



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

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

**Written Submission regarding the Study on Federal Housing  
Investments**

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

June 21<sup>st</sup>, 2024



## **List of recommendations:**

### **Recommendation 1:**

Build new co-operative homes and double the number of non-market homes by 2030.

### **Recommendation 2:**

Launch the Canada Rental Protection Fund as soon as possible and design the fund in a manner that enables the community housing sector.

### **Recommendation 3:**

Fully fund a For-Indigenous, By-Indigenous approach to the Urban, Rural, and Northern Indigenous Housing Strategy.

### **Recommendation 4:**

Protect 400,000 households by permanently investing in rental assistance programs.



CHF Canada appreciates the opportunity to contribute to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities' study on Federal Housing Investments. While this study focuses on past federal housing investments, we feel it is critically important to underscore the need for efficient implementation and intentional inclusion of non-market housing for federal housing investments moving forward.

## Co-operative housing contributions to the wider housing system

Federal housing investments have been significant in shaping and growing the non-market community housing sector, including co-operative housing. Most co-operative housing across the country was built from the 1970s to the early 1990s, largely thanks to the dedicated federal funding programs.

Most co-ops were built with federal and some provincial money allocated decades ago. In 1982, 8% of all rental units constructed in Canada were co-ops. In 2020, less than 1% of all rental units constructed were co-ops. The foundation of those developments was dedicated government support. It was not inexpensive, but it continues to pay dividends. This shrinking of non-market community housing is concerning and has contributed to the worsening of the national housing crisis – especially for households with low-to-moderate incomes.

**Co-op housing is needed more than ever.** At a time when so many Canadians are struggling with the high cost of housing and inflation pressures generally, co-operative housing offers a permanently affordable, community-based solution. Co-operative housing in Canada is more affordable than private rental housing, because most co-ops operate on a not-for-profit basis, resulting in smaller year-over-year increases to housing charges meant only to cover costs. Research has shown that co-operatives offer greater stability and affordability over time compared to market housing.<sup>1</sup>

Co-ops are ready to build. With the recent announcement of the federal Co-operative Housing Development Program, the investments from this new program will kickstart the development of the next generation of co-operative housing. Delivered by the Canada Mortgage and Housing Corporation, the program will consist of approximately \$500 million in contributions and \$1 billion in loans to build co-ops across Canada. CHF Canada is committed to ensuring the program's success through decades of expertise, deep connections with its members and strong linkages to other sector leaders and organizations, especially regional co-operative housing federations.

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<sup>1</sup> Suttor, G., Otogwu, C. and Falvo, N., July 2022. [The Co-op Difference](#): Comparing co-op and market rents in five Canadian cities.



## Recommendation 1: Build new co-operative homes and double the number of non-market homes by 2030

Federal dollars can and need to be used for maximum impact, and that is why we are recommending that federal housing investments prioritize non-market housing.

Canada must, at minimum, double the stock of non-market housing, including co-operatives. This will help relieve the housing insecurity and financial pressures that too many individuals and families face today. Research demonstrates that bringing Canada's community housing stock to the OECD average by 2030 would boost economic productivity by a staggering 5.7 to 9.3 per cent and contribute between \$67 and \$136 billion to GDP by 2030.<sup>2</sup> Getting to this point requires adding approximately 371,600 units of community housing (increasing our current community housing portfolio by 41 per cent). There is no time to waste, as nearly a quarter of completed homes would need to be community housing between now and 2030.<sup>3</sup>

The case for co-op housing is strong. There is a direct connection between investment in community housing and productivity. When Canada stopped investing in non-market community housing at scale, economic productivity weakened. This was driven by weak labour mobility, depressed business investment and the prioritization of household income towards housing, rather than training and skills building. As such, growing the proportion of Canada's community housing stock to the OECD average of 7 per cent would boost productivity, resulting in an increase of a non-inflationary \$67 billion – \$136 billion in GDP. There are multiple benefits to achieve; \$10 invested in community housing can save \$20 in other areas such as justice, health, and social services. New programs, such as the Co-operative Housing Development Program, will kickstart the development of the next generation of co-operative homes. This kind of dedicated funding for new housing supply is key to doubling the number of non-market homes.

Further, co-ops in Canada 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. Analysis has shown that co-op housing charges for one- and two-bedroom apartments are approximately 33 per cent less than comparable market rents in cities across Canada, and that the gap is widening, particularly in recent years.<sup>4</sup> In most cities, this gap translates into an average of \$400-\$500 per month per household. Existing co-ops continue to pay dividends by providing long term security for residents as well as inclusivity, affordability, and mutual support for a diverse range of households.

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<sup>2</sup> Canadian Housing and Renewal Association. Nov 27, 2023. [Economic Study: The Impact of Community Housing on Productivity](#)

<sup>3</sup> Ibid.

<sup>4</sup> Suttor, G., Otogwu, C. and Falvo, N., July 2022. [The Co-op Difference](#): Comparing co-op and market rents in five Canadian cities.



