Acquisitions for Affordable Housing:
Creating non-market supply and preserving affordability

A report from the Housing Assessment Resource Tools (HART) Project

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Executive Summary

Canada has long suffered a crisis in housing affordability, particularly affecting renters. Tenants experience high levels of housing need compared to owners, and marginalized populations are disproportionately impacted. The loss of existing affordable rental housing has contributed to this crisis, driven by the financialization of rental housing and public sector withdrawal from social housing provision since the 1990s.

This report explores acquisitions programs as one part of the solution to Canada’s affordable housing crisis, drawing on current research, interviews with stakeholders, and the examination of our database of 107 programs. Our definition of an acquisition program is one that supports the purchase of existing multi-family rental housing to preserve its affordability or transform it into affordable housing. Typically, this involves funding (from government and other sources) to enable the acquisition of privately-owned buildings by non-market owners, such as non-profits, land trusts, co-ops, charities, or governments.

We need acquisitions programs to help meet with the need for affordable housing in Canada. Canada has a deficit of 1.7 million homes affordable to households making less than median income. Current federal programs will not supply the housing required to alleviate homelessness and Core Housing Need. Acquisitions programs are a cost-effective way to help to meet this need while preventing displacement and homelessness, promoting climate justice, and strengthening the non-profit housing sector. Canada’s lack of a comprehensive acquisition strategy is unique on the international stage. The United States, France, Sweden, Finland, and Korea, among others, have built large-scale acquisitions programs into their housing policies. These have protected affordability for hundreds of thousands of units over the past few decades.

This report examines four promising examples of existing acquisitions strategies in Canada that provide the foundation and inspiration for developing systematic and expansive programs in the future: Nova Scotia’s Community Housing Acquisition Program (CHAP); Toronto’s Multi-Unit Residential Acquisition Program (MURA); Montréal’s Right of First Refusal program; and Vancouver and British Columbia’s Rooming Housing programs.

A common feature among Canada acquisitions programs is the lack of sufficient funding to operate on a scale that can meaningfully address the affordable housing crisis. The Federation of Canadian Municipalities (FCM) has recommended scaling up acquisitions with federal funding which would provide 12,000 deeply affordable units and 10,000 moderately affordable units for just over $4 billion in investment. Other examples of ‘scaled up’ approaches include California’s state-level program that produced over 16,000 affordable units during the pandemic; joint-funding vehicles in several US cities; and BC’s recently announced $500 million Rental Protection Fund.

Based on our analysis, we have identified six best practices for acquisitions programs:

1. Systematically identify buildings based on criteria.
2. Set strong affordability parameters for acquired properties.
3. Create streamlined, sustained, and dedicated funding, prioritizing grants.
5. Fund and coordinate programs across all scales of government.
6. Deliver acquisitions programs alongside supportive policies and legal powers.

Property acquisition is an important tool for the realization of a progressive right to housing as part of the National Housing Strategy.
INTRODUCTION: ACQUISITIONS FOR AFFORDABLE HOUSING

Canada has long suffered a crisis in housing affordability, particularly affecting renters. Renters make up one-third of households across the country but account for two-thirds (66%) of households in “core housing need” (CHEC, 2021). In 2021, one third of all renters paid more than 30% of their income towards rent, indicating a problem with affordability. Even before pandemic-driven housing and rent price increases, full-time minimum-wage workers could not find an affordable rental property in 97% of Canadian neighbourhoods (McDonald, 2019). This problem affects some Canadians worse than others, including renters who are disproportionately racialized and Indigenous, lone-parent households, people with disabilities, seniors, women, and newcomers to Canada. This crisis points to the need for interventions to promote rental housing affordability.

Governments across Canada, from the municipal to federal levels, have recognized the need for policy solutions to address the housing crisis. However, much policy attention has been focused on stimulating the supply of newly built housing, whether through subsidies or incentives to the private sector. While new supply is important, a huge contributor to the present crisis is the loss of existing affordable supply. According to analysis by Steve Pomeroy (2020), Canada lost 322,000 homes affordable to families earning less than $30,000 (i.e. with rents below $750 per month) from 2011-2016. This equates to a loss of 15 units of existing affordable supply for every one unit of new affordable housing built during the same period. More recently, the Parliamentary Budget Office called attention to the loss of over 180,000 non-profit units (42% of stock) due to the end of government operating agreements since 2015 (Segel-Brown, 2021). This loss outstrips both past and planned affordable housing production, including Canada's National Housing Strategy 2017 goal to build 160,000 affordable units in ten years. Clearly programs for new supply alone will not address Canada's affordable housing crisis, as we are losing affordable rental homes faster than current programs can build them.

What has been driving this trend? Researchers have pointed to the ‘financialization’ of rental housing as one factor driving this loss in rental housing affordability. Private rental housing apartments in Canada, largely built in the 1960s-1970s, had by the 1990s evolved into de facto or ‘naturally occurring’ affordable housing in many Canadian cities. In the 1990s, large corporate landlords and financial firms began to consolidate ownership of this housing (August, 2020). In the absence of strong rent controls and affordable social housing alternatives, these firms have found it profitable to renovate and raise the rents in multi-family buildings. While this strategy has delivered strong returns to their investors, it has catalyzed higher rent prices, displacement, and gentrification (August, 2022). As such, Canada has seen its old rental supply reshaped by financial firms and other landlords, while very little new private rental supply has been built in decades. What little private rental has become available is not affordable (Pomeroy, 2022a). Meanwhile the public sector has abandoned social housing, producing very few new units since the 1990s (Suttor, 2016). In the face of rapid loss and limited gain in affordable housing, stemming the loss of affordable supply is essential to addressing the affordable housing crisis in Canada. An acquisitions strategy is one way to stem this loss and expand the supply of affordable housing.

1 According to Pomeroy (2022a), rental housing stock built after 2016 is 43% more expensive to rent than built prior to 2016. In the City of Ottawa, Pomeroy found an even higher, 74% difference.
In this report, we explore the use of acquisitions programs as one part of the solution to Canada’s affordable housing crisis. Our definition of an acquisition program is one that supports the purchase of existing multi-family rental housing to preserve its affordability or transform it into affordable housing. Typically, this involves funding (from government and other sources) to enable the acquisition of privately-owned buildings by non-market owners, such as non-profits, co-ops, land trusts, charities, or government. Acquisitions programs contribute to the decommodification of housing (Kershaw, 2021), taking it from market to non-market ownership and control. Acquisitions programs include the following components:

- Criteria for identifying properties for acquisitions
- Strategies for maintaining affordability
- Sources for funding the acquisition, rehabilitation, and operation of properties
- Capacity support for non-profit housing providers focused on active asset management
- Coordination among all scales of government
- Supportive policies and legal powers

This report draws on an analysis of scholarly and other literature on acquisitions strategies, interviews with 35 stakeholders, and an analysis of a unique database compiled for this work, which identifies 107 different acquisitions programs both in and beyond Canada. A summary table comparing these programs is available as an appendix to the report.

