



Co-operative Housing Federation of Canada  
Fédération de l'habitation coopérative du Canada

# House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

## Study regarding the Financialization of Housing

**By the Co-operative Housing Federation of Canada**

May 26<sup>th</sup>, 2023



**Recommendation 1:**

Double the supply of nonmarket housing and launch the Co-operative Housing Development Program

**Recommendation 2:**

Create a national affordable housing acquisition fund to definancialize the housing landscape

**Recommendation 3:**

Fund the Urban, Rural and Northern Indigenous Housing Strategy



CHF Canada appreciates the opportunity to contribute to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities' study on the Financialization of Housing. This is important work, furthering the federal government's commitment to the national right to housing. We remain committed to being a key partner in increasing access to affordable housing for all Canadians.

CHF Canada is the national voice of co-operative housing, representing 2,200 housing co-operatives, home to over 250,000 people who reside in every province and territory. At our 2022 Annual Meeting, co-operative members emphatically passed a resolution "Homes for People before Profit" to encourage more national advocacy against the financialization of housing.

We urge the federal government to enable the development of more non-profit and co-operative housing as a way to reverse the impact of the financialization of housing. This is especially critical for Black, Indigenous and other equity-seeking communities who too often experience housing need. For housing to be seen as a human right, rather than a commodity, we need community-driven solutions, such as co-op housing, to address the affordable housing crisis.

## **The impacts of housing financialization on communities**

We are responding to this call because we see the devastating impacts that the housing crisis, perpetuated by the financialization of housing, is having on our communities. Across the country, we are acutely aware that our neighbours are struggling with renovations, rent increases they cannot afford, a looming insecurity of tenure, and even homelessness.<sup>1</sup> And we know that the lack of affordable housing unfairly impacts certain groups, especially Indigenous peoples, racialized communities, newcomers, people with disabilities, youth, and seniors.<sup>2</sup> This becomes a negative feedback loop, as diminishing housing affordability reinforces and exacerbates the existing economic and social inequities for marginalized people.

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 and what that does to reduce affordability, particularly with the financialization of purpose-built rental housing.<sup>3</sup> There is an erosion of naturally occurring relatively affordable housing market units, as demand pressures increase. Between 2011 and 2016, the number of private rental units affordable to households earning less than \$30,000 per year (rents below \$750) declined by 322,600 units nationwide— so that for every new affordable unit created by the National Housing Strategy, fifteen existing relatively affordable market rental units (rents below \$750) were lost.<sup>4</sup> These units are not lost by accident; they are often being bought up by financial firms and institutional investors (e.g. asset management companies, real estate investment trusts, etc.). While not always the case, there is evidence that indicate negative impacts for renters such as evictions, rent increases, and less

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<sup>1</sup> ACORN Canada. 2022. *The impact of financialization on tenants: Findings from a national survey of ACORN members*. The Office of the Federal Housing Advocate.

<sup>2</sup> 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.

<sup>3</sup> 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

<sup>4</sup> Focus Consulting. *Why Canada needs a non-market rental acquisition strategy*. May 2020.



building maintenance resulting in worsened living conditions when financial actors acquire purpose-built rental housing.<sup>5</sup>

## The co-op solution to reverse the impact of financialization

Co-operative and non-profit housing operates outside of financial pressures in the market. Our co-operative members find solace in having a permanently affordable, community-minded homes, while so many Canadians struggle with the high cost of housing and inflation. In fact, a recent expert analysis has shown that co-op housing charges for one- and two-bedroom apartments are approximately 33% less than comparable market rents in cities across Canada, and that the gap is widening, particularly in recent years.<sup>6</sup> In most cities, this gap translates into an average of \$400-\$500 per month, per household. This means co-ops in Canada are one of the most important innovations in our long-term affordable housing supply, weathering the affordability crisis better than almost all other forms of tenure. Existing co-ops continue to pay dividends by providing long-term security for residents as well as inclusivity for a diverse range of households.

In addition, we reiterate that social and economic inequities are deepened as a result of unaffordable housing markets, made worse by financial actors who seek profit from their housing investments. Equity is an ongoing process, but we are proud to note that co-ops have provided affordable housing solutions for many equity-seeking households that may struggle to find other adequate housing options. In 2020, 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. We know that this is an important part of this conversation, as 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.<sup>7</sup>

## CHF Canada's Recommendations

Building and maintaining adequate housing for those most in need is a priority. This is at the very root of our homelessness crisis today: a lack of affordable housing supply caused by inaction by all levels of government – and it will take a generation of building to solve. Governments must now redouble our efforts to meet the needs of today and tomorrow. We recommend this two-pronged approach to enable the growth of non-market housing solutions with new supply and through acquisition of existing rental stock as previously mentioned. CHF Canada also calls for robust funding of an Urban, Rural and Northern (URN) Indigenous Housing Strategy, as there needs to be a dedicated Indigenous-led approach to tackle housing challenges in their communities.

