



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

**Written Submission to the House of Commons Standing Committee
on Human Resources, Skills and Social Development and the Status
of Persons with Disabilities**

**Study of the Design and Roll-out of the Housing Accelerator Fund and
the Federal Lands Initiative**

By the Co-operative Housing Federation of Canada

June 30th, 2022



List of Recommendations:

- **Recommendation 1:** Prioritize non-market housing in all National Housing Strategy programs.

- **Recommendation 2:** Improve the Federal Lands Initiative to increase the supply and affordability of non-market housing:
 1. Link a portion of an expanded FLI to the new Co-operative Housing Development Program.
 2. Integrate the Federal Lands Initiative with other National Housing Strategy Programs.
 3. Adjust the land value discount calculator for the acquisition of existing buildings.
 4. Make announcements of land opportunities more public and accessible.



Building adequate housing for those most in need

Canada is in the midst of a housing crisis. The real world impacts of the financialization of housing – renovations, unbearable rent increases, dwindling insecurity about the place you call home, and even homelessness – are too devastating to ignore. Housing affordability continues to diminish in Canada as the housing market also reinforces and exacerbates economic and social inequities.

A lot of attention has been focused on increasing the supply of housing in Canada as a way to address the housing crisis. Most recently, CMHC calculated Canada's current housing supply shortage, and estimates that current rates of new construction will increase the housing stock by 2.3 million homes between 2021 and 2030. However, to restore affordability, an additional 3.5 million affordable homes are needed by 2030.¹

Increasing supply must be inclusive of all needs and income levels. We can no longer depend on a trickle down effect to improve the housing situation for low- and even moderate-income Canadians. Whereas in past decades, market rental housing became less expensive over time, becoming a relatively affordable options for many households. This is no longer happening, largely because of the financialization of housing – the process through which housing is increasingly treated as an investment rather than someone's home. We believe significantly increasing the development of non-market housing (co-ops and non-profits) is the only way to achieve real and long-lasting affordability. This type of housing is protected from the financialization of housing because it operates outside of the marketplace, and is affordable in perpetuity, generally becoming more affordable over time.

Recommendation 1: Prioritize non-market housing supply in all National Housing Strategy programs and funding.

The National Housing Strategy (NHS) reinstated federal leadership in housing. The importance of this cannot be overstated. For the co-op housing sector in particular, Budget 2022 announced \$1.5 billion to create 6,000 new co-op homes through a new Co-operative Housing Development Program. This program will be funded by \$500 million from the National Housing Co-Investment Fund, and \$1 billion in loans to be reallocated from the Rental Construction Financing Initiative. This is the largest federal investment in new co-op housing in more than 30 years. The co-op housing sector sees this as the first step in developing the next generation of co-op housing at scale.

The *National Housing Strategy Act* also requires the government to prioritize those in greatest need, and this includes Indigenous households. National Housing Strategy supply programs should also include non-market housing dedicated for Indigenous households through an Urban, Rural and Northern housing strategy developed for and by Indigenous housing providers.

¹ CMHC, Canada's Housing Supply Shortage: Restoring affordability by 2030, June 23, 2022. <https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030>



In February 2022, the National Housing Council reported on the affordable housing supply programs in the NHS. This report provides further evidence that much of the affordable housing supply created to-date through the NHS does not meet the needs of those in core housing need.² Even if the programs produced deeply affordable homes, the number of homes developed still falls well short of the current need for adequate housing.

It's imperative that the federal government grow the non-market housing system at scale together with the co-op and non-profit sectors, so we can together play a role in tempering the financialization of housing, putting in place the building blocks that will cement the role of housing as a human right rather than a commodity. This, in turn, will help lead to communities and a Canada that is more inclusive and equitable, as the ability to live in an affordable and secure home will depend less on the wealth of your parents or your ethno-cultural background.

Recommendation 2: Improve the Federal Lands Initiative to increase the supply and affordability of non-market housing.

In many areas across Canada, land costs are often the single biggest deterrent to new non-market housing development. CHF Canada has long advocated for the release of surplus public land at minimal to no cost, to be used for the construction of co-op and non-profit housing, to render projects viable and to maximize affordability.

The National Housing Strategy Federal Lands Initiative (FLI) is an important response to our call for surplus land to be made available for non-market housing construction. It committed \$200 million in federal lands for the purpose of affordable housing development. Key projects are currently being advanced because of this commitment. At the same time, we think this investment should be increased as many communities have federal lands, alongside an expedited process for identifying and communicating federal land opportunities.

Specifically, CHF Canada proposed that at least \$50 million of a larger increase to FLI should be earmarked for the co-operative housing sector. Marrying the expertise and experience of the co-op sector with surplus federal land will catalyze the development of thousands of permanently affordable co-op homes across the country. The new Co-operative Housing Development Program seeks to develop 6,000 new co-op homes over 5 years. All projects that will be developed under this program want to maximize affordability, but are working with a defined funding envelope set against rising interest rates and construction costs. Therefore, project costs will need to be reduced.

In particular, we recommend the federal government take these four steps to improve the Federal Lands Initiative to increase the supply and affordability of non-market housing:

- 1. Link the Federal Lands Initiative to work in concert with the Co-operative Housing Development Program.** The new Co-operative Housing Development Program seeks to develop 6,000 new co-op home over 5 years. All projects that will be developed under this program want to maximize affordability. Currently, land costs continue to be a large

² Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs: research report, February 28, 2022. <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf>



deterrent to develop new non-market housing. An expanded and improved FLI program that is intentionally linked, in part, to the new Co-operative Housing Development Program is an important way to maximize the affordability of these new co-op homes.

- 2. Integrate the Federal Lands Initiative with other National Housing Strategy Programs.** The FLI could be improved by being integrated with other NHS programs and timelines. Currently, FLI requires funding commitments to be in place before the purchase agreement is signed, to transfer ownership of the land asset. An application for Co-Investment funding cannot be made without first apply for Seed Funding. Thus, the current NHS programs create a maze of deadlines, requirements and applications that do not flow from one to the other.
- 3. Adjust the land value discount calculator for the acquisition of existing buildings.** The FLI uses a specific formula to calculate the discount on federal property to reward projects, depending on the level of social outcomes achieved by the proposal; this includes affordability, accessibility and energy efficiency. However, the current scoring calculator does not consider the acquisition of buildings. This makes the acquisition of existing buildings through the FLI very difficult, as older buildings often do not meet accessibility or energy efficiency requirements. Thus, the current land value discount calculator makes it more expensive for co-op or non-profit housing developers to acquire buildings on federal land. Given the current housing crisis and the desperate need to create more affordable housing units, the federal government should consider the acquisition of buildings as an important way to create affordable housing.
- 4. Make announcements of land opportunities more public and accessible.** Currently there is little public knowledge of how land is made available, and when to submit applications. Improving the transparency of land made available through the FLI will help support the co-op and non-profit housing sectors in making successful applications.

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 housing 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 an array of needed public investment in response to COVID-19, investing in long-term solutions that support community well-being 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 in permanent affordable housing options 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.