



# Canada's Resilient and Community-Driven Housing Solution: Launching the Next Generation of Co-operative Housing

2023 Federal Pre-Budget Submission



Co-operative Housing  
Federation of Canada

# Amidst an affordability storm, Canada's co-ops provide stability, community connection and sustainability.

Across Canada, the price to own or rent a home is rising faster than incomes – and new supply is not keeping up with population changes. According to [CMHC's January 2023 Rental Market Report](#), "rental demand surged in 2022, leaving the vacancy rate at a near historic low," noting that the high cost of homeownership and higher net migration are contributing to this demand. Housing is the biggest expense for most households, so surges in rents and homeownership costs rapidly escalate the cost of living. This has a very real impact in society as a lack of affordable housing is leading to displacement, mental anguish, and increasing homelessness nationwide. **The right to housing necessitates adequate housing supply and we are far behind – leaving low- and middle-income earners few options.**

Meanwhile, moderating sale prices in homeownership have been offset by rising interest rates, so monthly carrying costs and down-payments remain out of reach for average Canadian incomes. Increased demand for rental housing has combined with historic low vacancy rates to make most forms of housing unattainable in

addition to being unaffordable. Rent growth in 2022 was the highest Canada have ever seen year-over-year. CMHC reports "it rose to 5.6% from 3% over the previous 12-month period. This is a new annual high, well above the 1990-to-2022 average of 2.8%." We are seeing the real world impacts of the lack of supply and financialization of housing: renovictions, unbearable rent increases and housing insecurity. For Indigenous peoples, Black communities, people of colour and other equity-seeking groups, these impacts are exacerbated.

**As we examine our current housing mix to see what is working and what is not, new data suggests Canada's co-ops are among our most resilient form of affordable housing. A [recent expert analysis](#) has shown that co-op housing charges for one- and two-bedroom apartments are approximately 33% less than comparable market rents in cities across Canada, and that the gap is widening, particularly in recent years. In most cities this gap translates into an average of \$400-\$500 per month, per household. For Canada, this means co-ops are one of the most important**



innovations in our long term affordable housing supply as they are weathering the affordability crisis better than almost all other forms of tenure.

While most Canadians rent or own, approximately a quarter of a million residents are members of a housing co-operative who collectively own their homes. This form of housing is more affordable than market rentals because the vast majority of co-ops operate on a not-for-profit basis, resulting in smaller

## Recommendations:

1. Launch the Co-operative Housing Development Program
2. Fund the Urban, Rural and Northern Indigenous Housing Strategy
3. Double the supply of non-market housing and stabilize low-income rental assistance programs
4. Create a national affordable housing acquisition fund



annual increases. Because they are mission driven, this affordability becomes part of their ongoing operations in perpetuity. Co-op housing can offer the security of ownership – at more affordable rates than renting. For residents, there is no outside landlord who might sell, move in, or have an incentive to renovate. Co-op member ownership means that people have stability in their community and a real say in how it is run.

Co-op homes that exist in Canada

today are largely a product of robust and dedicated federal programs that supported their development primarily in the 1970s through to the early 1990s. We now know their creation has stood the test of time as one of Canada's resilient housing solutions. Existing co-ops continue to pay dividends to Canada by providing long term security for residents as well as inclusivity, affordability and mutual support for a diverse range of [households](#).



## Building the next generation of co-op homes

Now is the time to build the next generation of secure, sustainable, and affordable co-op homes in Canada by **launching the Co-op Housing Development Program**, which was announced in the 2022 Federal Budget. The beginning of this program is seen as the start of a larger mission for Canada to ensure everyone has access to adequate housing. In 2023, [leading experts in economics and housing](#) are advising Canada to **double the supply of non-market housing in Canada**, and we agree.

Our hope is that this program launch will give the sector the tools and support it needs to eventually double the number of

co-op housing units in Canada. However, the consequences of our housing crisis are most adversely impacting Indigenous people who are over represented in homeless counts. We urgently recommend the adoption and **full funding of the Urban, Rural and Northern Indigenous Housing Strategy** as presented by the National Urban, Rural and Northern Indigenous Housing Coalition. Any notion of reconciliation is incomplete without adequate housing, and Indigenous people in Canada are ready to lead in the design, building, and operations of new solutions and have our full support.

To help address the massive recent

surges in private market rents, we also recommend the federal government **create a national affordable housing acquisition fund**. Supporting the non-profit and co-op sector to purchase existing private rental properties that are for sale - in order to operate them as non-market housing - will preserve and enhance rental housing options in Canada. We also recommend stabilizing the rental assistance programs in the Federal Community Housing Initiative so they do not end in 2028. Low income residents of non-profit, municipal and co-op housing all rely on these ongoing federal programs for basic rent support.