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<sup>5</sup> 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.

<sup>6</sup> Suttor, Odogwu, 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.

<sup>7</sup> 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.



## Recommendation 1: Double the supply of nonmarket housing and launch the Co-operative Housing Development Program

More co-operative housing in every province and territory will help all levels of government realize housing as a human right. There is an opportunity here to reduce the aggressive impact that financialized landlords are having on tenants and communities across the country.

The **Co-operative Housing Development Program** was announced in 2022, and commits \$1 billion in loans, and \$500 million in grants as the first dedicated federal program to support new co-op housing development in more than 30 years. Throughout 2022, the co-operative housing sector worked with the federal government to design the new program. We gathered leaders and experts on co-op housing development through a Sector Advisory Committee, and together we put forward our best advice. Now, it's time to launch this program and get to work creating new co-op housing. Because co-operative housing operates outside of the housing market, it is protected from the increasing phenomenon of housing financialization. By removing the profit-motive, our co-operatives are affordable for residents in perpetuity and our market units often become more affordable over time. This is why we strongly believe that increasing the development of non-market housing (co-ops and non-profits) is the way forward for real and long-lasting affordable housing.

While we acknowledge the need for new market housing supply, we remain adamant that those most negatively impacted by the housing crisis may be the last to benefit from this new supply – if they ever benefit at all. Low- and middle-income earners have limited options, as incomes are not keeping up with the rising costs to own or rent a home. According to CMHC's January 2023 Rental Market Report<sup>8</sup>, "*rental demand surged in 2022, leaving the vacancy rate at a near historic low,*" noting that the high cost of homeownership and higher net migration are contributing to this demand. This begs the question: how can we ensure that new rental supply is attainable for those across all income levels? We believe that non-market housing – such as social, non-profit, and co-operative housing – can play a more significant role if scaled up through growth enabled by funding from all levels at government.

## Recommendation 2: Create a national affordable housing acquisition fund to definancialize the housing landscape

We urge the federal government to proactively create a national affordable housing acquisition fund, hand-in-hand with the non-profit and co-operative housing sector. It is critical that we stop the erosion of affordable housing units and preserve and enhance rental housing options in Canada. This can be done by supporting the non-profit and co-op sector to purchase existing private rental properties that are for sale, in order to operate them as non-market housing and remain affordable for the long-term. This is a step towards proactively limiting the financialization of rental housing, for the benefit of the tenants and communities across the country.

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<sup>8</sup> Young, R. Canadian Housing Affordability Hurts. Scotiabank Global Economics: Insights & Views. January 18, 2023. <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html>



This recommendation is echoed by scholars and housing advocates. August (2022) recommends the federal government: “*Expand National Housing Strategy funding and programs to prevent the loss of existing multi-family housing properties to financial landlords. Support and fund acquisition programs to bring these properties into non-profit, co-op, or state ownership. This could take the form of a non-profit acquisition fund, supplementing the NHS co-investment fund.*”<sup>9</sup>

### **Recommendation 3: Fund the Urban, Rural and Northern Indigenous Housing Strategy**

CHF Canada joins the entire community housing sector and the National Housing Council in calling for a robustly-funded Urban, Rural and Northern (URN) Indigenous Housing Strategy.

The National Indigenous Collaborative Housing Inc. (NICHI) is an independent group with autonomous, Indigenous leadership committed to creating Canada’s first-ever National Indigenous Housing Centre. CHF Canada stands with Indigenous housing providers and their vision for an Indigenous-led, dedicated approach that can provide funding, capacity building, best practices and planning services across the country.

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

Our co-op members are deeply concerned about the affordable housing crisis in our communities. This is part of the co-op difference: our members want to build strong communities outside of and within their own housing co-ops. We can create community-driven solutions together, built on the co-operative values of equity, equality, democracy and solidarity. We need to see policies and programs that choose a path forward that prioritizes housing as a social good, rather than a profit-generating investment and financial commodity.

Our co-operative housing 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.

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#### **About CHF Canada**

*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. For over 50 years, co-ops have provided good quality, affordable housing owned and managed by the community members who live there.*

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<sup>9</sup> 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