



The CO-OPERATIVE HOUSING FEDERATION of Canada

Budget 2016 Submission

You hold the key: What's needed to fix co-op housing

Introduction

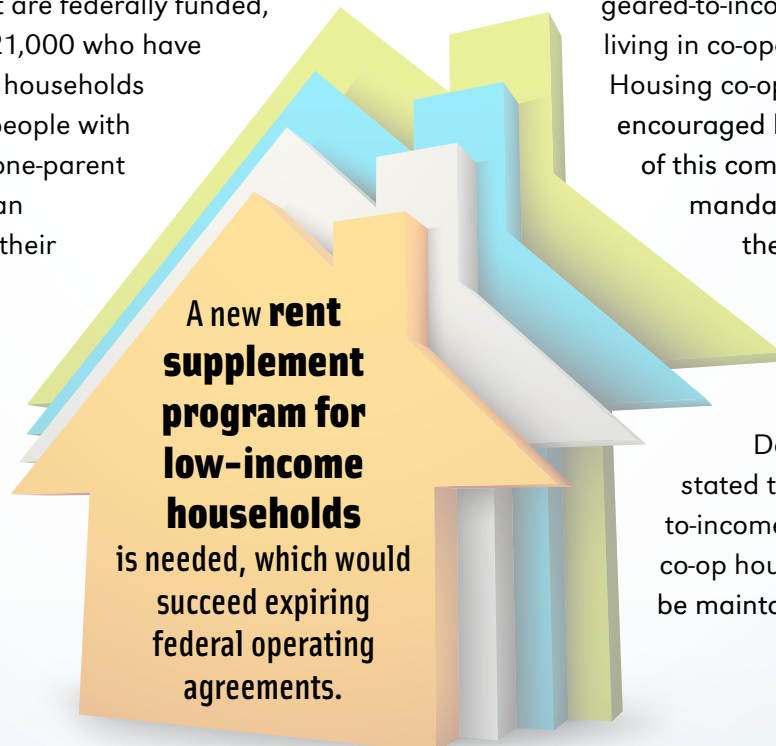
For the past 50 years, Canada's housing co-operatives have successfully provided good quality housing to 90,000 individuals and families in communities across Canada. Of those, 62,000 live in housing co-ops that are federally funded, including approximately 21,000 who have low incomes. Low-income households living in co-ops—seniors, people with disabilities, newcomers, lone-parent families and others—pay an affordable rent based on their income through funding from government the co-op receives. But this funding is ending. Without help, the co-ops in which low-income Canadians live will be unable to provide affordable rents.

Because funding agreements are now expiring in large numbers, a new sense of urgency surrounds this issue. In its 2015 election platform, the Liberal Party committed to continued funding for rent-geared-to-income households living in co-operatives.

Housing co-ops were further encouraged by the reiteration of this commitment in the mandate letter from

the Prime Minister to the Minister of Families, Children and Social

Development, which stated that rent-geared-to-income subsidies for co-op housing members be maintained.



PROTECT CO-OP HOUSING

YOU HOLD THE KEY!

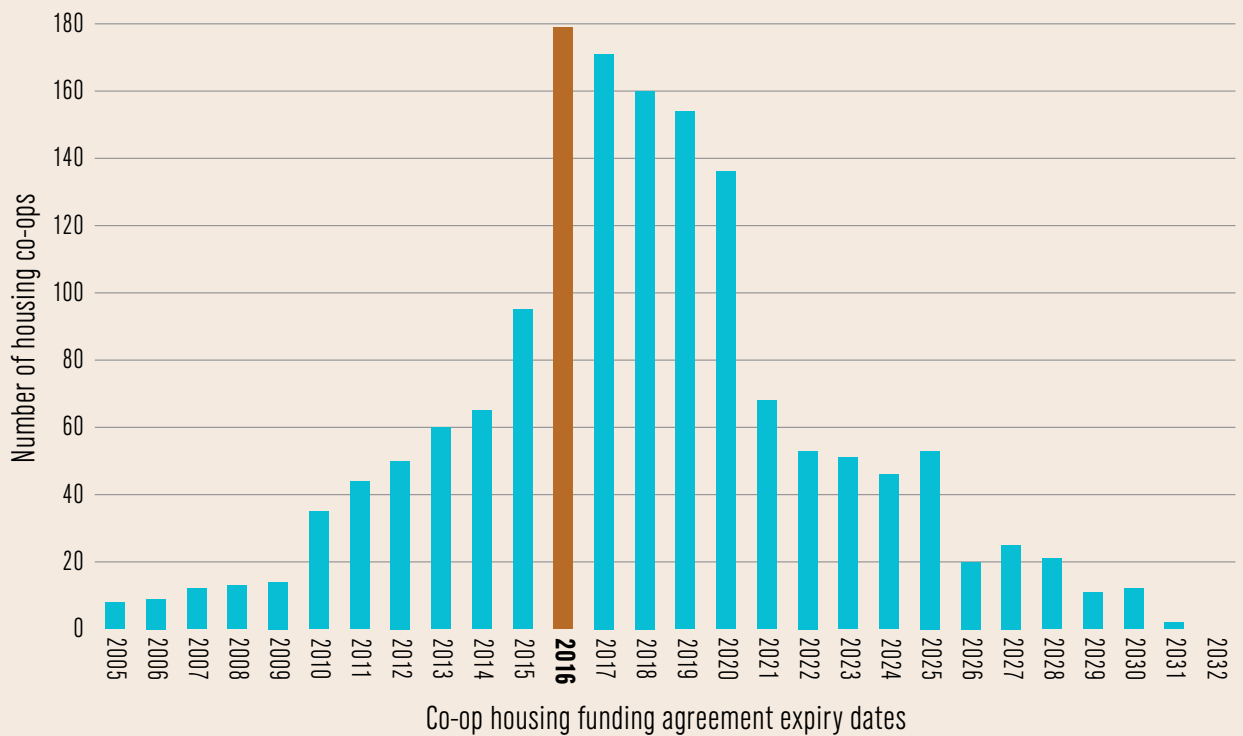
On behalf of housing co-ops, the Co-operative Housing Federation of Canada (CHF Canada) is proposing a specific solution to this imminent crisis, which would reflect the commitment in the mandate letter. A new rent supplement program for low-income households is sought, which would succeed expiring federal operating agreements. The program would be delivered by provinces and territories, in keeping with the current responsibility provinces and territories hold for affordable housing. Federal funding is critical to its success, but provinces/territories could also contribute.