# 1

## Launch the Co-operative Housing Development Program

The 2022 Federal Budget announced the creation of a new Co-operative Housing Development Program (CHDP), with \$500 million in funding and \$1 billion in loans. This program represents the first dedicated federal program supporting the development of co-operative housing in more than 30 years. It is time to launch that program to begin creating new co-op housing developments across Canada.

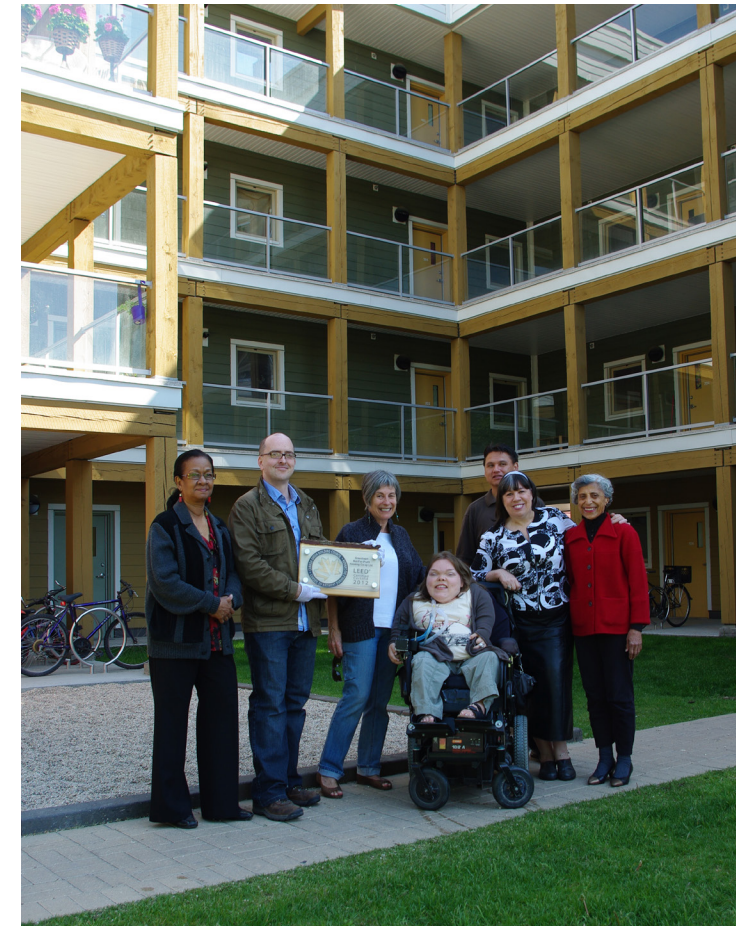
As committed, the federal government has been working with Co-operative Housing Federation of Canada, and the co-op housing sector broadly, to co-design the new program. We see this program as a critical first step in realizing new and much needed co-op homes at scale. CHF Canada's members adopted a vision of Co-operative Housing for All to ensure that significantly more people can call co-op housing home. We ultimately hope to realize at least 50,000 new co-op homes over a decade, as part of the long-term aim to double the supply of all non-market housing in Canada, which are provided

by a mix of non-profits, municipalities, co-ops, Indigenous organizations, faith groups, provinces and territories.

The co-op housing sector sees the launch of the CHDP as the renewal of what was once a robust partnership with government that has provided security and community for a mix of moderate and low-income households today from coast-to-coast. We recommend the CHDP be sector-led, build scale and capacity, and be delivered by CHF Canada and the co-op housing sector.

We look forward to concluding the co-design process and launching the program to quickly realize new co-operative homes that are affordable, sustainable and inclusive, as a key way to boost non-market housing supply, fix our supply mix, and systemically address the housing crisis. New housing co-ops developed through the CHDP will also support meaningful climate action, as multi-unit housing - like co-ops - result in denser neighbourhoods that enable walkability

and transit access, and reduced energy use compared to less dense forms of housing.



## 2 Fund the Urban, Rural and Northern Indigenous Housing Strategy

CHF Canada is joining with the entire community housing sector and the National Housing Council in calling for a robustly funded Urban, Rural and Northern (URN) Indigenous Housing Centre that develops and delivers the URN Indigenous Housing Strategy, as outlined by the Canadian Housing and Renewal Association's [Blueprint for Housing](#).

A funded URN Indigenous Housing Strategy, delivered by and for Indigenous communities, remains a missing element of the National Housing Strategy. The National Urban, Rural, and Northern Indigenous Housing Coalition is an independent group with autonomous, Indigenous leadership committed to create Canada's first-ever National Indigenous Housing Centre. CHF Canada stands with Indigenous housing providers and their vision for an Indigenous-led, dedicated approach that can provide funding, capacity building, best practices and planning services across the country. CHF Canada supports their call on the

federal government to commit \$6 billion in the 2023 federal budget to meet its commitment to develop an Urban, Rural and Northern (URN) Indigenous Housing Strategy and create Canada's first-ever National Indigenous Housing Centre.