## Recommendation 2: Launch the Canada Rental Protection Fund as soon as possible and design the fund to enable the community housing sector

The most affordable housing is the affordable housing we already have – preserving existing rental units is an impactful way to address the national housing crisis and grow the community housing sector. Recognizing this need, the 2024 federal budget committed \$1.5 billion to the creation of the Canada Rental Protection Fund.

The community housing sector – including co-ops – should be enabled by the program, to act nimbly and effectively, leveraging their expertise and capacity.. An expedited launch of the Fund will allow housing co-ops and non-profits to acquire rental buildings now, protecting renters and preserving affordable homes forever.

Between 2011 and 2016, the number of private rental units affordable to households earning less than \$30,000 per year (rents below \$750) declined by 322,600 units nationwide— so that for every new affordable unit created by the National Housing Strategy, fifteen existing relatively affordable market rental units (rents below \$750) were lost.<sup>5</sup> These units are not lost by accident; they are often bought up by financial firms and institutional investors (e.g. asset management companies, real estate investment trusts, etc.). More needs to be done to stop the erosion of naturally occurring relatively affordable housing market units, as demand pressures increase. While not always the case, there is evidence that indicates negative impacts for renters, such as evictions, rent increases, and less building maintenance, resulting in worsened living conditions when financial actors acquire purpose-built rental housing.<sup>6</sup> The loss of affordable housing in neighbourhoods can also have further impacts on labour productivity and community well-being.

This is why it is paramount that the federal government accelerates the implementation of the Canada Rental Protection Fund. CHF Canada, the Canadian Housing and Renewal Association (CHRA), the Rental Protection Fund, and the National Indigenous Housing Collaborative Inc. (NICH) have put forward a proposal to the federal government to mimic what has been done in B.C. – the creation of an incorporated non-profit entity that enables the community housing sector to acquire rental properties to protect their long-term affordability. This effort is supported by the private sector, philanthropic foundations, and community organizations.

The community housing sector has created a solution that is cost-effective, speedy, scalable, and adaptable for acquiring properties. Our plan is to use government funding and support from foundations and institutional investors to safeguard affordable rental housing and expand the community housing sector. This fund will enable co-ops to and non-profits to act in real-time when market opportunities arise, preventing the loss of relatively affordable rental housing.

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<sup>5</sup> Focus Consulting. Why Canada needs a non-market rental acquisition strategy. May 2020.

<sup>6</sup> August, Martine. 2022. *The financialization of multi-family rental housing in Canada: A Report for the Office of the Federal Housing Advocate*. The Office of the Federal Housing Advocate.



### **Recommendation 3: Fully fund a For-Indigenous, By-Indigenous approach to the Urban, Rural, and Northern Indigenous Housing Strategy**

Indigenous housing is a key component of federal housing investments. The Government of Canada is currently undertaking a procurement process to establish an Indigenous-led National Indigenous Housing Centre. A fully funded Urban, Rural, and Northern Indigenous Housing Strategy with an Indigenous long-term delivery partner, such as the National Indigenous Collaborative Housing Inc. (NICHI), is essential.

To date, NICHI leads the For-Indigenous By-Indigenous funding program of \$281.5 million to address local needs for adequate and affordable housing in urban, rural, and northern areas. This funding is meant to support the over 80 per cent of First Nations, Inuit, and Métis people who live away from their traditional communities.<sup>7</sup> However, the National Housing Strategy has only allocated two per cent of its funding to Indigenous communities living off reserve.

The community housing sector stands behind Indigenous housing organizations to have the ability to administer programs through their own institutions, as per the UN Declaration of the Rights of Indigenous People.

### **Recommendation 4: Protect 400,000 households by permanently investing in rental assistance programs**

Federal housing investments in programs like rental assistance are as important as increasing housing supply and cannot be forgotten in this conversation.

Rental supplements provide affordability and security for low-income households and co-op members over the long term, regardless of where they live. Our existing community housing stock requires modest rental assistance programs, 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. However, this rental assistance is set to expire in 2028.

Without an extension of this program, nearly 400,000 low-income households are at risk of losing their homes. The federal government should renew rental assistance programs like the Federal Community Housing Initiative and the Canada Community Housing Initiative by making them permanent components of federal funding for housing nationwide.

Rental assistance cannot sunset in 2028. About one-quarter of households in co-ops rely on FCHI assistance to affordably pay their housing charges (rent). Because the housing charges in co-ops are so much lower than in the private rental market, the cost to government for this

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<sup>7</sup> National Indigenous Housing Collaborative Incorporated. "[FAQs](#)" (accessed December 7, 2023).



subsidy is also substantially lower. This is a cost-saving program for governments and must be continued to help make life affordable for low-income households.

The timeline of the federal rental assistance program coincides with the current timeline of the National Housing Strategy, 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 important security and confidence, which will also help them secure refinancing for renewal and even development.

## Ready to grow

The co-operative housing sector is well-positioned and ready to collaborate with public, private, and non-profit partners to grow the next generation of co-op housing in Canada, through development and acquisition. We look forward to continuing working together with the federal government to pursue further housing investments and develop new co-op homes across the country.

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## About CHF Canada

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 over 250,000 people who reside in every province and territory. Our organization remains committed to being a key partner in increasing access to affordable housing for all Canadians through the construction and growth of new co-op homes.