



Financialization of housing

PROPOSALS to the Standing
Committee on Human Resources, Skills Development, Social
Development and the Status of Persons with Disabilities

Government of Canada

May 24, 2023



Table of contents

1. Who are we?	2
2. Canadian economic context and housing crisis	3
3. Why work together?	4
4. Vision: housing as a pillar of economic development	5
5. Proposals for 2023	5



1. Who are we?

The Alliance des corporations d'habitations abordables du territoire du Grand Montréal (ACHAT) is a group of collective real estate companies (non-profit owners, operators, and developers) like no other in the Quebec and Canadian social economy network. Our mission is to support our members in the search for innovations and the deployment of business strategies to significantly increase the supply of off-market affordable housing in perpetuity in Greater Montréal, for the benefit of local communities. ACHAT is a place for exchange and consultation, specialized research, and pooling of resources, whose purpose is to support the development of its members' organizational and financial capacities to develop a larger volume of affordable housing units, thereby contributing to a better structuring of the supply of affordable housing in the metropolitan area's residential market.

Our eight members (*Corporation Mainbourg, Espace La Traversée, Habitations Loggia, Hapopex, Interloge, SHAPEM, SOLIDES, UTILE*) have a non-speculative housing stock of 4,000 affordable rental units with a land value of over \$550M and currently have over 3,000 new units under development for 2023–2025. Our buildings, mainly located in Greater Montréal, are small, medium, and large; recent, old or heritage. We offer quality affordable rental housing (with specialized services in some cases) to families, seniors, immigrants, students, single parents, low-income people, people with mental health problems, social reintegration, people with disabilities, etc.

ACHAT, Alliance des corporations d'habitations abordables du territoire du Grand Montréal

1503 La Fontaine Street
Montréal, QC, H2L 1T7
info@achat-habitation.org
438-366-6757

Website (*English and/et français*)

achat-habitation.org



[@achathabitation](https://twitter.com/achathabitation)



[ACHAT - Alliance des corporations d'habitations abordables du territoire du Grand Montréal](http://achat-habitation.org)



2. Canadian economic context and housing crisis

Since 2017, the Government of Canada and Canada Mortgage and Housing Corporation (CMHC) have been implementing an ambitious National Housing Strategy (NHS), in which ACHAT and its members are already actively participating, in accordance with its broad principles focused on innovation and the rapid creation of affordable housing. In the Montréal region, we are currently engaged in discussions with several partners, such as the municipalities that are members of the Communauté métropolitaine de Montréal (CMM), the Community Housing Transformation Centre, the Lucie and André Chagnon Foundation, for example, all involved in the implementation of structural solutions to the housing crisis.

The business model that we propose to apply on a large scale offers immediate solutions to several known and documented issues arising from Canada's housing crisis:

- real estate speculation leading to an artificial increase in property values and a destructuring of the supply to meet the population's real needs;
- uncontrolled increase in rent prices, especially in urban centres;
- increase in abusive or illegal eviction schemes (*renovictions*);
- decline in rental housing stock in favour of temporary tourist accommodation (*such as airbnb*);
- decreased purchasing power of low- and middle-income households;
- relocation of essential workers on the periphery of urban centres (*sprawl*);
- increased economic insecurity and homelessness;

Given this worrisome context for the future of Canadians, our collective companies guarantee that they will not replicate or exacerbate these trends that are harmful to the national economy. Moreover, they are resilient in times of economic crisis, cannot be sold to foreign or speculative interests, and their presence contributes greatly to maintaining a healthy and balanced real estate market.

Progress report and statement of the Montréal abordable initiative released on April 12¹

On April 12, the Montréal abordable initiative (CMA)—which includes representatives from the private, community, union, and public sectors—released a progress report and a statement that we believe should resonate elsewhere in Quebec, where housing supply and affordability are also concerns.

¹ <https://montreal.ca/en/articles/montreal-abordable-initiative-creating-additional-affordable-housing-34118>



In the context of inflation and the housing crisis, the CMA proposes a breakdown of Montréal household incomes by quintile and tells us that it is the two most affluent quintiles that are currently able to afford housing at market prices with an affordability ratio of 30% of household income devoted to housing. Very low vacancy rates across Montréal and Quebec, and increases in new housing construction costs indicate that new homes for sale in the private market will be accessible only to an increasingly small portion of the population, while more and more people will have to cut their grocery, drug, transportation, and recreational budgets to absorb the rising costs of housing. The report also shows that for the lowest income household quintile, only a significant investment in social housing can adequately meet their housing needs and become the preferred tool for escaping poverty and the vicious circle of homelessness. The new homelessness that has been seen almost everywhere in recent years includes many people who still had a home not so long ago.