This amount is consistent with findings from the [National Housing Council, who recommended a minimum investment of \\$6.3 billion](#) and the establishment of an interim mechanism to fund immediate needs and further engagement to understand URN homelessness. According to the Parliamentary Budget Officer, there is a [\\$636 million annual gap](#) between

what Indigenous households living in off-reserve rural, urban and northern communities pay for housing, and what is deemed affordable.<sup>1</sup> As research indicates, housing policies and services that consider the historical context of colonization are urgently needed.<sup>2</sup> A comprehensive Indigenous Housing Strategy should be designed to address this gap by maintaining affordability in existing Indigenous housing, preventing further growth in housing need, reducing the number of Indigenous people in core housing need, and ultimately eliminate experiences of homelessness for Indigenous people.



# 3

## Double the supply of non-market housing and stabilize low-income rental assistance programs

The National Housing Strategy represents the Government of Canada’s first major commitment to building new affordable housing supply in nearly three decades. These decades of inaction have left a massive non-market housing supply deficit across the country because a growing population needs a steady source of housing options for people of all income ranges. This is at the very root of our homelessness crisis today: a lack of affordable housing supply caused by inaction by all levels of government – and it will take a generation of building to solve. We must now redouble our efforts to meet the needs of today and tomorrow.

**“Canada needs a more ambitious, urgent and well-resourced strategy — including doubling the stock of social housing — to support the country’s most vulnerable citizens.”**  
- Scotiabank report, January 2023<sup>4</sup>

To restore affordability by 2030, Canada Mortgage and Housing Corporation

(CMHC) says 3.5 million additional units of all types will need to be added beyond what is now being built each year. However, not all units are built the same. CHF Canada has always advocated for getting the housing supply mix right. In their recent evaluation of the housing mix in Canada, Scotiabank remarked that Canada’s stock of social housing is among the very lowest of peer countries, representing just 3.5% (655,000 units) of its total housing stock, recommending that: “A modest start would be doubling Canada’s stock of social housing to bring it in line with peers in the context of a coherent and well-resourced strategy. This would not plug the gap, but it would be a start.”<sup>3</sup>

In addition, the design of our existing community housing stock requires modest rental assistance programs, which are a proven method to help low-income households offset the cost of rent. The National Housing Strategy already includes a rental assistance program, the Federal Community Housing Initiative (FCHI),



which provides critical rental assistance for low-income households living in housing co-ops and non-profits previously administered by the federal government. We cannot allow these subsidies to sunset in 2028. About one quarter of households in co-ops rely on FCHI assistance to affordably pay their rent, and because the housing charges (rents) in co-ops are so much lower than in the private rental market, the cost to government for this subsidy is also substantially lower. This is a cost saving program for government and should be stabilized operationally.

The timeline of the FCHI coincides with the current timeline of the NHS, which is in place until 2028. While this may seem like a long period, the assurance of ongoing rental assistance beyond 2028 will give households and co-ops themselves security and confidence. Critically, this will help co-ops secure financing for renewal and portfolio growth. For co-ops and non-profits which are provincially administered, the NHS-funded but provincially delivered Canada Community Housing Initiative (CCHI) intends to deliver rental assistance in a manner consistent with the FCHI. This has had mixed results to-date. Some provinces and territories have used this funding for its intended purpose, whereas it is less clear this has happened in other jurisdictions. We encourage the federal government to



use the tools at its disposal to ensure agreed-upon rental assistance is delivered to co-ops and non-profits, regardless of whether they are federally or provincially administered. As with FCHI, it is critical this assistance is provided beyond 2028.

**Co-op homes are already built, paid for, and situated within strong communities. By ensuring ongoing rental assistance programs, we can help low-income families live affordably across the country.**

