past 40-50 years, housing co-ops have been offering rental assistance for low-income households, in partnership with the federal, provincial and some municipal governments. However, many of those programs have ended without renewal, limiting the housing options available to low-income households.

The National Housing Strategy does include a new rental assistance program for co-operative and non-profit housing, called the Federal Community Housing Initiative. This program will invest \$500 million over 8 years beginning September 1<sup>st</sup> 2020. We applaud the government for this new program, and know it will be vehicle to ensure low-income households continue to receive rental support to help reduce or eliminate their housing need.

While the Federal Community Housing Initiative is a great step to help make housing affordable for low-income households, there is still much more to be done. In the past, the federal government assisted almost half of all households in co-ops across the country. Now it has dropped below 20 per cent. We encourage the federal government to expand rental assistance to all low-income families living in co-ops, not just a select few.

Co-op homes are already built, paid for, and situated within strong communities. By maintaining these rental assistance programs, we can help more low-income families live affordably across the country. We encourage the federal and provincial governments to take advantage of the co-operative sector to support low-income households, in what also would be a very cost efficient manner.

## **2) Invest in affordable, non-market housing (non-profit and co-op housing)**

Second, we encourage the federal government to support non-market, non-profit housing development. Investments in community housing are central to any effective response to the housing crisis and Canada's economic recovery. The expansion in new development, is critical to simultaneously combat the connected problems of shelter poverty and gentrification.

Before COVID-19, 1.7 million Canadian households were in core housing need, meaning their housing is not affordable, or adequate. In the context of COVID-19 and social and economic recovery, we believe the need for affordable housing continues to grow. Families living in poor quality, overcrowded housing or without any home at all cannot follow public health directive to



stay at home and social distance. As a result, they are more likely to be infected by COVID-19 and other illnesses.

A development fund earmarked for non-profit and co-operative housing, such as pre-development assistance, grants and loans, will catalyze the development for more mixed-income, non-profit housing. The community housing model is also proven to be a sound public investment by providing long-term affordability. Many of the private sector affordable rental support programs financed by governments have limited affordability periods of 15-20 years. After that time, affordability and the public investment is lost. Housing created under this co-op development fund will be affordable in perpetuity and will be a valuable resource for future generations.

Construction and renovation of affordable housing would provide significant and immediate economic stimulus. Research shows that with adequate, affordable housing, people have better health outcomes, higher propensities to spend and rely less on other costly public sectors such as healthcare, justice, shelter and social assistance.<sup>i</sup>

Investments in the development of co-op housing would not only stimulate the economy but would provide permanent affordable housing for low and middle income families. The benefits of investing in affordable housing include job creation, reducing government spending, prioritizing seniors, increase in disposable incomes and economic revitalization. Developing one residential unit is estimated to generate between two and a half new jobs.<sup>ii</sup> In other words, each \$1 million invested in residential housing development creates between 10-12 jobs.<sup>iii</sup>

Community housing, including non-profits and co-ops, are central to any effective social response to the housing crisis. The strengthening of the existing community housing stock and its expansion in new development are the only ways to simultaneously combat the connected problems of shelter poverty and gentrification. Without sustainable action and investment in community housing, the disparities in our communities will only deepen, especially as eviction bans are lifted and emergency support funding ceases.

Our sector is ready and eager to build more. CHF Canada's Financing Program has helped housing co-ops under Federal programs borrow over \$125 million from financial institutions, ensuring their communities are viable into the future. We have unlocked these investments without any contribution from governments.

### **3) Take an “affordable housing first” approach to government surplus lands**

Canada is facing a housing supply shortage across the entire spectrum, and it's particularly acute for Canada's renters and middle- and low-income households. These Canadians are frustrated by consistently seeing new housing developed that is well outside of their means.

Given the extreme shortage of affordable housing and the high cost of land, surplus public land that is appropriate for residential development should be prioritized for affordable housing. Partnering with the co-op and non-profit sectors to help deliver this housing can ensure that surplus lands provide the greatest public good.



