



Unlocking Co-op Housing in Ontario

CHF Canada's 2026 Pre-Budget Submission



Co-operative Housing
Federation of Canada



Introduction

Now more than ever, families in Ontario are looking for affordable, secure and community-oriented housing. Co-operative housing has an over 50-year track record of providing exactly that. In Ontario, there are 550 non-profit housing co-ops, home to approximately 125,000 people. These co-ops are found in towns and cities across the province.

Non-profit housing co-ops are a unique form of housing where there is no outside landlord. They are owned and democratically controlled by their members, who elect boards of directors and hire staff to manage operations. Because they are non-profit, co-ops set housing charges (rent) based on what it costs to run and maintain their homes over the long-term, which keeps them affordable. Co-ops are inclusive, mixed-income communities welcoming anyone who is ready to accept the terms of membership.

Across Ontario, non-profit housing co-ops are building again largely due to federal investment, especially from the federal Co-operative Housing Development Program and municipal support. This program is providing vital, new affordable homes for those with low, moderate and middle incomes while protecting jobs in the hard-hit residential construction industry. With the support of the province in Budget 2026, Ontario's co-op housing sector could unlock even more housing, helping to address the long-standing backlog of affordable housing to meet the needs of Ontarians.

Unlock co-op housing to protect and create the affordability Ontarians need. CHF Canada recommends the government:



Preserve existing co-operative homes by ensuring that the implementation of the provincial service agreement framework is fair for everyone

Over 250 Ontario co-ops, representing over 21,000 homes, are legislated as part of the provincial Housing Services Act (HSA). These co-ops, along with HSA non-profits, were originally developed by the province and later downloaded to the municipal Service Managers.

In 2022, Ontario introduced a new regulatory framework that updated how municipal Service Managers and HSA housing providers (the co-op or non-profit) work together once their original mortgages end. The framework, among other things, was meant to: confirm that Service Managers would continue to fund rental assistance for low-income households who join the co-op or non-profit from municipal social housing waitlists; and provide greater flexibility for both parties when negotiating new agreements that would support better housing outcomes and growth.

Since the framework's release, CHF Canada and regional federations have supported co-ops as they negotiate new service, exit, or interim agreements with Service Managers. While some Service Managers have implemented the regulations fairly and have been strong partners with the co-op and non-profit housing providers, others have not—finding loopholes that threaten co-ops' financial stability and community well-being.

These Service Managers can do this because the provincial regulations leave co-ops and non-profits under the existing HSA funding formula until they sign a service or exit agreement with the Service Manager. The HSA funding formula can reduce the total annual subsidy to these communities to \$0 once the first mortgage is paid off. At the same time, the co-op or non-profit continues to be mandated to provide 75 percent of their homes to households on municipal housing waitlists and who pay a rent geared to their income. This funding formula also does not consider the co-op or non-profits capital repair backlog – this puts the building at risk.

Because interim rental assistance funding is not required by the regulations, in the regions where the Service Manager has not stepped forward with it, it has created an imbalance in the relationship between the Service Manager, and co-op/non-profit housing providers. Providers have reported being pressured to sign a new service agreement so that they stop falling behind every month, even if they have real concerns about the agreement and may even contradict provincial regulations.

CHF Canada urges the province to:

- ▶ **Increase oversight** to ensure all Service Managers comply with the regulations, particularly on funding agreements for co-ops and non-profits.
- ▶ **Guarantee full interim funding** for rental assistance while new agreements are being negotiated. Some co-ops and non-profits have waited up to three years for negotiations to begin, losing hundreds of thousands of dollars needed to support low-income households and keep the building in good working order.
- ▶ **Enable refinancing** so co-ops and non-profits can repair aging buildings and develop new affordable homes.

Both CHF Canada and the Ontario Non-Profit Housing Association have highlighted that with clear direction and consistent implementation of the Service Agreement framework, Ontario can realize its intention and stabilize existing affordable housing, reduce repair backlogs, and unlock growth potential to meet Ontario's urgent housing needs.



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Partner with the co-op sector to build the next generation of co-op homes

Ontario needs a critical shift towards building more affordable co-op housing to address the province's longer-term housing needs.¹ With substantial federal investment in co-op housing committed and anticipated, the province has a unique opportunity to leverage federal investments in co-op housing to build even more affordable homes, to meet the needs of Ontarians shut out from the private market.

A recent analysis by Deloitte found that if Ontario increased the share of co-op and non-profit housing to the OECD average, as has been called for by major financial institutions and others, it could boost productivity by up to 9.5% and add \$50.3 billion to the province's GDP.²

Creating new affordable housing could also play a role in protecting essential residential construction industry jobs and supporting local supply chains during a time of retrenchment in the private sector. This approach is not new. It is an economic lever that was last used by the federal government during the 2008 recession to successfully boost the economy and support the housing industry while creating lasting community assets. As the province experiences significant job losses in the residential construction industry³ now is the time for a similar approach by the province of Ontario.

