



PROTECT CO-OP HOUSING

YOU HOLD THE KEY!

You Hold the Key: What's Needed to Solve the Co-op Housing Crisis

The problem: Expiring federal subsidies for low-income households in co-operative housing

Federal and provincial agreements that assist low-income households living in co-operative housing by subsidizing their rents are coming to an end in large numbers. Many of these households have fixed incomes, including seniors, the frail elderly, people with physical and/or intellectual disabilities, newcomers and lone-parent families. Unless governments agree to continue to help, the co-ops in which these low-income Canadians live will be unable to offer them affordable rents based on their incomes. Housing co-ops have their own financial challenges: increasing operating expenses and maintenance costs, and the need for major reinvestment in aging properties through new long-term mortgages. Without support, co-ops will not be able to reduce the rents of low-income residents.

The solution: Ensuring housing affordability for low-income households in co-operative housing

CHF Canada proposes that Ottawa transfer savings from the diminishing federal funding streams to the provinces, to share in the cost of new rent supplement programs that the provinces will manage.

Housing co-operatives are not asking for capital investment dollars from government. Co-ops will take care of their buildings through long-term asset management planning and private sector mortgage financing, if governments retain their responsibility for supplementing the rents of low-income households.

background information on next page

Contact: Doug Wong

Program Manager, Policy and Government Relations
Co-operative Housing Federation of Canada
1.800.465.2752, ext. 245 dwwong@chfcanada.coop

www.protectcoophousing.ca



PROTECT CO-OP HOUSING

YOU HOLD THE KEY!

Background

Beginning in the 1960s through to the early 1990s, the federal government funded over 600,000 community housing (also known as social housing) homes through different programs. In all the programs, funding was provided through long-term (25 to 50 year) operating agreements, which provided funding to supplement the rents paid by low-income co-op members. These operating agreements are beginning to expire now; this process will ramp up over the course of the next five years, which means the federal funding attached to the agreements will also begin to decline in large numbers unless a new commitment is put in place.

Of the 600,000 homes, approximately 62,000 are co-operative homes. Housing co-operatives are private non-profit corporations, but differ because resident members are equal stakeholders in their housing enterprise. A housing co-operative is governed by a Board of Directors elected by and from members who live in that housing co-operative. Housing co-operatives are mixed-income communities. Under its operating agreement, each co-operative is required to deliver a certain percentage of homes for low-income households, while the remainder pay a market-based rent. Of the 62,000 co-op homes funded by long-term operating agreements, approximately 21,000 homes are dedicated to low-income households.

The duration of a co-op's operating agreement and its mortgage amortization period generally coincided. While never formally stated, an underlying assumption at the time the programs were developed was that once the mortgage was retired, properties would generate sufficient rental revenues to cover ongoing operating costs, including the cost of subsidizing low-income households. This assumption failed to take into account the cost of future repair, retrofit and modernization – all needed to keep buildings safe and in good working order. Maintenance and repair costs have risen much more quickly than the rental revenue that housing co-ops would be able to collect in the absence of subsidies, especially with virtually stagnant income support benefits (social assistance and disability support programs) and limited wage growth in certain segments of the labour market. So while co-ops can refinance by leveraging their asset so that they can undertake needed repairs, they cannot afford to do both this and support low-income members by subsidizing rents.

Contact: Doug Wong

Program Manager, Policy and Government Relations
Co-operative Housing Federation of Canada
1.800.465.2752, ext. 245 dwong@chfcanada.coop

www.protectcoophousing.ca