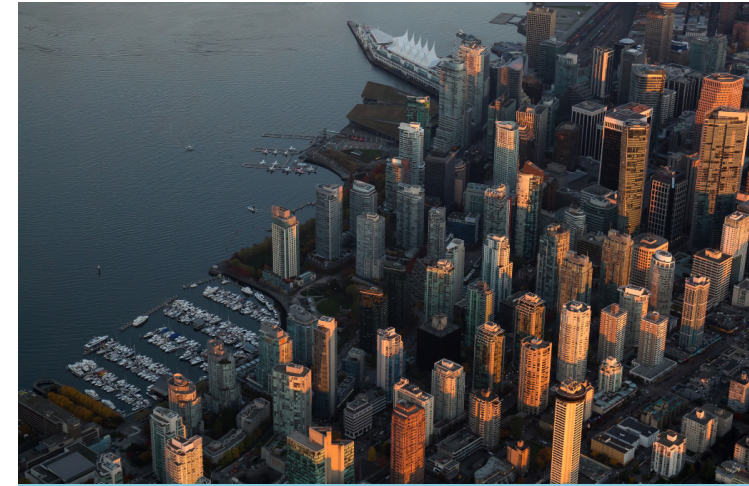
## 4

## Develop a national affordable housing acquisition fund

A crucial, yet missing piece of the National Housing Strategy is a tool to facilitate federal government support for the co-op and non-profit housing sector to purchase existing rental properties that are for sale, in order to own and operate them as non-market housing. CMHC's National Housing Co-investment Fund provides financing to build or repair affordable housing, but not acquire it. This option would not only preserve the affordability in a development now, but it would also likely enhance it over time. Removing the profit motive helps ensure any redevelopments on that site add to the number of affordable housing units instead of removing them. The new Rental Protection Fund launched by the British Columbia government was a [recommendation of the Expert Panel on the Future of Housing Supply and Affordability](#), and this type of program will enable the community housing sector to make timely investments, saving thousands of units from massive price escalation.

CHF Canada recommends the creation of a similar national fund. Canada's the existing, relatively-affordable private rental housing stock has been eroded in recent years; some have been lost as properties are demolished and redeveloped, but most have remained as rental properties, albeit with significantly increasing rents. As a consequence, Canada has lost over 800,000 rental homes that were available for \$750/month between 2006-2016.<sup>5</sup> In recent years this trend has continued: a further estimated 230,000 lower rent homes were lost between 2016-2021.<sup>6</sup> For seniors on fixed incomes, students looking for affordable rentals, renters looking to save, or new Canadians looking for affordable options, this loss is unsustainable.

**The community housing sector can protect these homes as community assets and preserve affordability long term. A new affordable housing acquisition program fund could enable the acquisition of turnkey homes within an existing private sector development**



**British Columbia's new Rental Protection Fund** will provide one-time capital grants to non-profit housing organizations so they can purchase affordable residential rental buildings and ownership co-operatives that are for sale, to protect the renters who are living there and safeguard those rental units for the longer term. These types of programs are a recommendation of the Expert Panel on the future of Housing Supply and Affordability.

to stabilize the lives of vulnerable communities. An acquisition program fund would enable co-ops and non-profits to act in real time when market opportunities arise, preventing the loss of relatively affordable rental housing in Canada. We know that many landlords looking to sell their properties care deeply about their tenant's housing stability. A sale to a non-profit, or co-op or Community Land Trust would provide that landlord with an opportunity to turn their property into a community asset that protects their existing tenants and offers affordability for future generations.

Others have joined the call for the new Housing Accelerator Fund to include an acquisition component. The Housing Accelerator Fund was announced in 2021 to support municipalities accelerate the supply of housing by creating 100,000 new net housing units over the next five years. The Scotiabank report recommends the government's housing targets "...should encompass a broader approach that contains optionality to build, buy, renovate, or retrofit units to add incremental supply to the social housing sector."<sup>7</sup> In addition, the House of Commons Standing Committee on Human resources, Skill and Social Development and the Status of Persons with Disabilities (HUMA) studied the new Housing Accelerator Fund, and [recommends](#) the Fund support public and non-profit acquisition of vacant land and existing buildings, including rental housing stock, for the purpose of creating net-new affordable housing units. Funding should prioritize projects with specific commitments to long-term affordability, including co-operatives.

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

The co-op housing sector is well positioned 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. At a time where so many Canadians are struggling with the high cost of housing and high inflation, housing co-operatives offer a permanently affordable, community solution. Our movement is resourceful, passionate, and committed to our vision of co-op housing for all.

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



## Endnotes

- [1] The Parliamentary Budget Officer. "Urban, Rural and Northern Indigenous Housing". February 11th, 2021. <https://pbo-dpb.s3.ca-central-1.amazonaws.com/artefacts/5b2407108abe40544f4c66d4a7fe08c47aecce914911c2f7e3bbcad23a2070fc>
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- [3] Young, R. Canadian Housing Affordability Hurts. Scotiabank Global Economics: Insights & Views. January 18, 2023. <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html>
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- [5] Steve Pomeroy and Duncan MacLellan. Rental Housing in Canada's Cities: Challenges and Responses. April 2019. <https://maytree.com/wp-content/uploads/201904-UP2-RentalHousing-ChallengesResponses.pdf>
- [6] Steve Pomeroy. New census data reveals a continuing issue in the erosion of lower rent housing. September 21, 2022. <https://www.linkedin.com/pulse/new-census-data-reveals-continuing-issue-erosion-lower-steve-pomeroy/?trackingId=LHuSfUbjxLEBBh6uMoL1Uw%3D%3D>
- [7] Young, R. Canadian Housing Affordability Hurts. Scotiabank Global Economics: Insights & Views. January 18, 2023. <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html>



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## About CHF 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. 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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