



Co-operative Housing
Federation of Canada
ONTARIO REGION

2023 Ontario
Pre-budget submission

TIME FOR ACTION: Solving Ontario's affordable housing crisis

RECOMMENDATIONS

- 1 CREATE AT LEAST** 99,000 permanently affordable co-op and non-profit homes over the next 10 years.
- 2 ENSURE** the new Service and Exit Agreement framework for co-ops and non-profits delivers on providing better homes and a more efficient system.
- 3 DEVELOP** and **FULLY FUND** a for-Indigenous, by-Indigenous urban, rural, and northern housing strategy



The housing crisis in Ontario

The housing crisis in Ontario continues to affect communities and households across the province.

Increasing the housing supply to meet demand is important to moderate both purchase prices and rent levels. Most recently, Scotiabank released a report that makes the case for doubling the number of social housing units in Canada from 655,000 to 1.3 million. Such an action would be “a modest start” to bring Canada’s social housing stock in line with OECD peers. But critically, a plan to drive more supply must be inclusive of all needs and income levels. The report’s rationale for such a dramatic investment is based on a number of important factors, including that “for most Canadians, rising shelter costs come at a hefty opportunity cost.

For low-income Canadians it represents an impossible dilemma. Market-priced housing will likely never be affordable for a serious share of households – and easily those in the lowest income quintile – based on current trajectories.”¹

The affordability challenges and lack of housing options for low-and moderate-income renters in Ontario is a key driver for this call to action, as we have seen affordable, secure housing options deteriorate. In Ontario, renters in the first income quintile, the lowest 20 percent of incomes, need an additional \$1,000 a month to afford the average two-bedroom market rent in the province. Renters in the second income quintile need an additional \$600 a month. This rent affordability gap is based off the average rents paid in Ontario, not the asking rents, which are significantly higher. In January 2023, the average asking rent in Ontario was \$2,457 per month, a 21.3 percent increase compared to last year, and nearly \$2,000 a month more than renters in the lowest income quintile could afford.²

This problem is felt across the province in communities large and small; Canada Mortgage and Housing Corporation’s (CMHC) 2022 Rental Market Report found that in 10 of the 11 Ontario-based regions included in the report, there were so few units affordable to renters with the lowest 20 percent of incomes, they could not reliably report on them.³



Minister Clark visits Whiteoak Heritage Co-op in London.

1 Young, R. *Canadian Housing Affordability Hurts*. Scotiabank Global Economics: Insights & Views. January 18, 2023. scotiabank.com/ca/en/about/economics/economics-publications/post/other-publications.insights-views.social-housing--january-18--2023-.html

2 Rentals.ca. *January 2023 Rent Report*. January 2023. rentals.ca/national-rent-report

3 The report found that 3 percent of rental units in the London CMA were affordable to renter households with the lowest 20 percent of incomes. In Belleville, Toronto, Kingston, Peterborough, Kitchener-Cambridge-Waterloo, Hamilton, Sudbury, Ottawa, St. Catharines and Windsor, the number of units affordable to these households was so small that CMHC could not reliably report on them. In contrast, 23 percent of rental units in Montreal were affordable to these households, 13 percent in Edmonton, and one percent in Vancouver. Canada Mortgage and Housing Corporation. *Rental Market Report: Canada and selected markets*. January 2023. cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres

The real world impact of the lack of affordable housing is experienced by low- and moderate-income households as unbearable rent increases, renovations, and increased food bank usage. Hundreds of thousands of workers who are employed full-time still cannot find an affordable place to live.⁴ For those most precarious, the lack of affordable housing is driving a significant increase in the number of people experiencing homelessness. For example, in the Region of Waterloo, the number of people experiencing homelessness tripled between 2018 and 2021⁵.

