
From: Tom [REDACTED]
Sent: March 31, 2023 9:15 PM
To: Office of the Legislative Counsel
Subject: Controlling Rents
Attachments: Co-operative Housing falls behind Market Rent 2022.docx

You don't often get email from twebb@bellaliant.net. [Learn why this is important](#)

**** EXTERNAL EMAIL / COURRIEL EXTERNE ****

Exercise caution when opening attachments or clicking on links / Faites preuve de prudence si vous ouvrez une pièce jointe ou cliquez sur un lien

A Submission from Global Co-operation Inc.

We need a rent control system that works for small scale landlords and people who need affordable rental housing. We need it because an influx of population has drawn profit maximizing large investors seeking to make maximum returns from a housing shortage. We know that Canadian and US billionaires, who have more than doubled their wealth during the pandemic, are looking for the most profitable money and are pouring it into tight housing markets where they can buy housing and use various methods to increase the rents they know people must pay or simply not find housing. An effective rent control regulatory system will not permit landlords to increase their profit margins.

The fixed term lease loophole allows them to one way of jacking up rents. 'Renovictions' provides another. The best way to discourage the worst behaviour is to ensure that massive rent increases are simply not profitable.

Reasonable landlords need to be able to cover reasonable cost increases like heating costs or reasonable, needed maintenance. Maintenance the tenant says is not needed should not qualify as a reason for a rent increase. Any cost incurred by government in regulating rents will likely be more than offset by cost savings related to homelessness and mental and physical health care. Rental increases might be limited to the inflation rate of rental related costs.

Finally, we need long term solutions and the only proven long term solution is non-profit housing such as co-operative housing. See the attached study. The members in co-operative housing and the boards of not-for-profit housing societies have no incentive to raise rents beyond what is needed for maintaining the housing stock.

Sincerely,

Tom Webb

--

J Tom Webb
President, Global Co-operation
Adjunct Professor
International Centre for Co-operative Management
Sobey School of Business

Ring the bells that still can ring,
moment.
Forget your perfect offering,
into the future.
There is a crack, a crack in everything,
Sandlin
That's how the light gets in.
Leonard Cohen, Anthem

Charity is love for a
Justice is love extended

Rev Mark

The Co-operative Housing Federation of Canada has just released a study comparing rents in co-op housing units to rents of similar private-sector market units in Victoria, Vancouver, Edmonton, Toronto and Ottawa^[1] for the period 2006–2021. I played a small role in writing the report, along with Greg Suttor (the report's lead author) and Chidom Odogwu (who led the quantitative analysis).

Ten things to know:

1. It's important to understand what co-op housing is about in Canada. Most co-op housing in Canada is non-profit in nature and is a form of community housing, in which the property is owned and controlled collectively by the member residents through a Board of Directors they elect from amongst themselves, without individual ownership.

2. Co-op housing involves income mix. There is an intentional income mix among member residents—typically, a portion of the homes in a given co-op are reserved for low-income households who receive separate rental assistance geared to their income, which enables them to affordably pay the rent.

3. Co-op housing is a public investment. Historically in Canada, co-op housing was usually developed with capital and operating support from government. Proponents of co-op housing have argued that this investment pays off over the long term (spoiler alert: our study findings confirm this).

4. This study strives to compare 'apples to apples.' To compare rent levels of mature^[2] co-ops in Canadian cities to those of comparable private-sector market rental buildings over time, it compares buildings of similar structure (townhouse vs. apartment building) and number of bedrooms. Similarly, the study does not include co-op units that have the much lower Rent Geared to Income (RGI) rents that a minority of co-op households pay (as per point #2 above).

5. The study benefits from a rich dataset. Using data provided by both the Agency for Co-operative Housing and the Canada Mortgage and Housing Corporation, the co-op stock studied includes about 7,900 units in apartment buildings and 7,500 townhouses, with 15 years of detailed unit-by-unit data for co-ops, and detailed Rental Market Survey data for the private market stock.

6. The study finds co-op rents to be consistently lower than market rents for apartments and townhouses, with the gap widening over time. Co-op rents for 1- and 2-bedroom apartments were found to be approximately 25% below market (between \$150 and \$250 per month difference) in the early part of the study period, and this widened to approximately 33% (reaching \$400 to \$500 difference monthly) in the later years. Co-op rents have also remained moderate over the past five years even while private-landlord rents escalated steeply.

7. There's a long-term benefit to co-op housing. Indeed, one important implication of these findings is that the relatively affordable rents offered by co-ops are the long-term payoff of public investment in this housing.

8. Co-op housing is a cost effective way to subsidize low-income renters. One of the implications of this study's findings is that there's a smaller government subsidy required when a low-income household is in a co-op unit than in a private-market unit, even though many government rental allowance/benefit programs are used in private-market rental housing. For example, it costs far less to cover the gap between a low-income tenant's rent payment in a \$1,000 co-op unit than in a \$1,500 market rent.

9. Similar research focused on other forms of community housing has found similar results. While the focus of this report is co-ops, the same logic applies to other forms of community housing (i.e., social housing). Indeed, previous research on other forms of social housing in Canada has yielded comparable findings.

10. Moderate rents in co-ops do not compromise the quality of housing. The condition of 97% of formerly federally administered co-op housing (which constitutes the majority of co-op housing in Canada) is rated as fair to excellent.

In sum. As we debate housing policy in Canada, it is important to be mindful of the long-term affordability created by co-op housing for people with a mix of income levels. This study can help practitioners, researchers, policy-makers and elected officials better understand this.

I wish to thank Dallas Alderson, Courtney Lockhart, Sylvia Regnier, Greg Suttor and Alex Tétreault for assistance with this blog post. I also wish to thank the Co-operative Housing Federation of Canada for use of the photo that appears above.

[1] These cities were chosen because of data availability. Co-ops in these cities are or were under federal administration, through which housing charge data was collected by the Agency for Co-operative Housing. This data is not similarly available for co-ops that are or were under provincial administration.

[2] The co-ops are "mature" in that most were developed 15 to 40 or more years before the study period started.