Acquisitions programs are a critical element in a well-designed housing strategy. In addition to initiatives that create new affordable housing supply, a strong housing system will include programs to acquire existing housing to expand and preserve affordability. Acquisitions programs can be used to address a range of policy goals, including the mitigation of gentrification and displacement, creating housing for the homeless, expanding low- and moderate-income ‘workforce’ housing, and strengthening the non-profit sector. Acquisitions are also encouraged because they can deliver multi-family housing at 50-70% of the cost of new construction (Yelen 2020; Wilkins et al., 2015; Reed, 2013).

This report begins with further national and international context on the need for an acquisitions strategy. In section two we share analysis from the HART research project on housing needs in Canadian communities, discuss policy goals associated with acquisitions programs, and outline Canada’s place in comparison to international peers. In section three, we examine four contemporary approaches to acquisitions in Canada, pointing to their details, advantages, and limitations. Section four features a discussion of how to scale up acquisitions programs, and finally, section five details ‘best practices’ for acquisitions. We acknowledge that acquisition policies must be brought alongside other housing solutions for Canada’s most vulnerable residents. While acquisition of private-sector land may also be important, it is not the focus of this report.
Housing Need in Canada

The Housing Assessment Resource Tools (HART) research project has documented the precise scale of unmet housing need in Canada, on a community-by-community basis. Nation-wide, households earning less than the median income face a 1.7 million unit shortfall in affordable units. Most of this shortfall affects the lowest-income households. For low- and very low-income households (those earning less than 50% of the area median income), HART researchers found a deficit of 1.3 million affordable units. In order to meet existing demand, we need replacement of these units, available with shelter costs of $931 per month or less.

In Canada’s two largest cities, Toronto and Vancouver, the CMHC (2021) found that only 0.2% of apartments are affordable to very low-income households. HART researchers have calculated that to meet the needs of these households in Toronto, we will need 12,000 units renting at less than $330 per month or less, 134,000 units renting at $825 per month or less, and 80,000 units renting at $1,320 per month or less. Across the city, however, average rents for a one-bedroom vacant apartment far exceed these figures. Housing that is deeply affordable, such as rooming houses and single-room occupancy (SRO) hotels, has been lost even more rapidly. In Vancouver from 2006-2007, 22 buildings with more than 1000 units were sold. In Halifax, 97 of 151 licensed rooming housing disappeared from 1995-2016 (Goldstein, 2020). These statistics underline the urgent need for affordable housing units for households with very low- to moderate-incomes.

Maintaining the status quo will only worsen affordability. According to the CMHC (2022), tight housing supply conditions are expected to last for some time, meaning that market-rate housing will not become more affordable. At the same time, newly-built rental housing is not affordable to those with moderate incomes, let alone low- and very low-income families (Pomeroy, 2022a), and government-supported “affordable” housing production is not keeping pace with the loss of affordable units caused by private market landlords raising rents (Pomeroy 2020, 2022b). An acquisitions program is one tool that can help to stem the loss of affordable units and grow the supply of affordable housing.

Goals for Acquisitions Programs

Mitigating gentrification and preventing displacement

Gentrification is a process by which urban space is remade for progressively more affluent users (Hackworth, 2002). It is recognized as a major trend in urban transformation in recent decades and is associated with the loss of affordable housing and displacement of lower-income, racialized, and marginalized residents from long-time supportive communities. Gentrification is driven by market forces, and acquisitions programs are an effective strategy to remove properties from the speculative market, protecting residents from gentrification-induced displacement. According to Metcalf (2018), “public and non-profit ownership of land provides a direct way to remove some parcels from rent-seeking behavior by private landowners” (p. 64). Preventing gentrification is one of the goals identified in the City Montréal’s Right of First Refusal program, which has selected sites in gentrifying neighbourhoods for potential acquisition in order to maintain affordable housing and diversity in those areas (Olson, 2020).

Prevent homelessness

Acquisitions programs can prevent homelessness by preventing evictions and displacement, ensuring ongoing affordability and promoting housing stability. When properties are acquired by financial firms, researchers have found that higher rates of eviction filings and displacement occur (Raymond et al., 2018; Seymour & Akers, 2021). Homelessness is one of the many social and economic impacts that result from evictions. In communities with few affordable housing options, displacement is even more likely to lead to homelessness (Roy et al., 2020). Programs to acquire and renovate existing properties promote housing stability for existing tenants and prevent homelessness (Yelen, 2020).

Promote Climate Justice

The reuse of an existing multifamily property when paired with energy and resource efficient retrofits results in lower impacts to the environment and improvements in public health (Preservation Green Lab 2016; Fannie Mae 2014). This environmental bonus leads to operational benefits of energy and resource efficiency, but also significant climate equity benefits. The correlations between older, more affordable buildings and marginalized communities often compound the climate related risks of death because of growing occurrences of heat domes, severe storms, and water ingress. An acquisition strategy that retrofits older buildings to adapt for climate risks ensures that homes are not just financially affordable, but supportive of climate justice goals (FCM, 2020).

Strengthening the non-market housing sector

An acquisitions strategy would strengthen the non-market housing sector and create a pipeline of affordable housing supply not dominated by market cycles (Norris and Byrne, 2018). Bringing properties under non-profit management creates a reservoir of protected apartments and land. As non-profits build portfolios they develop new real estate management expertise and balance sheets that can be leveraged to support renovations, intensification, and further acquisitions (Connolly-Bowen, 2017). Acquisitions also create the scale needed for non-profits to self-sustain operational management without ongoing operational subsidies. A large-scale acquisitions program could even build a non-profit sector that is competitive with the private market, forcing private entities to improve their own housing – a phenomenon recorded in Vienna, Austria where there is a large supply of social housing (Lang and Stegner, 2018; Lee, 2016; Housing Europe, 2015).

2 This analysis uses the HART method and Statistics Canada’s ‘core housing need’ measure to analyze 2016 Census data. This is likely an underestimate of the need for affordable housing (Lee, 2016), but remains the most comparable across Canada through different census years.

3 Very low-income households are those in the lowest income quintile (lowest 20% of incomes).

4 Though CMHC used 2021 data, HART had not obtained data from the 2021 Census at time of publication.

5 In Vancouver, HART data points to a need for 19,000 units for very low-income households at shelter costs below $365 per month, 89,000 units for low-income households at shelter costs below $915, and 42,000 units for moderate income households at shelter costs below $1460.
Cost effective housing policy

Acquisitions programs are cost effective and can deliver affordable housing quickly at about 50-70 percent of the costs of new construction in high-cost locations (Yelen, 2020; Reed, 2013). Governments may only need to provide between 25-40% of total costs, given the capacity for existing debt load on buildings in the private market. Cost effectiveness is an up-front benefit and continues over the life cycle of a building. According to researchers, bringing an old building up to good condition can extend the life of a property by 50 years for 25% less than the cost of building new affordable housing (Wilkins et al., 2015; Brennan et al., 2013) and is less costly than demolishing and rebuilding new units (City of San Francisco, 2022; Beaumont, 1996).