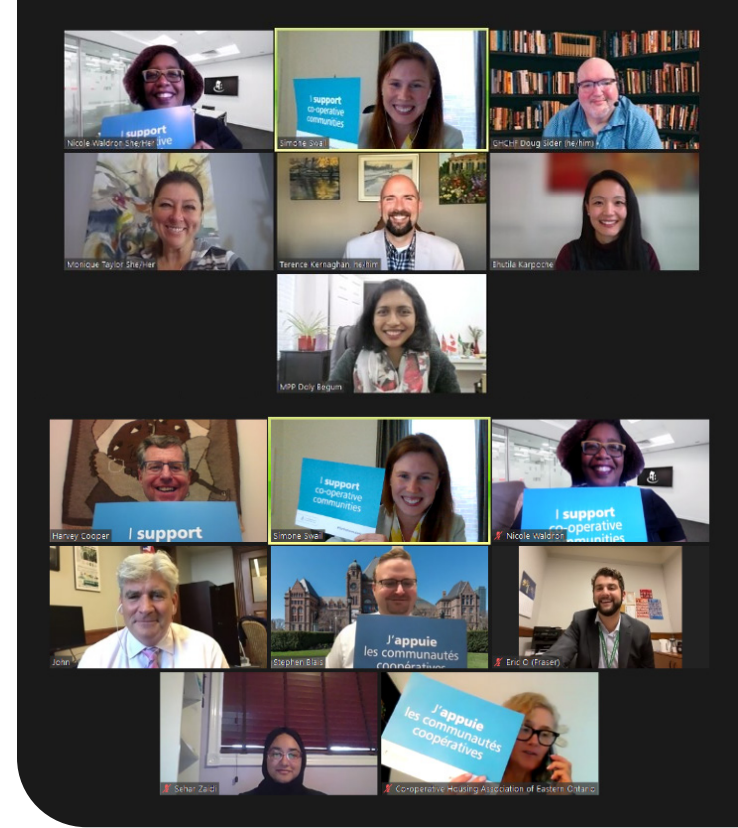
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As the Scotiabank report notes, “The moral case to urgently build out Canada’s anemic stock of social housing has never been stronger. The economic case is equally compelling.”⁶

The housing problems we face require solutions from all orders of government. In the past six months both the Provinces of Nova Scotia and British Columbia have established new standalone funds to increase the number of affordable homes. Ontario should follow their lead, and return to its historic role in building and supporting affordable housing. It’s time for action again.

Co-operative housing in Ontario

For low- and moderate-income Ontarians most negatively impacted by the housing crisis, housing co-ops are an important part of the solution. **Co-ops offer an alternative to renting or buying for young families, seniors, new immigrants and others caught in our housing crisis.** Co-op housing offers the security of ownership. There is no outside landlord who might sell, move in or has an incentive to renovict. Co-op member ownership means that the members have a say how over how their community is run.



MPPs meet with housing co-op representatives.

4 Canada Mortgage and Housing Company. Socio-Economic Analysis: Labour Market Outcomes and Incomes of Households in Core Housing Need. June 2021. cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/research-reports/housing-needs/labour-market-outcomes-incomes-households-core-housing-need

5 The Point in Time Count, conducted in September 2021 by the Region of Waterloo, found a total of 1,085 people experiencing any type of homelessness up from 333 in 2018. kitchener.ctvnews.ca/homelessness-nearly-triples-in-waterloo-region-over-past-three-years-survey-1.5650868

6 Young, R. *Canadian Housing Affordability Hurts*. Scotiabank Global Economics: Insights & Views. January 18, 2023. scotiabank.com/ca/en/about/economics/economics-publications/post/other-publications.insights-views.social-housing--january-18--2023-.html

The value of non-profit co-operatives is never more apparent than in a housing crisis like we are currently experiencing. A recent report commissioned by CHF Canada found that in the 5 major Canadian cities studied, the housing charges (rents) in federally-developed housing co-ops became more affordable over time, and dramatically more affordable compared to similar market rental units in housing markets experiencing rapidly increasing rents. In Toronto co-op apartment rents were at about 70-80% of market until 2016, this gap widened to 60-70% of market by 2020-21. For a 1-bedroom unit, that meant that the average co-op rent was initially \$160 lower than the average private market rent and by 2020-2021 the gap had widened to \$452. In Ottawa, the average monthly 2-bedroom co-op rent was about \$200 lower than a comparable private market unit in 2016, and \$525 lower by 2020-2021.⁷

This makes co-ops an increasingly important source of housing affordable to low- and moderate-income earners, particularly in large urban centres. The individuals and families living in co-ops tend to have lower than average incomes, so the affordability of co-op homes has a significant impact.

CHF Canada wants to work with the province to offer more Ontarians the opportunity to live in co-op housing.