As for possible solutions, the CMA calls on all stakeholders to work together to remove the financial, permit issuance, regulatory, tax, and cost barriers, particularly for those involved in the creation of sustainable social and affordable housing. The first three proposals that are being put forward seem particularly relevant to the work of this Commission, namely, that the public apparatus should work to create sustainable affordable housing across the board (P1), that approval processes and regulatory frameworks promote the rapid creation of sustainable affordable housing (P2), and that differentiated zoning be made possible to create added value to sustainable affordable projects (P3).

3. Why work together?

a. We offer immediate solutions to address the housing crisis and NHS objectives

Despite the challenges facing our sector (labour shortages, rising construction costs, inflation, ever-changing funding programs), we are able to deliver affordable housing projects and grow faster year-over-year (we will go from a minimum of 4,000 to 7,000 units by 2025, and we could do more if the right conditions are met), while seeing a decrease in subsidy costs per door delivered through a portfolio approach.

b. We have extensive real estate, urban planning and social expertise

Our teams are accustomed to developing social and affordable real estate projects in partnership with municipalities and local stakeholders, be they community, political, commercial or citizen. We are familiar with housing issues in Quebec, as evidenced by several mandates in which we or our members are involved, and are accustomed to working closely with different stakeholders in the ecosystem.



c. We are agile, innovative, and committed to the common good

An effective non-profit human-scale organization complicit in the success of its partners, whether they be public, philanthropic, community or private.

4. Vision: housing as a pillar of economic development

ACHAT and its members propose, in partnership with all actors in the housing sector, to immediately make a major scale change to significantly increase the impact of our actions on housing. We propose, in the context of the Commission's consultations on land use planning for PL-16, as we did in the recent pre-budget consultations,² to set a target of 20% of Quebec's non-profit rental stock in order to ensure a definitive solution to the housing crisis. Our collective companies have reached a maturity level and size that enables us to use our real estate assets and expertise in an efficient manner, in partnership with governments and private and philanthropic financial actors. By increasing our supply of affordable, non-profit housing by a few thousand units a year, we are helping to structure supply in the marketplace in a sustainable way that is consistent with the public objectives of Canada, Quebec, and the municipalities in terms of land development, social development, public health, and climate action.

5. Proposals for Canada 2023

From the outset, we recommend continuing (and accelerating where possible) the implementation of the NHS. We agree with several of the visionary elements of the programs stemming from this national strategy and applaud the ambition of the government and CMHC teams to achieve it. Nevertheless, the following are some proposals to improve the partnership between the Government of Canada and actors in collective real estate such as ACHAT and its members:

- use the Canadian government's economic development tools to support the NHS; for example, create a real, affordable, not-for-profit housing industry, including industrial policies to help achieve the target of 20% of the Canadian housing market owned and operated by not-for-profit companies (NFPs or COOPs);

² <https://www.lapresse.ca/debats/opinions/2023-02-25/il-faut-au-moins-20-de-logements-sociaux-et-abordables.php>

http://www.finances.gouv.qc.ca/ministere/outils_services/consultations_publicques/consultations_prebudgetaires/2023-2024/memoires/Memoire_ACHAT.pdf

www.achat-habitation.org



- exempt new capital investments in affordable non-profit housing from GST, a measure that was in the 2015 liberal platform but was not implemented; for example, this measure would represent a \$1 million savings for a project of 168 affordable student housing units that we are currently developing in downtown Montréal. As an NFP, this type of saving is directly reflected in our ability to target the lowest possible rents for our future tenants;
- invest more in funding programs such as NHCF or RHI, make them more flexible, including by accepting acquisitions projects in the existing market and proceeding on a continuous reception, rather than by call, basis, and ensure that projects that are 100% affordable in perpetuity developed by NFPs are favoured rather than treated on an equal footing with private projects that include only a percentage of affordable housing for an uncertain time;
- provide financial support, now and in a flexible manner, for the organizational development of social economy collective real estate companies (NFPs and COOPs) in exchange for the objectives of increasing their housing stock and certain organizational performance parameters;
- financially support the replicability of the ACHAT model (training, strategy sharing) to help resolve the housing crisis across Quebec and Canada.

Please note that we would be delighted to discuss the ideas voluntarily summarized above with you, and to develop them further if they interest you. Please do not hesitate to contact the senior management of ACHAT for more information: Sébastien Parent-Durand, sparentdurand@achat-habitation.org, 438-373-2966