Missing in Action: The Inadequacy of Acquisitions Programming in Canada

Canada is unique on the global stage for its relative lack of support for acquisitions of existing properties to grow the affordable housing stock. The experience of one non-profit illustrates this well. To protect their community from gentrification, one participant in our research described how their organization tried and failed to acquire multiple different properties over several years, seeking funds from existing municipal, provincial, and federal government programs – only to discover each time that none of them could be used to support housing acquisition.

There are Canadian programs that show historic precedent for action, such as Toronto’s CityHome program, which was used to acquire existing properties to be used as mixed-income social housing (Campie, 1994). In addition, the Province of Quebec has a long history of programs that enable the acquisition of existing stock for affordable housing. The 2020 launch of the Rapid Housing Initiative (RHI) in Canada enabled acquisition of non-residential properties for housing – signaling a new federal openness to acquisitions. In addition, this report highlights the emergence of several contemporary Canadian models for acquisition. These are limited in funding and scale, but showcase promising practices and set a good foundation for moving forward.

While Canada offers little support for affordable housing acquisitions, other countries include acquisitions as part of their housing strategy. Some examples from our database:

- In the United States, legislation allows for existing federal incentive programs for housing to be used for the acquisition and rehabilitation of existing housing (von Hoffman, 2016). The Low-Income Housing Tax Credit (LIHTC) program, for example, worth $10.9 billion per year, can be used for new development or acquisitions, creating conditions for acquisition by governments and non-profits.6
- In France, social housing providers added over 580,000 new units from 2013-2019, of which over 210,000 (36%) were through acquisitions (Housing Europe, 2021). France’s new Action Logement program exemplifies the inclusion of acquisition in a broader strategy, with support for renovations (targeting 60,000 existing low-income units), new build (50,000 units), and acquisitions (10,000 units).
- In Sweden, public housing companies grew their stock from 2013-2019 by 6,558 units, of which 12% were acquisitions (ibid.).
- In Finland, the country’s non-profit Y Foundation buys apartments on the private market to use as housing for the homeless, purchases which account for about half the social housing added to Finland’s stock each year (Y-Foundation, 2021; Mahboob, 2020). It is worth noting that Finland is one of the few countries where homelessness is in decline.
- In Korea, the government directly provides public housing for 15% of the population. About 25% of the subsidized supply in that country has been obtained through acquisitions from the private market (Korea Land and Housing Corporation, n.d.; News World, 2022).

For Canada to catch up with international peers, an easy first step is to make acquisitions eligible for existing affordable housing program funding (such as the Rapid Housing Initiative program). A further step is to proactively support acquisitions with substantial and dedicated funding. As we will discuss, jurisdictions with the most acquisition activity have a supportive policy ecosystem that recognizes the value of acquisitions across housing policy.

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6 The Low-Income Housing Tax Credit Program (LIHTC) provides two levels of tax credits (9% for new construction, a 70% capital subsidy, and 4% for acquisition-rehab administered by each state, a 30% capital subsidy). The popularity of these programs has often pushed the value of these subsidies higher, given a developer offers the credit for investors to bid on. See Schwartz (2016) on the results of this in NYC, where two-thirds of affordable housing objectives are achieved through acquisition.
While Canada lacks systematic support for housing acquisitions, there are several local examples which could be scaled up into a national approach. In addition to these below, we have highlighted four especially well-developed Canadian approaches that hold significant promise for rental housing acquisition.

- In Chilliwack, BC Housing purchased a hotel in 2021 to create 80 new supportive homes
- In Calgary, the City and other partners converted a 10-storey office building into 82 units of supportive housing and ten shelter housing units in 2021-22
- In Victoria, BC, the City partnered with non-profits to purchase and renovate a five unit apartment building in 2005, creating five units of subsidized housing
- In Toronto, the City supported the Kensington Market Land Trust in acquiring a 12-unit apartment in 2021, that will provide 12 units that will remain affordable for 99 years
- In Edmonton, the City's 2019 Affordable Housing Investment Plan aims to create 2,500 new or renovated affordable housing units, and will support acquisition of land and existing buildings as part of this plan
- In 100 Mile House, the BC Housing Hub purchased a 33-unit property in 2019 to preserve affordability
- In Kamloops, BC Housing and CMHC supported the 2022 purchase of a 5-storey building to protect affordable housing for 53 seniors
- In Surrey, BC Housing purchased a hotel in 2021 to provide 26 supportive housing units

In addition to these examples, we have highlighted four well-developed Canadian approaches that hold significant promise for rental housing acquisition.
Provincially-funded loans for Acquisition:

**Nova Scotia’s Community Housing Acquisition Program (CHAP)**

<table>
<thead>
<tr>
<th>Level of government</th>
<th>Provincial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding amount</td>
<td>Up to $10 million per project (total available funds unspecified)</td>
</tr>
<tr>
<td>Funding type</td>
<td>Loans</td>
</tr>
<tr>
<td>Loan details</td>
<td>95% to non-profits or co-ops up to $10 million per project, with a fixed rate of interest (preferred provincial rate plus 1% for 30 years); 100% loans for permanent supportive housing</td>
</tr>
<tr>
<td>Housing supported</td>
<td>Affordable and permanent supportive housing</td>
</tr>
<tr>
<td>Units supported</td>
<td>335 units to date, in at least three projects</td>
</tr>
<tr>
<td>Units targeted</td>
<td>Properties with at least five self-contained units (or private rooms in a rooming house), where at least 30% of units have rents at or below average AMR</td>
</tr>
<tr>
<td>Affordability target</td>
<td>The program does not specify a required affordability target post-acquisition.</td>
</tr>
<tr>
<td>Date launched</td>
<td>July 12, 2022</td>
</tr>
</tbody>
</table>

CHAP was launched in July 2022 as Canada’s first dedicated provincial acquisitions program since the 1990s. CHAP’s mandate is to support “the purchase of existing multi-unit residential properties by community housing providers to preserve affordable housing and expand the supply of non-market housing” (Housing Nova Scotia, 2023). CHAP was created in response to the Nova Scotia Affordable Housing Commission (2021) which called for “a provincial loan program to help non-profit housing providers finance the acquisition of low-end of market rental properties at-risk of being converted to high-end development” (p. 42). The program provides non-profits, charities, and housing cooperatives’ with up to 95-100% loans to acquire properties (with five or more units) where at least 30% of units are affordable.8 Loans may not exceed $10 million per project. According to the Minister of Municipal Affairs and Housing, “there is no one solution to the housing crisis, but this is a part of it,” in addition to new construction (Woodford, 2022).

**WHAT WORKS**

**Affordable financing:** CHAP provides affordable financing to housing providers in the non-profit sector from an order of government with significant resources. Ordinarily, banks are unlikely to approve non-profits for big loans to buy housing. CHAP de-risks lending by transferring the creditworthiness of the Nova Scotia government to the non-profit borrower. According to Woodford (2022), the loan program helped in getting the Bank of Montréal on board,” and enabled the Nova Scotia Housing Trust to acquire a large portfolio of buildings, which would not have been possible otherwise. The program also provides non-profits with much-needed equity, via a 95-100% loan offered with a low interest rate.

