

**Written Submission for the Pre-Budget
Consultations in Advance of the 2019 Budget**



**By the Canadian Housing and Renewal
Association**

August 2018

List of Recommendations Submitted by CHRA to the House of Commons Finance Committee

- ***Recommendation 1:*** Guarantee that the new Federal Community Housing Initiative is funded beyond its 10 year time commitment, and that ongoing subsidies will be in place beyond 2027 for the current stock of housing and new housing stock, particularly for housing providers who house the most vulnerable populations.

- ***Recommendation 2:*** In combination with sustainable, long-term subsidies, increase funding options available to build new affordable housing units in order to address significant housing demand.

- ***Recommendation 3:*** Increase funding under the new Federal Lands Initiative, and expand the mandate of the program to allow for the acquisition of provincial and/or municipal surplus land and buildings to be repurposed for community housing.

- ***Recommendation 4:*** CHRA is recommending that the federal government develop a 4th Indigenous Housing Strategy, targeting the needs of urban, rural, and northern Indigenous housing, and that the Strategy contain specific funding to protect and expand upon existing urban/rural/northern Indigenous housing. A guiding principle of the Strategy should be that it be developed “For Indigenous, By Indigenous”.

The Canadian Housing and Renewal Association (CHRA) represents the interests of the social, non profit and affordable housing sector in Canada. Its members include social and supportive housing providers, non profit organizations, municipalities, all 13 provincial and territorial housing departments, and supportive businesses and individuals. CHRA is celebrating its 50th anniversary as an organization in 2018.

In November 2017, the federal government unveiled a 10 year, \$40 billion National Housing Strategy (NHS) that included a package of measures designed to provide support to the existing social and affordable housing stock, and provide mechanisms to increase the affordable housing stock. CHRA worked very closely with the federal government, particularly the Canada Mortgage and Housing Corporation (CMHC) and Minister Jean-Yves Duclos to design this package of measures.

The measures contained in the NHS were a significant step forward in reinvesting in the social and affordable housing stock in Canada. However, there remain concerns over the ongoing, long term sustainability of the social and affordable housing stock, as well as the ability of the affordable housing system to increase its supply in order to meet the significant demands being placed on the system. These concerns, and recommendations on how to address these concerns, are presented below:

1. Committing to long-term sustainable federal subsidies: The NHS contained two measures to protect subsidies for community housing providers who otherwise would have lost subsidies upon the expiration of their Operating Agreements – a situation made more worrisome as the number of housing units facing expiry of Operating Agreement is set to accelerate over the coming years. For Operating Agreements held by provinces or territories, the NHS introduced a new \$4.3 billion Canada Community Housing Initiative, which will cover 50% of the costs of extending operating subsidies out to 2027 (with the province or territory expected to cover the other 50%). For federally held Operating Agreements, the NHS introduced a new Federal Community Housing Initiative that will invest \$500 million over 10 years to extend subsidies. However, the Federal Community Housing Initiative is being implemented in 2 phases: Phase 1 is an automatic extension for all Operating Agreements that expire between 2016 and 2020; while Phase 2 will extend subsidies to 2027, although the design of Phase 2 is as of yet unknown, pending the outcome of a public consultation period. However, there is a concern that the Phase 2 component will be an attempt by the federal government to “wean” itself off of continuing Operating Agreements, with an expectation that housing providers will implement strategies to transition themselves off continued subsidies. This is particularly concerning, as many housing providers holding federal Operating Agreement currently serve the most vulnerable populations, and whose units are almost entirely Rent-Geared-to-Income, meaning any loss of federal subsidies would put into question the future operational viability of the organization.

Although not every community housing provider will require long-term subsidization to remain viable, there are many that will continue to require long-term continuing support beyond 2027 – without this ongoing support, housing providers run the very real risk of having to abandon RGI units and force tenants to become homeless. That is why any attempt to cut off ongoing subsidies to housing providers after 2027 needs to be avoided, and why the federal government must commit and guarantee that it will continue to provide supports to those community housing providers who are not viable in the absence of an ongoing federal subsidy. The federal government should also be prepared to expand the number of units under subsidy, so that a greater number of affordable housing units can be made available.

Recommendation #1: Guarantee that the new Federal Community Housing Initiative is funded beyond its 10 year time commitment, and that ongoing subsidies will be in place beyond 2027 for the current stock of housing and new housing stock, particularly for housing providers who house the most vulnerable populations.

2. Increase the stock of affordable housing: The NHS included a new program, the National Housing Co-investment Fund, that will invest \$11.2 billion in low-interest loans and \$4.7 billion in grants over the next 10 years to renew and repair existing community housing, and to build new affordable housing. From this Fund, the NHS identified a target of 60,000 new units that would be built over the next 10 years. Although these new units of affordable housing are welcome, they are insufficient to meet the massive demand for affordable housing facing every community in Canada.