To build more affordable housing at scale, CHF Canada recommends the province:

- ▶ **Expand Building Ontario Funds' mandate to establish a \$150M Affordable Housing Construction Guarantee Program.** To deliver large scale projects, current federal affordable housing programs typically need a capital stack that includes private lending. Major financial institutions, however, are typically reticent to lend to community housing providers for construction due to perceived risk and a lack of recent underwriting history. By providing a partial guarantee (up to 20% of Loan-to-Value) to private sector lenders, the province can

provide the necessary credit enhancement to lower the risk profile of co-ops wanting to develop, allowing banks and pension funds to underwrite the construction loan. This guarantee would be temporary. Upon construction completion and stabilization (approx. 36 months), the co-op would refinance with conventional long-term debt, releasing the Build Ontario Fund (BOF).

Without a provincial backstop, these projects are at risk of stalling, and federal funds for affordable housing are at risk of being reallocated to provinces where provincial co-investment mechanisms already exist including BC and Quebec. Providing an Affordable Housing Construction Guarantee Program could help deliver thousands of new homes with construction starting in the Summer of 2026, while respecting taxpayer dollars by utilizing the provincial balance sheet to drive growth rather than increasing the deficit through grants.

- ▶ **Remove barriers** that prevent the BOF from fulfilling its mandate to provide low-cost loans for affordable housing. Despite active projects, affordable housing proponents have had little success accessing the fund. The government should identify these barriers and have BOF partner with organizations like CHF Canada to make the program effective.
- ▶ **Create a revolving pre-development fund** for co-op and non-profit housing providers to help spur further development.
- ▶ **Provide surplus or underutilized provincial land** to co-ops and non-profits at little or no cost.
- ▶ **Offer incentives** to municipalities that meet or exceed affordable housing targets through the Build Faster Fund.

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Develop and fully fund a for-Indigenous, by-Indigenous urban, rural, and northern housing strategy

According to Statistics Canada, nearly one in five Indigenous households in Ontario experience core housing need. 85 percent of Indigenous people in Ontario live off reserve. In Northern Ontario, 45 percent of the population experiencing chronic homelessness is Indigenous.⁴ Indigenous people in Ontario also disproportionately live in housing that is overcrowded, in need of major repairs, and is not culturally appropriate.

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. Based on the proportion of Indigenous households in core housing need and experiencing homelessness, that strategy should ensure at least 55,000 new deeply affordable homes, as well as a minimum of 12,000 moderately affordable homes are created, and that existing Indigenous affordable housing is repaired for future generations.⁵ Creating and repairing this housing will require developing support programs, ensuring cultural recognition and support, and a deep engagement with the Indigenous community housing sector.

Conclusion

CHF Canada is ready to partner with the province to create lasting homes and communities at the scale and speed that the province needs and to strengthen our existing affordable housing communities. The housing challenges Ontario faces are solvable. Scaling up co-op housing is a strategic investment in Ontario's future that will support the province's growth and economic resiliency.

Co-op housing is built to last, with purpose to scale, and delivers value for generations. We look forward to continuing dialogue on how co-op housing can help build a better, more affordable path forward for all Ontarians.



Notes

¹In August 2025, CHF Canada and the United Way Greater Toronto released a new research report *Built for Good* that detailed what it would take to eliminate core housing need in Ontario by 2035. The plan focused on three main pillars: developing deeply affordable homes through new co-op and non-profit development and portable housing benefits for low-income households; keeping existing homes affordable through acquisition and repair; and developing new moderately affordable homes. United Way Greater Toronto, CHF Canada and SHS Consulting. *Built for Good: Delivering the Housing Ontario Needs*. August 2025. <https://www.unitedwaygt.org/our-work/public-policy-and-mobilization/built-for-good/>

²Canadian Housing and Renewal Association. *Economic Study: The Impact of Community Housing on Productivity*. November 2023. https://chra-achru.ca/wp-content/uploads/2023/11/Community-Housing-and-Productivity-Study_final.pdf

³The Canadian Press. *Housing starts in much of southern Ontario down in first nine months of 2025: report*. December 1, 2025. <https://www.ctvnews.ca/toronto/article/housing-starts-in-much-of-southern-ontario-down-in-first-nine-months-of-2025-report/>

⁴Association of Municipalities of Ontario. *Municipalities Under Pressure: The Growing Human and Financial Cost of Ontario's Homelessness Crisis*. January 2025. <https://www.amo.on.ca/sites/default/files/assets/DOCUMENTS/Reports/2025/2025-01-08-EndingChronicHomelessnessinOntario.pdf>

⁵Estimates based on research from *Built for Good*. United Way Greater Toronto, CHF Canada and SHS Consulting. *Built for Good: Delivering the Housing Ontario Needs*. August 2025. <https://www.unitedwaygt.org/our-work/public-policy-and-mobilization/built-for-good/>





About CHF Canada

CHF Canada is the national voice of co-op housing, representing over 2,200 co-operatives, home to a quarter of a million people in every province and territory. In Ontario, alongside the five regional co-op housing federations, we represent more than 550 non-profit co-ops, home to approximately 125,000 people.

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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