**CHALLENGES**

**No long-term affordability requirements:** a major challenge with CHAP is related to affordability. CHAP does not impose any long-term affordability requirements on housing acquired through its funding. The design of the program – as a loan-only program – also makes it challenging for providers to maintain affordability. The Housing Trust depends on income streams from its acquired properties to repay the loans and support daily operations, but if costs mount rents could go up. As such, CHAP may be ineffective in supporting deeply affordable housing without layered subsidies of another kind. Another challenge is funding levels. The $10 million-per-project limit, while intended to help catalyze other investment, will be unlikely to support large-scale acquisitions.

**Further Inspiration**

**Other State-Wide Loan Programs**

Another example of an acquisition program that provides loans to non-profits is Minnesota’s Naturally Occurring Affordable Housing (NOAH) Impact Fund (managed by the Greater Minnesota Housing Fund).10 The fund provides a 90% equity stake, requires 10% commitment from the operating partner, and the remaining amount is provided by a conventional loan through the US Federal Home Mortgage Loan Corporation (Freddie Mac). Properties must remain affordable for 15 years for low-to-moderate income residents.

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7 These operators must be registered and in good standing with Joints Stocks in any Canadian province or territory authorized to do business in Nova Scotia. In addition, they must have real estate management experience or plan to engage in professional property management services.

8 With this program, 100% loans (rather than 95%) are available if a project provides deeply affordable supportive housing through funds provided by the Department of Community Services (an example of matching and stacking of funds).

9 But their definition of affordability is murky. Based on statements on their website it seems to be measured against what is affordable to the ‘median rental income’ ($49,900) of the Halifax Metropolitan region, with a goal of 50% market and 50% affordable in their previous projects, but statements of a higher affordable ratio appeared in the media. This would make the rent for median income renters no more than $1247 a month (Housing Trust of Nova Scotia, 2023).

10 Eligible properties have at least 20% of units rented to households making 60% or less of AMI, and/or rental housing projects that were previously subsidized and have lost (or will soon lose) their funding. Properties are typically in need of capital investment (NOAH Impact Fund, 2017).
Municipal Grant Funding for Acquisitions: Toronto’s Multi-Unit Residential Acquisitions (MURA) Program

<table>
<thead>
<tr>
<th>Level of government:</th>
<th>Municipal</th>
</tr>
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<tbody>
<tr>
<td>Organization:</td>
<td>City of Toronto</td>
</tr>
<tr>
<td>Funding amount:</td>
<td>$10 million per year (with 20% set aside for Indigenous organizations)</td>
</tr>
<tr>
<td>Funding type:</td>
<td>Grant</td>
</tr>
<tr>
<td>Funding details:</td>
<td>$200,000 per unit for small apartment buildings; $150,000 per unit for rooming houses; Permit fees and property tax waivers</td>
</tr>
<tr>
<td>Housing supported:</td>
<td>Multi-family housing</td>
</tr>
<tr>
<td>Units supported:</td>
<td>50 - 67 units per year</td>
</tr>
<tr>
<td>Units targeted:</td>
<td>Small apartments and rooming houses with 5-60 units that are vacant or occupied or at risk of being lost due to conversion</td>
</tr>
<tr>
<td>Equity groups targeted:</td>
<td>20% of annual funding allocates are for Indigenous housing organizations making acquisitions to support Indigenous Peoples</td>
</tr>
<tr>
<td>Affordability target:</td>
<td>99-year affordability, where no single unit exceeds 100% of average median rent (AMR), and the overall project average does not exceed 80% of AMR</td>
</tr>
<tr>
<td>Date launched:</td>
<td>2021</td>
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</tbody>
</table>

MURA was established by the City of Toronto to “facilitate the purchase and conversion of at-risk private market rental housing to permanently affordable rental homes” by the City, non-profit housing providers, and Indigenous community organizations (City of Toronto, 2021:13). The City has funding of $10 million set aside per year to support partners in the acquisition of small apartments and rooming houses (from 5-60 units). Funding is offered as a grant that covers $200,000 per apartment unit (or $150,000 per rooming house dwelling room), for purchase and/or renovation. To be eligible, non-profits apply through a competitive process, with successful organizations receiving “pre-approval.” Within 60 days of pre-approval, 10% of funding is forwarded for organizations to use as needed for up-front costs like deposits and acquisition expenses. Program recipients can also access incentives, including waivers for permit fees and property taxes. Once organizations have selected a building, the City streamlines approvals and transfers funding to complete the transaction within 30 days. Toronto requires that MURA-funded properties must remain affordable for a 99-year term, where affordable is defined such that no single unit may exceed 100% of average median rent (AMR) and the overall project may not exceed 80% of AMR.

In the first round of funding, PNLT was pre-approved for funding and secured a 36-unit multi-family property at 22 Maynard Street in Toronto. The organization was worried that the building would be acquired by a REIT, as had happened nearby, and used an impact investment model (sourcing funds from nine investors) to access a 3-year loan to acquire the building, with the hope that MURA funding would come through, which it did. The property provides deeply affordable housing to low-income residents in Parkdale.

HISTORY

Protecting Rooming Houses: MURA was created as a result of community-based activism to protect rooming houses, and a report by the Parkdale Neighbourhood Land Trust (PNLT, 2017) on the loss of rooming houses in Toronto’s Parkdale community. After engaging with the land trust, the City established a 2019 Pilot Program to Protect Rooming Houses for Long Term Affordability (City of Toronto, 2020), which worked with PNLT to acquire a 15-unit rooming house and keep it affordable for 99 years.13

13 Outside of the ‘pilot’ the City further supported two additional acquisitions by non-profit housing providers using Ontario Housing Priorities Initiative funding. The result was the protection of 63 total units (25 rooms, and 38 self-contained units) in stable and secure long-term affordability.
WHAT WORKS

Predictable funding with up-front support: MURA provides certainty to non-profit providers compared to programs that operate on an ad hoc basis. The city’s pre-approval process allows them to shop for properties knowing the money is available. The 10% up-front funding transfer allows non-profits to act fast if a promising building comes up for sale (putting down a deposit, conducting a building condition assessment, and so on). The City’s commitment to approve projects quickly and transfer full funding within 30 days means that non-profits can move at the speed of the market.

Direct Grants: MURA offers funding via direct grants rather than loans that must be repaid. Grants allow for deeper levels of affordability than loans. In addition, grant funding provides much-needed equity, allowing non-profits to obtain financing from non-state actors. Most banks will only offer a loan on 70-80% of the value of a building without other guarantees in place, and non-profits are not likely to have 20-30% of a building’s value in equity on hand.

Long-term Affordability Requirements: Toronto’s program far exceeds affordability timelines set by other acquisition programs, which range from 15-60 years in length. The mechanism for ensuring affordability is interesting – the City gives its grant funding as a 99-year forgivable loan, in which the outstanding balance is reduced by 1% each year. This provides a lien on the title that secures the 99-year affordability commitment. A downside of this mechanism is that the ‘grant’ appears as a loan liability on the books of non-profits, which can affect their business operations and ability to access further financing.

CHALLENGES

More funding is needed to scale up the program: Annual funding commitments are low so very few affordable buildings can be acquired through this program. The City of Toronto has committed funding to MURA for two years and would like to continue the program but has yet to secure a long-term funding arrangement (City of Toronto, 2021).