If a new program is not put in place, most low-income households currently in living in co-ops will face considerable hardship, potentially outright

homelessness. It will be very difficult for these vulnerable individuals and families to find an alternative home they can afford if they no longer have a subsidized co-op home. Average rental charges in the private market in most Canadian cities are out of reach for households in the lowest income bracket. There are very long waitlists for other social housing—over 10 years in some cities.

Background

Co-op housing occupies the space between renting and owning, in a mixed-income community. People who live in housing co-ops are members and hold a share in the co-op, but it is not equity generating because housing co-ops are not-for-profit organizations. Rather, people



choose to live in a housing co-op in order to have an affordable and secure home, over which they collectively make decisions. CHF Canada is the organized voice of Canada's housing co-ops.

The majority of housing co-ops were developed between 1972 and 1992. The 62,000 federally developed co-op homes are part of the more than 600,000 homes developed through the federal government's overarching social housing program, which ended in 1992. The remaining 540,000 homes are delivered by other non-profit and public housing providers.

Funding that enables co-ops to support low-income households is provided through long-term federal agreements (normally between 35 and 50 years). These agreements have already begun to expire, and the number of co-ops facing expiries will quickly accelerate in the next two to three years.

The co-ops that have already had their funding end are facing serious challenges because they do not generate sufficient rental revenue to be able to continue subsidizing the low-income households that live in the co-op. While some are using what savings they have to subsidize their low-income members while they can, they won't

be able to do so for the long term. In many of these cases, once low-income members leave the co-op, the unit will be rented to a market-paying household. Other co-ops have had no choice but to raise rents for their low-income members, unable to keep their buildings in good working order otherwise. In all cases, whether immediately or down the road, affordable, co-operative housing is being lost.

Although co-ops will have paid off their original mortgage at the same as the funding agreement ends, keeping the co-op building in good working order will require most take out a new mortgage. So while co-ops can leverage their asset and take out a new mortgage in order to undertake these needed repairs, they cannot afford to do both this and support low-income members by subsidizing rent.



Above: Lynn McIntyre (pictured right, with scarf), from Spruce Court Housing Co-op in Toronto's Cabbagetown says that without a subsidy she won't be able to afford her unit.

Left: Judith van Berkomp (centre, in red) with fellow members of Dovercourt Housing Co-operative in Ottawa. (EOA 2019)

The solution

Ottawa should transfer funding streams to the provinces/territories for a new long-term rent supplement program that the provinces/territories will deliver. The program—no matter how it is developed and delivered by provinces/territories—should adhere to the following parameters in order for it to be effectively used by co-ops, who will in turn support low-income households:

- This new program needs to be specifically earmarked for co-ops;
- At minimum, low-income households currently receiving a rental subsidy in co-ops need to be prioritized in the new program;
- At minimum, the program should ensure that the same number of low-income households in a co-op will be supported in the future (if a low-income household moves out, another can move in, even if in a different unit); and
- Rental assistance should be provided on a geared-to-income basis, or an equivalent which ensures an equally deep level of support so households are paying no more than 30% of income towards rent.

Social infrastructure: Beyond protecting what we have

Protecting the vulnerable individuals and families who currently have safe and affordable co-op homes is a priority for Canada's housing co-operatives. But with 1 in 4 households paying more than 30% of their income towards housing—an accepted benchmark of affordability—housing co-ops are also prepared to deliver more affordable housing, if a broader federal program to support the development of new co-operative housing was developed.

Co-ops are also looking for opportunities to improve their buildings through repair, modernization and retrofit, especially if in doing so they will be able to reduce their environmental footprint and

play a role in contributing to Canada's overall sustainability goals. With many having completed asset management plans, the repair and renewal projects that co-ops would be able to undertake with a federal investment in this area are both shovel-ready and shovel-worthy.

Conclusion

Co-op housing is facing a potential crisis. Co-ops are no longer assured of the federal funding they need to ensure their low-income members are paying a rent that is affordable to them. They do not know what to tell their low-income members who are worried they will be forced to pay more for their home, leaving little, if any, leftover for food, transportation and other necessities. That is, if they can find a way to stay in their co-op home at all. Some co-ops have already had their funding end, and this process will only accelerate.

A new rent supplement program which would replace expiring funding agreements will solve this crisis, which would be consistent with the mandate letter received by the Minister of Families, Children and Social Development.

Once existing households are protected, Canada's housing co-ops are ready to get to work, leveraging their expertise and experience in creating and delivering affordable housing, in order to repair, green-up and add to the stock of affordable housing in communities across Canada.

For more information contact

Dallas Alderson, Program Manager
Policy and Government Relations
CHF Canada
613.230.2201 ext. 222
800.465.2752 ext. 222
dalderson@chfcanada.coop
www.chfcanada.coop
www.protectcoophousing.ca