

Co-operative Housing: Ready to Build on Canada's Affordable Housing Investment



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For more than fifty years, the Government of Canada has played an important leadership role in helping community-based groups provide affordable housing for Canadians.

Recent governments, supported by opposition parties, have built on this legacy by delivering significant funding for affordable housing.

The Co-operative Housing Federation of Canada (CHF Canada) welcomed the initiatives in Budget 2009 for new affordable housing. Our member co-operatives need funding for renovations and energy-saving retrofits, and we appreciated the \$1 billion economic stimulus component for social housing renovations and retrofits.

These measures, as a badly-needed reinvestment in aging social housing stock, were warmly welcomed by CHF Canada.

CHF Canada and its 900 member housing co-operatives across Canada are ready to help achieve better value from these federal investments in housing, by linking funding for new affordable housing to measurable reductions in housing need. A framework is needed to ensure that federal dollars go as far as possible to help the four million Canadians who are now in core housing need.¹

We also believe that all parties should work together to ensure that Canada's social housing – especially the portfolio that is under direct federal control – continues to house as many low-income Canadians as possible. We count on all parties to publicly support the following proposals.

We recommend that the federal government:

1. Ensure full and transparent accountability for federal housing transfers to the provinces and territories by requiring measurable outcomes in housing need reduction

Although the majority of federal funding for housing is transferred to the provinces and territories, the federal government can and should call for clear targets for the reduction of housing need. The development of *new* co-operative and other not-for-profit homes specifically targeted to Canadians of low and moderate incomes will improve housing conditions in Canada, and demonstrate value for money in federal spending.

¹ CMHC describes core housing need as follows. The term “acceptable housing” refers to housing that meets the following standards: adequacy, suitability or affordability; **Adequate** dwellings are those that do not require any major repairs; **Suitable** dwellings have enough bedrooms for the size and make-up of resident households; and **Affordable** dwellings cost less than 30% of before-tax household income. A household is considered to be in core housing need if its housing falls below at least one of these standards and it would have to spend 30% or more of its before-tax income in order to pay for accommodation that is acceptable.

In particular, investment in new *co-operative* homes should be promoted. The expansion of existing co-ops represents the best long-term value for housing dollars, as successive government evaluations of co-op housing programs have demonstrated.

2. Develop a new program to protect the rent-geared-to-income (RGI) capacity in Canada's existing affordable housing stock

Canada has a legacy of some 630,000 units of social housing, most developed under federal housing programs over the past sixty years. The funding agreements that allow the providers of these units to offer rents geared to income for low-income Canadians are beginning to expire, including the agreements for some 57,000 units of co-op housing.

The capacity of the housing providers to continue to offer low-cost housing to seniors, people with disabilities and other low-income Canadians will be severely compromised as current funding programs end.

CHF Canada believes that Canadians want to protect their investment in affordable housing, and to ensure that affordable homes are not lost. We propose that the federal government, in consultation with the provinces and territories that administer federal housing, lead the development of new programs to protect the rent-geared-to-income (RGI) capacity for Canada's social housing providers so they can continue to provide affordable housing for low-income Canadians.

Such a program would offer tremendous value for money; to continue to provide housing for low-income Canadians using **existing** social housing stock is by far the least costly affordable housing option available. To fund the program would require only that housing assistance programs be maintained at current levels; no increase would be required. Should the government not continue this funding stream, Canada risks losing existing affordable housing even as we invest in new program spending.

3. Provide repayable federal loans for housing repair and renovation through CMHC's Direct Lending Program

Canada's aging affordable housing stock, which consists of approximately 630,000 units, needs significant regeneration and redevelopment. While social housing providers will make fast and effective use of the one-time investments for renovation and energy retrofits announced in *Canada's Economic Action Plan*, these funds will not come close to meeting all the renovation needs for this aging stock. Co-operatives, along with other affordable housing providers, need to borrow – to preserve the public investment in existing federally-administered housing. Refinancing will be used for necessary repairs, renovation and energy saving retrofits in aging social housing units across Canada.

In short, to carry out necessary capital repairs, co-ops need to borrow. Social housing providers will make good use of expanded access to CMHC's Direct Lending Program. This new borrowing, rolled together with existing mortgage debt obligations over a new long-term

amortization period, can be facilitated through CMHC's **Direct Lending Program**, which offers low-interest rates.

There is no cost to government to make the policy changes to facilitate this expanded borrowing.

In summary:

- Ensure full and transparent accountability for federal housing transfers to the provinces and territories spending, by requiring measurable outcomes in housing need reduction,
- Develop new programs to protect the rent-geared-to-income (RGI) capacity for Canada's affordable housing stock, and
- Provide housing co-ops with the capacity to access new repayable federal loans for affordable housing repair and renovation through CMHC's Direct Lending Program.

CHF Canada is the national voice of the Canadian co-operative housing movement. Its members include nearly 900 non-profit housing co-operatives and other organizations across Canada. More than a quarter of a million Canadians live in housing co-ops, in every province and territory.

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