14 The City of Toronto has secured two years of financing for the program through its own reserves and an allocation of the Ontario Housing Priorities Initiative.

FURTHER INSPIRATION

San Francisco’s Small Sites Subsidy Program

An inspiration for Toronto’s MURA, San Francisco’s program enables non-profit groups to acquire small rental buildings where tenants are at risk of displacement (Crowder et al., 2022; City of San Francisco, 2022). This program provides funding (as grants, or loans if rents exceed operational expenses) to pre-approved community partners to purchase properties where average incomes are 80% of AMI (where no tenant’s income exceeds 120% of AMI). The program provides US$375,000 per unit in buildings with 10-25 units, $300,000 per unit in buildings with 5-9 units, and $175,000 per dwelling unit in rooming houses. The program’s budget is USD $30 million annually, which can support the acquisition of about 80 units each year.

San Francisco’s program is based on the idea that “it is generally less costly to acquire rather than build new, and generally more effective to stabilize tenants in their existing homes rather than relocate them” (City of San Francisco, 2022). To date the program has preserved 402 rental units in over 49 buildings. A focus on small sites, however, has led to problems for non-profits which find that the economics of property management work better with larger portfolios. According to the City, 90-100 units are needed to justify hiring a full-time asset manager, and the scale at which operational costs break even for non-profits. As such, the city’s ambition is to fund “preservation at scale” – prioritizing acquisition of larger buildings (25 units or more).
A Right of First Refusal program gives a state entity (or other actor) the first option to purchase rental housing that becomes available for sale, preventing the loss of key affordable properties. On March 26, 2020, the City of Montréal adopted a by-law to exercise its right of first refusal to buy certain properties, and currently applied it to 350+ pre-selected sites across the city (Gouvernement du Québec, 2023). The City’s goal is to provide an opportunity to create or maintain affordable rental housing in areas where it was scarce, to maintain diversity in neighborhoods, and combat gentrification-induced displacement in areas facing market pressure (Olson, 2020). The right of first refusal applies to pre-selected properties for ten years. If one of these properties is put up for sale and finds an interested buyer, the seller must notify the City, which has the right to buy the building at the same price.

To date the Right of First Refusal has been exercised once for housing, with the 2020 $6.5 million purchase of Plaza Hutchison, a vacant 6-story building in the fast-gentrifying Parc Extension neighborhood. This came after community-based activism surrounding this building, which was bought in 2017 by a real estate developer who evicted longstanding tenants with a plan to create luxury apartments. The City’s plan is to create 40 social housing units on site, pending funding from the Federal or Provincial government (Morris, 2021).

15 Upon receipt of an offer, the owner of a designated property must notify the city of the offer and purchase agreement, and must send the city all reports created to establish the value of the property including its non-monetary considerations. The City of Montréal has 60 days to indicate its intention to purchase (on the same terms and conditions of the buyer purchase agreement), and must reimburse the unsuccessful buyer’s expenses incurred when negotiating the deal.
HISTORY
A supportive ecosystem for acquisition programs: Montréal's program evolved from a policy ecosystem that has long supported acquisitions for affordable housing. In the 1980s and 1990s, the City's municipal housing corporation, SHDM (Société d'habitation et de développement de Montréal), used two acquisitions programs to identify, purchase and renovate buildings for affordable housing.16 SHDM acquired 3080 apartment units and 398 rooming house dwelling rooms, which today rent at 70% of market rates. The City later created the Fonds d'Investissement de Montréal in 1997, a fund providing temporary loans to non-profits to buy and renovate projects before finding conventional financing – supporting 746 units.

The Province of Quebec through its provincial housing agency, Société d'Habitation du Quebec (SHQ), is also supportive of acquisitions. SHQ's Logipop program supported the purchase and renovation of apartment buildings that were later transferred to co-ops (Pomeroy et al., 2019). In 2009, the SHQ launched the Fonds d'Acquisition Quebecois (FAQ), to provide low-interest loans for community housing developers to secure properties before a commitment of public funding. In addition, the much larger AccessLogis Quebec program has created 31,000 housing units for low- to moderate-income households, including through acquisition (Paradis, 2018). Most recently, Quebec introduced Bill 121 in 2016, which granted more legislative autonomy to the City of Montréal, including new powers to preemptively acquire property for municipal purposes and expropriate neglected properties, paving the way for the Right of First Refusal program.

WHAT WORKS
Proactive protection of vulnerable areas: Montréal’s Right of First Refusal is unique in that it has pre-selected ‘at-risk’ sites in the city that should be protected for affordable housing to prevent displacement, curb gentrification, and maintain neighbourhood diversity. This is the only Canadian program that has a systematic approach to identifying buildings to acquire in advance, rather than buying properties reactively. The program has the potential to prevent the erosion of affordable housing by stopping the sale of affordable buildings and acquiring them for social ownership.

CHALLENGES
Despite a recent announcement of approximately $10 million annually for acquisitions (Ville de Montréal, 2021), the main limitation of Montréal’s program is the lack of funding to make its aspirations (covering 350+ properties) real. The City has an excellent framework in place to pre-identify affordable housing and protect it from loss, but without substantial resources for acquisitions, properties that come up for sale will not be purchased through the program.

FURTHER INSPIRATION
Right of First Refusal in the US and Sweden
San Francisco’s version of a Right of First Refusal gives community organizations the first right to buy properties that come up for sale. The Community Option to Purchase Act, 2019, requires sellers of at-risk properties to give notice to approved community partners, who can match or exceed private offers to purchase.

Washington, DC’s Right of First refusal program grants tenants the right to purchase buildings, via the 1980 Tenants Opportunity to Purchase Act. This act applies to all multi-unit buildings (over five units) where 50% of tenants are low- to moderate-income. Tenants may form a condominium or limited equity rental cooperative to acquire the property or assign their right to a community or non-profit developer. Upon notice of sale, tenants have 120 days to form an association and make an offer on the property. The program is funded by city-provided loans up to 49% of the project’s value (or USD$95,000 per unit), which can be used for association start-up costs, development, acquisition, and rehabilitation. Buildings are required to maintain affordability for 40 years. Available funding has grown to USD100 million per year, with $10 million set aside for acquisition financing (DHCD, 2018). From 2002-2018, the program has preserved over 3500 units. Of the 49 projects completed between 2002-2013, 90% remain affordable for tenants making between 30-80% of AMI (Reed, 2013).

In Sweden, the 1970s Acquisitions Act went a step further in requiring the sale of all multi-family buildings to be subject to the approval of local rental committees, an approach that succeeded in “curtailing short-term rental speculation” (Blackwell, 2021; Malmstrom, 2011). This active intervention is a precedent for recent regulations that have emerged in multiple countries (Wijburg, 2021), including required notice of sales, right of first refusal, and even bans on ownership by certain types of investors.

