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Ottawa launches \$1.5-billion fund to protect existing rental apartments

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Pedestrians walk past apartment rental buildings in Toronto on Mar 11, 2024. FRED LUM/THE GLOBE AND MAIL

The federal government is launching a \$1.5-billion fund to acquire existing apartment buildings, in an effort to protect rental units and ensure they remain affordable.

The Canada Rental Protection Fund is designed to save thousands of rental units from being sold and turned into higher-priced market units at a time when the cost of housing is far out of reach for low-income Canadian residents.

Today's announcement is the latest in a series of housing pledges from the Trudeau government, which is under pressure to deal with the country's shortage of affordable housing. The typical price of a home across the country is more than \$700,000 and the average monthly market rent for a one-bedroom is about \$2,000.

“We need to make sure affordable housing stays affordable in Canada,” Sean Fraser, the federal minister of housing, infrastructure and communities, said in a news release.

The number of renters is growing as the cost of buying residential real estate rises, making renters a demographic with increasing clout. The share of households renting their home reached 33 per cent in 2021 up from 31 per cent in 2011, according to the most recent data from Statistics Canada.

That growth in renters is taking place as the typical price of a home has nearly doubled over the past decade, with the steepest gains occurring during the pandemic’s era of low interest rates. Now that interest rates and borrowing costs are higher, prospective homebuyers have continued rent, adding more pressure to the rental market and pushing up rental prices.

The newly announced rental fund should help renters who cannot afford market-priced rents. A renter earning the federal minimum wage with full time hours would earn about \$2,770 per month. And the average monthly price of a one-bedroom was nearly \$2,000, according to rent tracking web site Rentals.ca

The federal government said its new rental protection fund will provide \$1-billion in loans and \$470-million in contributions to non-profit groups and other partners so they can acquire rental units and preserve the rent prices in the long term.

The program will “help preserve more rental homes and make sure they’re affordable,” the prime minister’s office said in a news release.

Housing advocates have long called for a fund to help protect existing rental apartments. B.C. recently launched a rental protection fund and has been overwhelmed with demand from both non-profit groups seeking to purchase apartment buildings and landlords seeking to sell their rental properties.

“We know we are losing affordable apartments faster than we can build them,” said Sean Campbell, the executive director of Union Co-operative, a group that recently purchased a 58-unit apartment building in Kitchener, ON and committed to holding rents to allowed provincial increases even if tenants left. “We can’t build our way out of the affordable housing crisis unless we stop this leak,” he said.

He points out that many of the people living in existing affordable units are long-time tenants who may have lived in their homes for decades. “By preserving these units, we are allowing people to stay in their neighborhoods,” he said.

Ottawa made the announcement ahead of its budget, which is scheduled to be unveiled April 16. Earlier this week, the Trudeau government pledged \$15-billion in additional funding for a program to build more rental apartment buildings and \$6-billion to build and repair infrastructure needed for housing development.