The co-operative housing sector has recently developed 300 new, affordable homes using government owned land provided to them, at a token cost, by the City of Vancouver. The newly developed co-op will offer housing units at 75 percent of average market rent, and as low as 20 percent of average market rent for households in deep financial need. The level of affordability will be achieved without continued operational funding from the government.

CHF Canada proposes to replicate this model with \$50 million of surplus federal land. Partnering the expertise and experience of the co-op sector with surplus federal land will catalyze the development of thousands of permanently affordable homes across the country.

#### **4) Improve and enhance the National Housing Strategy to better meet the needs of housing co-operatives**

CHF Canada recommends three changes to the National Housing Strategy. First, CHF Canada recommends the government commit to supporting low-income households by investing in long-term rental assistance programs. The **Federal Community Housing Initiative** is a new rental assistance program that is set to begin in September 2020. However, many co-ops have been excluded simply because their federal operating agreements expired before April 2016. This oversight has meant that a significant number of co-ops were no longer able to provide homes to low-income households requiring financial supports in B.C., Alberta, Ontario, Quebec and P.E.I.

Co-ops draw the pressure away from social housing and emergency shelters by creating mixed-income communities. Not only are low-income households able to afford a safe place to live, they also become a part of the co-op community. It is central to our co-operative values that co-ops are able to welcome members into their community regardless of income. A rent supplement program delivered through the co-op portfolio is a quick and cost-effective way to house more Canadians.

Second, CHF Canada recommends the government enhance the National Housing Strategy by making the **National Housing Co-Investment Fund** more accessible to non-profit housing providers by adjusting the loan to grant ratio. The application process and criteria is extremely burdensome, making co-ops ineligible for this program. The ratio of loan to grant is unclear; the approval time is lengthy. A full review of this program is required so that it can better meet the needs of co-operative housing applicants and improve housing affordability.

With clearly defined criteria, flexibilities and financial supports to help co-ops meet the ambitious criteria tied to the program, co-ops can fully access the Co-Investment Fund and begin important renovations to protect affordable units for decades to come.

Third, we encourage the government to **recognize post-secondary students as a priority population in the National Housing Strategy**. Currently, young adults are a priority group, but there is no mention of students housing needs. This has resulted in student housing co-operatives being ineligible for funding or grants. There are nine student housing co-operatives, housing over 3,000 students across the country. Two student co-ops in Ontario, and three in Quebec are undergoing expansion projects that would be significantly expedited with access to the National Housing Strategy.



Simply recognizing post-secondary students' needs for affordable housing options in the NHS will be enough to access the funding programs. This will be sufficient to significantly accelerate student co-op development throughout the country, providing affordable housing for 500 more students, and paving the way for many more.

## **Co-ops are community-driven solutions to the housing crisis**

The co-op housing sector is well poised to work closely with public, private and non-profit partners to build the critical social infrastructure to meet the pre-existing and growing needs in our communities. Our movement is resourceful, passionate, and committed to our vision of co-op housing for all.

Amidst significant level of public spending in response to COVID-19, investing in long-term solutions that support community wellbeing must be a top priority in economic recovery planning. This is the time for ambitious, public investments in people and in communities. This is the time to invest permanent affordable housing public option for housing, across Canada.

A housing system that works for all Canadians must include more co-operative housing.

## **About CHF Canada**

CHF Canada is the national voice of co-operative housing, representing 2,200 housing cooperatives, home to a quarter of a million people in every province and territory. Co-operative housing is a well-documented success story. For over 50 years, co-ops have provided good-quality, affordable housing owned and managed by the community members who live there.

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<sup>i</sup> Gaetz et al, S., Gulliver, T., & Richter, T. (2014). The State of Homelessness in Canada 2014.

<sup>ii</sup> Per person-years of employment. Main sources are CMHC (1999); CMHC (2000); Dunning (2012); Altus (2009); NAHB (2009). See also Pomeroy (2004; 2012a).

<sup>iii</sup> Dunning (2012) estimates that out-of-province induced jobs are about 9% of total jobs created. See also NAHB (2009) where the estimates are specifically for local jobs.