16 The earliest of these programs, the Programme d’Acquisition de Logements Locatifs (PALL) and the Programme d’Acquisition de Maisons de Chambres (PAMAC) operated from 1988-1994, and emerged as the federal government signalled its intentions to withdraw from social housing.
Acquiring Single-Room Occupancy (SRO) Properties:

Vancouver and British Columbia: Acquisitions in search of a strategy

In Vancouver and the Province of British Columbia, an array of well-defined strategies and ad hoc purchases have created a strong foundation for the development of a more organized acquisitions program. In 2007-2009, the Province of British Columbia invested $147 million into the purchase of 13 single-room occupancy (SRO) properties, via its Single Room Occupancy Initiative. The Province of BC had previously acquired 24 SRO properties. The program, a public-private partnership, funded renovations and turned the properties over to non-profit societies, with agreements and maintenance funding to manage them as long-term supportive housing for 15 years. In 2020, the City of Vancouver launched the ambitious SRO Purchase Plan (City of Vancouver, 2020ab), to purchase and renovate all remaining private 105 SRO properties (2,500 rooms). A continuation of a previous SRO revitalization effort (City of Vancouver, 2017), the plan’s estimated cost is $1 billion, contingent on federal and provincial funding.

The example of an SRO at 18 West Hastings Street in Vancouver demonstrates both the value of acquisitions and the need in BC for a more systematic approach. The dilapidated SRO was condemned in 2007 and bought by a private developer, who transformed it into a market-rate ‘micro-suite’ rental building. Ten years after it reopened as a market-rate rental, the developer asked the province to buy the property. In 2021, BC Housing acquired the 30-unit building for $10.4 million and partnered with non-profit Atira Women’s Society to operate the property as supportive housing for women with substance use (Chan, 2021). This case shows the value of the ultimate acquisition, but also the missed opportunity in 2007 to have acquired the condemned building earlier, and for less.

WHAT WORKS

The BC and Vancouver SRO programs recognize the value of SRO properties in providing affordable housing and prioritize the preservation of this at-risk stock. The programs are also comprehensive in targeting all at-risk SROs in Vancouver, an ambitious approach with the potential to preserve this resource. Recognizing the need for a supportive set of policies, Vancouver is seeking to strengthen tenant protections in this stock more broadly, to prevent rent increases and displacement. BC’s program also deserves recognition for supporting the ongoing operation of properties acquired under the Single Room Occupancy Initiative, with maintenance funding that is critical to the provision of deeply affordable housing with supports.

CHALLENGES

One challenge facing BC and Vancouver’s programs is the absence of a discrete funding path. Vancouver’s SRO Purchase Plan depends on $1 billion from other orders of government that is not confirmed. A second challenge is that money to renovate SRO housing has not been forthcoming from BC Housing, leading to loss of life through fire and floods. Additionally, a lack of coordination, and often a reactive approach to acquisitions. The City and Province have used equity subsidies, loans, direct state acquisitions, and even expropriation to acquire rental properties on an ad hoc basis. While the diversity of the tool kit suggests technical sophistication in rental property acquisition, a more systematic approach with guaranteed funding would provide more certainty to non-profits seeking to protect affordable housing.
SCALING UP ACQUISITIONS IN CANADA

A theme emerges across the four Canadian case studies: while there are several well-designed programs, they lack adequate funding at the scale needed to address the affordable housing crisis.

Existing programs have tended to focus on small buildings (rooming houses or small apartments) and support very few properties per year. A consistent refrain in interviews conducted for this report was the need for more federal funding for acquisitions. Generous federal funding could scale-up and support existing local and provincially-designed programs. A program like Toronto’s MURA, for example, could be adopted by cities across Canada and supported by federal or provincial funds.

One approach to scale up funding has been put forward by the Federation for Canadian Municipalities (FCM, 2020). FCM recommends funding for two kinds of acquisitions, with large-scale federal investment. First, their deeply-affordable supportive housing option would work to house the homeless and other vulnerable populations. For this, FCM recommends a program to provide grants for 100% of the cost of acquisition, estimated at $170-400,000 per unit, plus $40-90,000 for renovations per unit. An annual contribution of $3.5 billion would support an estimated 12,000 deeply affordable units. Second, their moderately-affordable workforce housing option would support acquisition of currently affordable apartments at risk of becoming unaffordable. In these properties, it is assumed that rent levels would remain the same after acquisition or be gradually reduced over time (and to deeply affordable levels if layered with other funding programs). This type of housing could be supported with a combination of loans (75% of project costs) and grants (25%), with costs of $150-350,000 per unit for purchase plus $20-50,000 per unit for repairs. For $585 million in capital grants, FCM calculated that the federal government could support non-profits in acquiring 10,000 moderately affordable apartment units.

FURTHER INSPIRATION

California’s Operation Roomkey and Operation Homekey Programs

Canada could learn from California’s pandemic-era programs, Operations Roomkey and Homekey. These provided $800 million in 2020 and $1.45 billion in 2021 for acquisitions in a state with a population of similar size to Canada. These figures were compounded further by a system of increased operational subsidy in exchange for matching capital and operating grants from municipal and regional governments. This comprehensive approach to funding had a massive impact, supporting the acquisition of 10,644 temporary hotel rooms for affordable housing (in 4 months) and 6000 permanent affordable units (in 8 months) (CDHCD, 2021).

Like Canada’s Rapid Housing Initiative, the program was designed to convert non-residential properties into permanent supportive housing for the homeless. The 6000 units were produced (at an average cost of US$129,000 per door), housing 8000 individuals. In 2020, $800 million was committed to the program, and in 2021, a second round with $1.45 billion was launched. The program’s funding is flexible, and can be used for apartment buildings or houses (a non-profit in Oakland used $100,000 to buy 15 single-family homes). The funding for this program came from both the State of California and the federal American Rescue Plan for coronavirus relief. While the program has limitations, it offers a shining example of how a state-level program can be tremendously effective when supported by generous state and federal funding.
Joint Funding Vehicles Across Various Governments

In New York, Minneapolis, and Seattle, local governments have developed joint funds with other orders of government, non-profits, and private capital to support the acquisition of affordable housing. The largest of these is the NYC Acquisition Fund, capitalized at US$210 million (in 2006) to provide bridge financing (5-year term) for new and acquisition-rehabilitation projects. Since its creation the fund has provided around US$533 million in investments and supported over 14,236 units across 86 projects (New York City Department of Housing and Preservation, 2021). Often run independently of the state, these vehicles can help scale up, recycle, and leverage state funding.

British Columbia’s Rental Protection Fund

A new province-wide acquisition program has recently been announced in British Columbia, which will provide a scaled-up approach to acquisitions. On January 12, 2023, BC announced the $500 million Rental Protection Fund for “protecting tenants and preserving affordable rental homes for decades” (Government of BC, 2023). Consisting of one-time capital grants, the fund is intended to support non-profits and co-ops to purchase affordable buildings. The fund is expected to be supplemented by ‘private’ financing, and to protect “thousands of units throughout the province.” Rather than managing the fund itself, the BC government has supported the creation of the Housing Protection Fund Society to manage the fund. The Society is a joint venture of the BC Non-Profit Housing Association (BCNPHA), the BC Co-op Housing Federation (BCCHF), and the Aboriginal Housing Management Association (AHMA). The leadership of BCNPHA has indicated that the desire is for the Fund to be a catalyst that continues for many years rather than being quickly depleted and has floated the idea of including patient capital investors contributing to the Fund for a small 2 percent return (Gold, 2023). BCNPHA estimated that the fund will support between 2000-3000 units.

