



Submission to the National Housing Council's Review Panel on the Financialization of Purpose-Built Rental Housing

The Co-operative Housing Federation of Canada (CHF Canada) is the national voice of co-operative housing, representing 2,200 housing co-operatives, home to a quarter of a million people in every province and territory. At our 2022 Annual Meeting, co-operative members passed a resolution, "Homes for People before Profit" that guides our advocacy work to help realize housing as a human right in Canada, and develop more co-op housing as a way to reverse the impact of the financialization of housing.

CHF Canada urges the federal government to enable the development of more co-operative and non-profit housing as a way to reverse the impact of the housing financialization. By operating outside of the housing market and removing the profit-motive, co-operatives are affordable for members in perpetuity; in fact, we know co-op homes become more affordable over time.ⁱ

Impacts of housing financialization

The co-operative housing sector has held the core belief that housing is primarily someone's home, a place to live. We are increasingly concerned about the impacts of financial actors seeing housing as a significant financial asset, eroding the availability of affordable purpose-built rental units.ⁱⁱ

Across the country, our neighbours are struggling with renovictions, rent increases they cannot afford, a looming insecurity of tenure, and even homelessness.ⁱⁱⁱ The lack of affordable housing unfairly impacts certain groups, especially Indigenous peoples, racialized communities, newcomers, people with disabilities, youth, and seniors.^{iv} Consequently, diminishing housing affordability reinforces and exacerbates the existing economic and social inequities for marginalized people.

While there is a real need for new housing supply, many marginalized individuals and households may not benefit for a long time. Low- and middle-income earners have limited options, as incomes are not keeping up with the rising costs to own or rent a home. Unfortunately, there are less and less affordable housing options. For every new affordable unit created by the National Housing Strategy, fifteen existing relatively affordable market rental units (rents below \$750) were lost.^v When financial actors acquire purpose-built rental housing, there is evidence that renters experience negative impacts such as evictions, rent increases, and less building maintenance resulting in worsened living conditions.^{vi}



The co-op solution to reverse the impact of financialization

Co-op members experience security of tenure in co-operative housing. For example, there is no outside landlord who might sell, move in or have an incentive to renovate. Co-operative and non-profit housing operates outside of financial pressures in the market. Research indicates that co-ops are weathering the affordability crisis better than almost all other forms of tenure; housing charges for one- and two-bedroom apartments are approximately 33% less than comparable market rents (approximately \$400-\$500 per household per month) in most major cities across Canada and this gap is widening.^{vii}

Furthermore, Black, Indigenous and other equity-seeking communities too often experience housing need. Nemoy (2022) points to the uneven racialized impacts of financialization for Black, Indigenous, and other racialized communities, which has resulted in violent evictions and displacement.^{viii} Co-operatives can help to address this disparity; the Co-operative Housing Federation of British Columbia found that co-ops in Vancouver are home to a greater percentage of equity-seeking households than compared to the city as a whole, such as lone-parent households, residents that are Black, and residents with Indigenous identities.

Our Recommendations

1. Launch and implement the Co-operative Housing Development Program, as part of doubling non-market housing across Canada

It is time to launch the **Co-operative Housing Development Program**, announced in Budget 2022, which commits \$1.5 billion as the first dedicated federal program to support new co-op housing development in more than 30 years. Canada must at minimum double the stock of non-market housing, including co-operatives, to support the needs of the country's most vulnerable residents.^{ix}

2. Protect renters by investing in a new Affordable Rental Housing Preservation Fund

It is critical that we stop the erosion of affordable housing units and preserve and enhance rental housing options in Canada. We ask the federal government to invest in a housing acquisition fund. This would support the non-profit and co-op sector to purchase existing private rental properties that are for sale, and operate them as affordable non-market housing. August (2022) similarly recommends a "*non-profit acquisition fund*" as an expansion of the Federal National Housing Strategy to "*prevent the loss of existing multi-family housing properties to financial landlords*" and to "*support and fund acquisition programs to bring these properties into non-profit, co-op, or state ownership.*"^x



3. Fund the Urban, Rural and Northern Indigenous Housing Strategy

CHF Canada joins the community housing sector and the National Housing Council in calling for a robustly funded Urban, Rural and Northern (URN) Indigenous Housing Strategy, led by the National Indigenous Collaborative Housing Inc. (NICHI). There needs to be a dedicated Indigenous-led approach to tackle housing challenges in their communities.

Community driven solutions: The co-op sector as a partner

Our co-op members are deeply concerned about the affordable housing crisis as it affects their loved ones and neighbours. More co-operative housing in every province and territory will help all levels of government realize housing as a human right.

The co-operative sector is well-positioned and ready to work together with public, private, and non-profit partners to not only address financialization of housing, but to reverse such impacts of financial actors in Canada's housing landscape.

ⁱ Suttor, Otogwu, and Falvo. 2022. *The Co-op Difference: Comparing co-op and market rents in five Canadian cities.* Report commissioned by the Co-operative Housing Federation of Canada.

ⁱⁱ August, Martine. 2022. *The financialization of housing in Canada: A summary report for the Office of the Federal Housing Advocate.* The Office of the Federal Housing Advocate

ⁱⁱⁱ ACORN Canada. 2022. *The impact of financialization on tenants: Findings from a national survey of ACORN members.* The Office of the Federal Housing Advocate.

^{iv} Lewis, Nemoy. 2022. *The uneven racialized impacts of financialization: A report for the Office of the Federal Housing Advocate.* The Office of the Federal Housing Advocate.

^v Focus Consulting. Why Canada needs a non-market rental acquisition strategy. May 2020.

^{vi} August, Martine. 2022. *The financialization of multi-family rental housing in Canada: A Report for the Office of the Federal Housing Advocate.* The Office of the Federal Housing Advocate.

^{vii} Suttor, Otogwu, and Falvo. 2022. *The Co-op Difference: Comparing co-op and market rents in five Canadian cities.* Report commissioned by the Co-operative Housing Federation of Canada.

^{viii} Lewis, Nemoy. 2022. *The uneven racialized impacts of financialization: A report for the Office of the Federal Housing Advocate.* The Office of the Federal Housing Advocate.

^{ix} Young, Rebekah. 2023. *Canadian Housing Affordability Hurts.* Scotiabank.

<https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html>

^x August, Martine. 2022. *The financialization of housing in Canada: A summary report for the Office of the Federal Housing Advocate.* The Office of the Federal Housing Advocate