The vast majority of the 44,000 co-operative homes across Ontario were built through partnerships between local communities and the federal and provincial government, primarily between the 1970s to 1990s. The long-term payoff of the public investment

which supported their construction and operation in their early years is clear: permanently affordable homes, that enable people to put healthy food on the table and save for their children's education, along with living securely.

CHF Canada wants to work with the province to offer more Ontarians the opportunity to live in co-op housing. After a 25-year period of severely limited growth, a renewed partnership is needed so that more low- and moderate-income Ontarians can find good-quality, stable affordable housing, and existing community housing (co-ops and non-profits) are able to operate efficiently and are preserved as a long-term public asset.



⁷ Suttor, G., Odogwu, C., & Falvo, N. *The Co-op Difference: Comparing co-op and market rents in five Canadian cities*. 2022. chfcanada.coop/wp-content/uploads/2022/11/The-Co-op-Difference-report.pdf

1

CREATE AT LEAST 99,000 new permanently affordable co-op and non-profit homes

Much like the broader housing supply crisis, decades of underinvestment have led to an affordable housing supply crisis in Ontario.

Ontario needs a new, made in Ontario, affordable housing program, that supports the development of new co-op and non-profit homes for low- and middle-income households, and the acquisition of existing private rental housing. The government has taken significant action to increase the market housing supply in Ontario. But without similar commitment to co-op and non-profit housing, those most negatively impacted by the housing shortage may never benefit from this action.⁸ Housing co-ops and non-profits are uniquely positioned to maintain this affordable housing for the long-term and ensure that it continues to support low- and middle-income households. Based purely on population, Ontario's share of the 655,000-unit increase Scotiabank has called for would be 248,900 units. The amount needed, however, is likely significantly higher based on the relative proportion of households in core housing need in Ontario, and the province's expected population growth particularly through immigration. The 99,000 units proposed represents Ontario's contribution to the solution of the housing crisis. The province should at the same time push the federal government to support the creation of the remaining 149,900.



Building a new generation of co-op housing in Ontario

If we want the security, community and perpetual affordability that housing co-ops offer as part of the supply mix that will set Ontario on a pathway out of the housing crisis, we are going to need to build the *next generation* of co-op housing.

The 2022 Federal Budget launched 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. The budget also committed the federal government to working with the Co-operative Housing Federation of Canada, and the co-op housing sector broadly, to co-design the new program.

Given the housing need in Ontario, the province should look to partner with CHF Canada to expand the reach and impact of this new program in Ontario.

⁸ In Ontario, we continue to see the loss of the most affordable private rental housing units. As new supply enters the market it is typically affordable to only the upper income quintiles. With a significant increase in supply we can expect some filtering and reduced demand for rental units affordable to middle income quintiles. However, because of the ongoing loss of the most affordable rental units, and the gap between what the first and second income quintiles can afford and the average market rent, many experts agree that it would take a generation of building new supply flat out before these income quintiles benefited. Scotiabank 2023 Affordable Housing Summit. Panel Discussion. Boots on the Ground – 2021 Panelists Speak to the Changing Landscape. January 25, 2023.

CHF Canada proposes to work with the province to devise a new affordable housing program to complement the Housing Supply Action Plan and target those who will experience limited benefit from the increase in market housing supply. The program should include funding for new development and acquisition, similar to British Columbia’s new Rental Protection Fund⁹; an acquisition fund should be designed to help co-ops and non-profits to purchase relatively affordable private market housing so that it can be preserved for the long-term.

An acquisition fund, as a part of an affordable housing strategy, is important because it helps protect relatively affordable homes from speculation and is often a more affordable option than new construction, especially in today’s economic context. The affordable housing sector has recently been joined by Scotiabank and other private sector actors in calling for this approach.

The loss of existing relatively affordable private market housing has been exacerbating our housing crisis. A recent analysis of the 2021 Census data by the Wellesley Institute, found that in the past five years, the GTA lost 27 percent of its private rental apartments that were affordable to households earning less than \$60,000 a year, or 130,000 rental units that were available for under \$1,500 a month.¹⁰

The provincial government and its subsidiaries have significant real estate assets in every region of Ontario, often in ideal transit-connected areas with the potential to add significant density.

A significant number of the housing co-ops in Ontario were once private market housing that with government assistance were purchased and converted into co-ops. The province should work with co-ops and non-profits to develop an acquisition fund so that they can act when opportunities arise to prevent the loss of these relatively affordable homes.