While few concrete details about the fund were released at the time of writing, it is a promising example for the scaled-up delivery of acquisitions funding. The fund provides 50 times the funding of Toronto’s MURA program. As a direct capital grant, it reaches the scale of those proposed by national housing advocates, but for a single province. It is controlled by organizations closest to the problem, allowing affordable housing providers to determine the criteria, guidelines, and plans for how the funds are used through the Housing Protection Fund Society. Finally, this approach could serve as a ‘one stop shop’ for acquisition if federal (local and private) funding were provided directly to the Fund, reducing the bureaucratic burden for program users.

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17 Part of the popularity of joint funding vehicles between governments, foundations, and private lenders is the ecosystem of legislation that incentivizes such activity under the Community Reinvestment Act, which requires large institutional investors to make investments in historically marginalized (racialized) communities. Affordable housing funds are popular vehicles for this ‘social capital’. See also Beekman (2022). NOAH Impact Fund (2017), NYC Housing Preservation and Development (2021).
We recommend six best practices based on our analysis of global programs.

1 Systematically identify buildings based on criteria

When designing an acquisitions program, it’s important to consider the criteria for an eligible property. This will depend on program goals. It may be that all multi-family properties in the city are considered eligible. Perhaps (and more likely), the focus will be on properties that are already affordable and at-risk of becoming unaffordable. The location of properties in currently affordable (and potentially gentrifying) neighbourhoods may be a signal that they are at-risk. A best practice from the literature is to develop a systematic strategy for identifying properties for acquisition.

Different cities have different approaches. In Vancouver, all SROs are targeted for acquisition under the SRO Purchase Plan, an approach that classifies targeted properties by their type. Montréal’s Right of First refusal program takes a different approach, in pre-identifying properties at risk because of intense redevelopment pressures, gentrification, and proximity to key transport or economic nodes. In the US, it’s common to go even further, by establishing a rule-based approach to systematically target properties. This could include details about the size of buildings, current rent levels, prevailing rent levels in the local area, historic changes indicating displacement pressures and so on. Models could be developed to consider an even wider range of variables, including resident socio-demographic data, eviction data, and transaction price data. Once general criteria are set to identify sites of interest, these can be used to identify a pool of properties that are eligible for acquisition.

There are several examples of systematic programs for identifying at-risk properties. In New York, a non-profit has created the NYC Displacement Alert Map which uses publicly available data to identify properties at risk of becoming unaffordable (ANHD, 2023). In Los Angeles County, Organizer’s Warning and Notification Information for Tenants (OWNIT) works to identify properties at risk of displacement (SAJE, 2020). These types of systems can put properties on the radar of cities and non-profits, and allow them to act proactively to pursue acquisitions. In the City of Denver, a 2010 program identified properties around transit sites as at-risk and created the US$50 million (as of 2022) Denver Transit Oriented Development Fund to create and preserve over 1000 affordable housing units in transit corridors (Enterprise Community Partners, 2022; ULC, n.d.).

Develop Mandatory Early Warning Systems for Building Sales

A related best practice is to create and enforce an early warning system for the sale of relevant properties that informs non-profits and governments that an eligible building is available. Typically this is done through a law-based notice system requiring private sector owners to report their intentions to sell. Depending on program criteria, the early warning system would apply to all buildings of a certain type, all buildings in a certain area, all buildings identified by a model, and so on.

Programs with an early warning system typically give non-market actors time to intervene before private actors buy at-risk properties. Programs that give the ‘right of first refusal’ to governments, non-profits, or tenants operate with this type of system, which levels the playing field for non-traditional buyers. Critically, notification systems need to be enforced. In 2015, The City of Seattle required building owners to provide a “notice of intent to sell,” but failed to impose any punishment for failure to comply with the regulation (Waller, 2019). Only nine building owners complied with the notice regulation.
Set strong affordability parameters for acquired properties

The best acquisitions strategies establish clear affordability parameters for acquired properties, that both preserve existing affordability and generate deeper affordability over time. North American programs often have criteria to target properties for acquisition that are renting at 80% of average market rent (AMR), or that are affordable to households earning 80% of area median income (AMI). Properties like these may not provide deep affordability at the outset, but they can be acquired and operated initially with minimal (or zero) operating subsidy. Robust programs have accountability mechanisms, and outline minimum affordability levels that must be maintained in acquired properties. The City of Toronto’s MURA program, for example, requires that no unit exceed 100% of AMR, and that a property’s average rents not exceed 80% of AMR. Toronto’s program requires this standard to be met over 99 years.

Effective programs go further to deepen affordability over time. San Francisco’s Small Sites Program includes a tenant succession strategy to ensure that when a unit is vacated it is made available to an incoming resident with a lower income. Greater affordability can also be incentivized through program design, by providing additional operating subsidies or ‘bonuses’ in the form of higher grant values per unit. California’s Project Homekey, for example, provided greater operational subsidy if lower tiers of government contributed matching capital grants for acquisition. In Toronto, PNLT was able to achieve deeper affordability than required by the City of Toronto’s MURA program – 60-70% of AMR across their property – by stacking rental income supports (also provided by the City) (City of Toronto, 2021).

Create streamlined, sustained, and dedicated funding, prioritizing grants

The design of funding for acquisitions makes a big difference in program effectiveness. Robust programs have streamlined funding delivery that allow non-profits to access funds quickly with minimal complexity. If funding comes from multiple sources, a streamlined program will provide a single-window delivery that eliminates complexity. Facilitating the timely flow of funds is critical as well, especially by making funds available for up-front costs, so that non-profits can act quickly when a property becomes available. In Toronto and San Francisco acquisitions programs deployed a pre-approval process that guaranteed non-profits access to program financing. In Toronto, pre-approved organizations receive 10% of pre-approved funds upfront for costs, allowing them to act quickly in the market.

In other sites, streamlined funding has been taken even further. In New York City and San Francisco, bridge financing vehicles (NYC Acquisitions Fund and the Housing Accelerator Fund respectively) have been set up to support the full costs of acquisition for up to five years. These provide low interest funds upfront until longer term financing can be arranged. Once paid back the funds can be reused. This removes obstacles for non-profit acquisitions which often need to have approvals within 30 to 60 days to place competitive offers. Another streamlined approach is to create a rolling fund, providing resources to non-profits as needed, rather than through annual funding calls.

Well-designed programs have sustained funding, that is delivered year-to-year without interruption. Sustained funding builds capacity in the non-profit sector, and enhances the stock of protected affordable rental housing. In Washington DC, the long-running Right of First Refusal Program has seen increased take-up since funding has become more consistent in recent years, applying now to one-third of all multi-family sales (Greysteel, 2015).

