



PRESS RELEASE



Canadian Mortgage News - National Archive 2005

Government of Canada and the Co-operative Housing Federation Reach New Agreement

TORONTO, Ontario, April 22, 2005 — The Government of Canada, through Canada Mortgage and Housing Corporation (CMHC), and the Co-operative Housing Federation of Canada have concluded an agreement which allows the national federation to complete research and development activities for the successful start-up of a Co-operative Housing Programs Administration Agency. In early May the new Agency will sign a service agreement with CMHC to provide portfolio management services for federally-administered co-operative housing by early 2006.

Agreement on these and other issues was reached today following a meeting chaired by the Honourable Joe Fontana, Minister of Labour and Housing with members of the Greater Toronto Area Liberal Caucus; representatives of the Co-operative Housing Federation of Canada (CHF Canada); and, Dino Chiesa, Chairman of the Board of Directors, Canada Mortgage and Housing Corporation (CMHC).

"Co-operative housing provides a secure, affordable housing option for low and moderate income Canadians", said Minister Fontana. "This collaborative approach marks the culmination of several years of work by the Government of Canada and CHF Canada, and will ultimately ensure the viability and health of the co-operative housing sector in Canada."

The agreement announced will benefit residents of some 790 federally administered co-operative housing projects — or 35,000 units — in Prince Edward Island, Ontario, Alberta and British Columbia. CMHC spends approximately \$60 million annually for the co-operative housing it currently administers in these provinces.

Minister Fontana and Ray Hession, Chairman of the Board of Directors of the Co-operative Housing Programs Administration Agency, announced that CMHC and the new Co-op Agency will sign the new service agreement by May 3, 2005. This will see the Agency begin to deliver portfolio management services at the outset of 2006.

Mr. Hession welcomed the announcements. "We are pleased that the federal government has made this important commitment to the long-term strength and security of Canada's housing co-operatives", he commented.

Minister Fontana further committed to addressing another important issue identified by CHF Canada, the subsidy formula for the Sector 95 Co-op Program. Problems with the subsidy formula have resulted in unintended losses of assistance for low income households when co-ops in the program have renewed their mortgages. Minister Fontana announced that the subsidy formula will be changed to fix the problem so that no further subsidized units will be lost. He also committed to exploring ways to restore the capacity of Section 95 housing co-operatives to provide affordable housing to low income Canadians.

The Co-operative Housing Federation of Canada (CHF Canada) is the nation-wide umbrella organization for Canada's 2,200 housing co-operatives, with 90,000 households. Its membership also includes 20 regional federations of housing co-ops, and about 120 associated businesses. CHF Canada provides a range of services to its members, including

advocacy, training and adult education, operates several group buying programs for goods and services.

Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. For over 55 years, CMHC has been contributing to improving the living conditions and the well-being of Canadians through four areas of housing activities — housing finance, assisted housing, research and information transfer, and export promotion. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, and making vibrant and sustainable communities a reality across the country.

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Backgrounder — Co-operative Housing

Overview

Federally assisted co-operative housing is designed to provide modest, affordable housing to low- and moderate-income households. Housing co-operatives are a unique form of tenure, which is neither rental nor individual ownership. Residents are members of the co-op and control their own housing through this democratically-run organization. Co-op members participate in managing their housing, and can reduce the cost of their housing through volunteer labour. Some residents pay housing charges geared to their income and others pay break-even housing charges (i.e. rent). In some cases, refundable membership fees may exist.

CMHC and Co-ops

Federal and, in some cases, provincial cost-shared subsidies for projects bridge the gap between rental revenue and project operating costs. CMHC has an Operating Agreement with each co-op through which subsidies are provided to subsidize operations and/or to accommodate low-income households. CMHC monitors each co-operative's compliance with the Operating Agreement through an annual review of audited financial statements, cyclical client visits and physical inspections.

The New Approach

In May 2004, Canada Mortgage and Housing Corporation (CMHC) announced it would work with the Co-operative Housing Federation of Canada (CHF Canada) on an agreement to allow the co-operative housing sector to progressively take on a more active role in the administration of federal co-operative housing programs.

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Some 790 federally administered housing co-operatives (some 35,000 units) in British Columbia, Alberta, Ontario and Prince Edward Island could be covered under this arrangement.