The province should also take serious action towards providing surplus provincial land to co-ops and non-profits for the development of new community housing. A strategy is needed to leverage all crown agencies’ and enterprises’ real estate assets, such as Metrolinx and the LCBO, to develop affordable housing. The provincial government and its subsidiaries have significant real estate assets in every region of Ontario, often in ideal transit-connected areas with the potential to add significant density. These assets should be better leveraged to increase the supply of housing that is least likely to be produced by the private market – housing that is affordable to low-and moderate income households. By leveraging land assets, air rights and partnering with existing non-profit and co-operative housing providers, the government could significantly reduce the cost of developing new affordable housing and generate a long-term public asset.



Associate Minister of Housing Michael Parsa visits Ramers Wood Co-op in Markham.

⁹ The 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 listed for sale to protect the renters who are living there and safeguard those rental units for the longer term.

¹⁰ Sheppard, C.; Leon, S. & Balasubramaniam, A. *Erosion of Affordable Rental Housing in Toronto: Findings from the 2021 Census*. October 2021. wellesleyinstitute.com/housing/erosion-of-affordable-rental-housing-in-toronto-findings-from-the-2021-census

2

ENSURE the new Service and Exit Agreement framework for co-ops and non-profits delivers on providing renewed homes for future generations and a more efficient system.

In March 2022, the province announced new regulations under the *Housing Services Act (HSA)* that clarified that municipal service managers will remain responsible for funding rental assistance for low-income households in HSA housing co-ops once the co-op's original mortgage is paid off.

These new regulations have the potential to be a turning point for 21,000 co-operative homes across the province. In particular, if implemented fairly, they should allow co-ops to seek private sector lending in order to undertake needed capital repairs to renew these homes for future generations while protecting housing affordability for low-income households.

For this to be possible, co-ops and non-profits need to be able to have a real negotiation with their service manager based on a solid financial plan for the community that addresses the long-term capital needs.

With 47 different municipal service managers across the province and over 600 co-ops and non-profits affected, it is important that the province continues to play a role as system steward to ensure the new system is fair and delivers on the promise of efficiency and better homes for residents that is the basis of Community Housing Renewal Strategy.

These new regulations have the potential to be a turning point for 21,000 co-operative homes across the province, and allow co-ops to seek private sector lending in order to undertake needed capital repairs to renew these homes for future generations.



3

DEVELOP and FULLY FUND a for-Indigenous, by-Indigenous urban, rural, and northern housing strategy.

CHF Canada joins the call of the Ontario Non-Profit Housing Association Indigenous Caucus and others to develop and fully fund an Indigenous urban, rural and northern housing strategy for Ontario.

Nearly one in five Indigenous households in Ontario experience core housing need. Indigenous people also disproportionately live in housing that is overcrowded, in need of major repairs, and is not culturally appropriate.¹¹

A fully funded for-Indigenous by-Indigenous urban rural and northern housing strategy is needed to address the housing disparity experienced by Indigenous people and the lasting impacts of racism, colonialism, and intergenerational trauma.



Nearly one in five Indigenous households in Ontario experience core housing need.

¹¹ Based on 2016 Census Data. Ontario Non-Profit Housing Association. *Urban and Rural Indigenous Housing Plan for Ontario*. 2020. qc.onpha.on.ca/2020/06/onpha-launches-ontarios-first-ever-urban-rural-indigenous-housing-plan

Conclusion

As Ontario's Community Housing Renewal Strategy notes, "when people have the housing they need, they have better health, education and employment outcomes." Unfortunately, low- and middle-income Ontarians are facing the worst housing market in a generation. The recent changes in the More Homes Faster Plan should make it easier to build new housing in the province. This housing, however, will not be affordable to low-income households. To address the housing needs of low- and moderate-income households, a renewed partnership with co-ops and non-profits is essential.

We must also ensure our existing affordable housing communities, home to over 268,000 households can continue to provide good-quality homes for the future. These homes were developed over decades on a scale that has not been replicated in over 30 years. These communities need to be financially viable and in a position to renew their buildings so that they can continue to provide vital housing for low- and moderate-income households.

The co-op housing sector is ready to work with the Province, to follow through on these recommendations, and to help ensure that every Ontarian has a decent, affordable place to call home.

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. In Ontario we represent 550 co-ops, **home to 125,000 people**. 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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