We recommend that acquisitions programs prioritize funding through grants, where possible, rather than loans. Grants provide non-profits with the equity they need to acquire properties, and allow for deeper levels of affordability (since there is no requirement to set rents high enough to service loans). In addition, is recommended to provide dedicated funding, earmarked for acquisitions. This should include consideration for funding not only acquisitions but also minor renovations and operational subsidies. Another best practice is to provide high levels of funding. In California, Project Homekey provided a high-enough level of funding to reduce the number of funders contributing to projects from an average of 6.9 to 3 – reduction complexity for non-profits (Reid et al., 2022).
Researchers have found that acquiring and rehabilitating occupied housing “presents a variety of new capacity challenges even for the most experienced” (Yelen, 2020, p. 28). Supporting non-profits in building capacity is an essential component in developing an acquisitions strategy. To do well, non-profits require skills in areas such as purchase negotiation, tenant communication, and asset management. Municipalities and provincial governments can play a role in sharing (not offloading) responsibility for affordable housing achieved through acquisitions programs, and lead sectoral-reorganization. This includes providing start up resources as well as establishing new networks and entities of cooperation and coordination.

Cities with the best strategies for acquisition in the US have developed robust interagency, interorganizational support systems that are formalized into an ‘all hands-on deck’ approach (Young et al., 2018). A good example is provided by Chicago’s Preservation Compact, a network of shared governance between seven city departments, large foundations, and housing groups established to connect ‘at risk’ buildings to new responsible owners interested in maintaining their affordability. Another promising practice is Quebec’s emerging Plancher, funded by the Canadian Housing Transformation Centre, which seeks to pool the assets of non profit housing providers, set up mortgage insurance systems, new investment vehicles, and leverage social capital for new build and acquisition (CHTC, 2023).

A great way to promote non-profit capacity is to fund at a level that allows them to pursue “preservation at scale” – a goal of San Francisco’s program. High levels of support allow non-profits to build large enough portfolios that they develop greater expertise and benefit from economies of scale. Approximately 80-100 units are needed to hire a single building manager and to break even on operational expenses. Scale can also be achieved if governments support cooperation (or merging of assets) across non-profits. In our research, numerous respondents suggested that governments can no longer afford to be afraid of ‘picking winners’ where organizations demonstrate the ability to scale their ownership and maintenance of affordable properties rapidly. Scale is a necessarily condition for achieving the immediate economies to support acquisition, but also for achieving the larger goals of growing the amount of affordable housing protected as social housing.

18 This program has been described by the US Department of Housing and Urban Development as one of the most effective preservation programs in the US, working to preserve affordable units at cost under $2000 dollars a unit. The program uses city and foundation funds to cover the transfer costs (usually by foreclosing a property) between owners of a property (HUD Office of Policy Development and Research, n.d.).

19 Scotiabank Economics has recently published a report supporting the doubling of social housing stock, including through acquisition (Young, 2023). BMO (2021) announced $12 Billion to support affordable housing financing in 2021.
Deliver acquisitions programming alongside supportive policies and legal powers

The most successful acquisitions programs benefit from a supportive ecosystem of housing and other policies. In the US, acquisition programs have been effective because of legal requirements for large financial institutions to invest in historically disadvantaged communities, combined with a tax incentive policy (LIHTC) that supports acquisition for affordable housing. While jurisdictions in Canada may lack such an ecosystem, there are a range of legal and policy initiatives across government departments that create a supportive environment for acquisition programming, and for the success of affordable housing programs. Strong tenant protection and rent control policies are two examples of measures that will support ongoing affordability.

Provincial governments can support acquisition by granting powers to municipalities to enforce right of first refusal legislation, notice of sale requirements, and landlord registries and licensing. These powers enable non-profits and municipalities to compete on a more even footing in the private rental sector. Ambitious acquisitions strategies (e.g. Washington DC) significantly slowed the sales process to allow non-profits to act. Governments may also consider legislation that governs what kinds of owners or their actions that should be permitted for certain strategically valuable properties. For example, governments could impose bans on certain financial investors owning residential property (see Wiburg, 2021).

Supportive tax policies can enhance the success of affordable housing acquisitions programs. Changes in tax policy created a major boom in rental housing construction in the 1960s that now makes up much of the affordable stock (Suttor, 2016). Several research participants in our study wanted to see tax incentives that pushed private capital into non-profit housing, such as a tax break that reduced the capital gains owed by vendors of investment properties who sold to non-profits, known as a ‘vendor tax credit’. In addition, municipalities can provide tax and development fee relief to non-profits engaged in housing acquisitions, an approach taken by Toronto with its Open Door Program. Another example is Nova Scotia’s CHAP, where the City of Halifax stepped up to cover transfer taxes for non-profit acquisitions.
CONCLUSION

Over the past two years, a growing consensus has emerged, arguing for the importance of property acquisition as part of a renewed National Housing Strategy that takes a rights-based approach.

Acquisitions stem the hemorrhage of low and moderate cost private sector housing by transferring it to the public or non-profit sector, and guarantee perpetual affordability of well-located older homes, especially if it incorporates a community land trust model. It can increase the asset base of non-profit providers, allowing them to scale up affordable housing options. With funds for energy and building upgrades, an acquisitions program can provide a new lease on life for older multi-tenant buildings. In short, property acquisitions are a vital component of scaling up non-profit affordable housing stock.

For these reasons, many countries have used acquisitions strategies as part of their suite of housing supply tools and this report discusses approaches used in the US, France, and Finland. Across Canada, there are many inspiring small-scale examples of acquisitions programs, and this report discusses Nova Scotia’s Community Housing Acquisition Program (CHAP), the City of Toronto’s Multi-Unit Residential Acquisition (MURA), Montréal’s Right of First Refusal, and BC and Vancouver’s Single Room Occupancy purchases. Together, these programs provide inspiring examples that could be built upon to develop a scaled-up national approach to acquisitions.

Land and building acquisitions as a part of Canada’s COVID recovery plan was recommended by the Federation of Canadian Municipalities (FCM, 2020) and was incorporated into the Rapid Housing Initiative in that year. The Rapid Housing Initiative has, in turn, become the most successful program in meeting the targets of the National Housing Strategy (Blueprint, 2022). Property acquisitions has been recommended by the House of Commons Committee tasked with reviewing best practices for the new federal Housing Accelerator Fund (HUMA, 2022), and it is also central to recommendations on doubling the amount of non-profit housing in recent reports by both the Canadian Housing Renewal Association (CHRA, 2022) and Scotiabank (Young, 2023). In short, a national property acquisitions program appears to be imminent.

Our review of over 100 international acquisition strategies, and interviews with housing professionals has led to the identification of six best-practice strategies for acquisitions programs:

1. Systematically identify buildings based on criteria.
2. Set strong affordability parameters for acquired properties.
3. Create streamlined, sustained, and dedicated funding, prioritizing grants.
5. Fund and coordinate programs across all scales of government.
6. Deliver acquisitions programs alongside supportive policies and legal powers

To accompany this report, we have created a series of How-To Guides that can support the design of long-term acquisition strategies for affordable housing. Together with other Housing Assessment Resource Tools, our evidence-based approach to property acquisitions should assist all levels of government, non-profit providers, Community Land Trusts, and other actors to rapidly scale up affordable and adequate homes that meet the needs of households across Canada.
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