We see evidence of the demand for affordable housing in a number of indicators. The wait list for social housing in several Canadian metropolitan centres provides ample evidence of this demand, as demonstrated below:

Wait Lists in Select Canadian Municipalities (2018):

- Halifax – 3,519
- Montreal – Over 25,000
- Toronto – 82,414
- Calgary – 4,000
- Metro Vancouver – 11,007 (2017)
- Whitehorse – 194

Another indicator of need is the proportion of Canadian households living in core housing need. Based on data obtained from the 2016 census, 40% of renter households are in core housing need, defined as spending over 30% of gross household income on rent, while 18% of renter households are in “deep core housing need”, defined by spending over 50% of gross household income on rent.

There is no question that expanding the stock of affordable community housing needs to be a policy priority of the federal government and of a beefed-up NHS. In our 2016 submission to the NHS, CHRA included examples of innovative funding models that could be used to help finance the expansion of the affordable housing stock. CHRA would be pleased to forward these innovative models to the Finance Committee for its consideration. It should be noted that although funding for the construction of new housing is important, these units must also be provided with long-term subsidies so that their affordability can be protected for their tenants.

Recommendation #2: In combination with sustainable, long-term subsidies, increase funding options available to build new affordable housing units in order to address significant housing demand.

3. Increasing access to available land for housing developments: Land acquisition is one of the most expensive components of building new community housing. CHRA was very pleased that the NHS adopted one of CHRA's key recommendations to increase the supply of surplus federal lands that could be repurposed for community housing purposes. Under the NHS, the new Federal Lands initiative was increased from an average of \$2 million per year to an average of \$20 million per year (\$200 million over 10 years) to make available surplus federal land and surplus federal buildings that could be repurposed for affordable housing.

Although this increase was welcome, \$20 million a year for both surplus lands and buildings is low, given the significant demand for affordable housing. Furthermore, in many communities across Canada, particularly rural or remote communities, there are no surplus federal lands or buildings available to be repurposed. These communities will not be able to access this program, nor will they realize any tangible benefits. However, many communities, whether urban or rural in nature, do have surplus provincial or municipal lands and/or buildings available which could be repurposed if the opportunities were made available.

As a result, CHRA believes that the Federal Lands Initiative could be improved upon and made more equitable for all Canadians if funding under the program was increased, and the parameters of the program were expanded to allow federal funds to be used to acquire surplus municipal or provincial lands and buildings which could be transferred to community housing providers. This would allow housing providers in all regions of the country to benefit from this program, and make the program more equitable to Canadians living in all regions.

Recommendation #3: Increase funding under the new Federal Lands Initiative, and expand the mandate of the program to allow for the acquisition of provincial and/or municipal surplus land and buildings to be repurposed for community housing.

4. Creation and ongoing support for an urban, rural, and Northern Indigenous Housing Strategy:

One of the glaring omissions from the NHS was the lack of an Indigenous Housing Strategy. At the time, the government stated that it needed more time to consult with Indigenous groups to develop a distinct Indigenous Strategy. In the 2018 Budget, funding was allocated for 3 distinctions-based strategies – one for First Nations, one for Metis and one for Inuit. Although these 3 strategies are welcome, they fail to target the housing needs facing Indigenous peoples in urban, rural, and northern settings, despite the fact that 87% of Indigenous peoples in Canada live in urban, rural, or northern settings.

Indigenous peoples living in metropolitan centres face much more severe housing challenges when compared to the non-Indigenous population. According to the 2016 census, core housing need amongst Indigenous households is 18.3%, compared to 12.4% for non-Indigenous households. The homeless population in every major Canadian city is disproportionately Indigenous – in cities such as Toronto, Calgary, and Vancouver, the proportion of homeless people are between 10 and 38% Indigenous, while in other cities such as Winnipeg, Regina and Thunder Bay, that proportion rises to over 70%.

In order to effectively address the needs of urban and rural Indigenous peoples, the federal government must commit to a 4th Indigenous Housing Strategy that would complement the 3 distinctions-based strategies. Such a Strategy must include direct and dedicated funding to maintain existing units of urban Indigenous housing, and provide funds to expand the stock and the required subsidy to maintain its affordability. Equally important to the funding is the governance for such a Strategy. In May 2018, the CHRA Indigenous Caucus released a proposed "For Indigenous By Indigenous" Strategy that would

create a new National Housing Centre that would oversee funds dedicated for urban and rural Indigenous housing. This paper, combined with a June 2017 policy brief, forms the basis for CHRA's proposals for a distinct urban, rural and northern Indigenous Housing Strategy. Copies of these two documents are found on the CHRA website, and of course, we would be happy to make copies of these documents available to the Finance Committee.

Recommendation #4: CHRA is recommending that the federal government develop a 4th Indigenous Housing Strategy, targeting the needs of urban, rural, and northern Indigenous housing, and that the Strategy contain specific funding to protect and expand upon existing urban/rural/northern Indigenous housing. A guiding principle of the Strategy should be that it be developed "For Indigenous, By Indigenous".

Conclusion

CHRA has appreciated the federal government's engagement with our organization over the course of the development of the National Housing Strategy. We furthermore appreciate the opportunity to share these recommendations in advance of the 2019 Federal Budget with the Finance Committee, and looks forward to the opportunity to speak directly with the Committee this fall.