

Submission to the House of Commons Standing Committee on Finance for Pre-Budget Consultations in Advance of the 2023 Budget



CHRA ACHRU

**Canadian Housing and
Renewal Association**

A Home for the Housing Sector

Recommendation 1: That the government support a fully funded Indigenous-governed urban, rural, and northern (URN) Indigenous Housing Centre to develop and deliver an URN Indigenous housing strategy.

Recommendation 2: That the government create a national Property Acquisition Program to support community housing providers with pre-approved Canada Mortgage and Housing Corporation funding to buy existing rental properties and preserve affordability.

Recommendation 3: That the government increase the value of grants for the creation, repair, and renewal of affordable housing through National Housing Strategy programs to offset skyrocketing borrowing costs.

Introduction

The Canadian Housing and Renewal Association (CHRA) represents the community housing sector in Canada. We are proud to participate in the House of Commons Standing Committee on Finance's pre-budget consultation as it is a crucial opportunity for the Government of Canada to showcase support for recommendations that will make Canada a more fair, inclusive, and affordable place to call home.

CHRA members include, but are not limited to, housing providers, municipalities, social enterprises, service and support agencies, as well as all thirteen provincial and territorial housing departments. CHRA's voice prominently features the CHRA Indigenous Caucus, the organized body representing Indigenous housing providers across Canada.

Collectively, our members house, shelter, and support hundreds of thousands of Canadians, drawing on enormous, practical on-the-ground experience implementing National Housing Strategy programs. The affordable housing sector works tirelessly to ensure that everyone in Canada has a home that they can afford and that meets their needs.

Like many, CHRA and our members have been confronted by an undeniable reality: that Canadians from all walks of life feel life is becoming increasingly unaffordable, that they aren't being given a fair deal, or that they are falling behind.

Unlocking a Canada that is fairer, more inclusive, and affordable for everyone starts at home, and affordable housing is the key. To this end, CHRA is recommending that Budget 2023 include our three priority recommendations:

Recommendation 1: That the government support a fully funded Indigenous-governed urban, rural, and northern (URN) Indigenous Housing Centre to develop and deliver an URN Indigenous housing strategy.

Recommendation 2: That the government create a national Property Acquisition Program to support community housing providers with pre-approved CMHC funding to buy existing rental properties and preserve affordability.

Recommendation 3: That the government increase the value of grants for the creation, repair, and renewal of affordable housing through National Housing Strategy programs to offset skyrocketing borrowing costs.

1. An Urban, Rural, and Northern (URN) Indigenous Housing Centre and Strategy

Housing forms the foundation for vibrant communities. It is a positive determinant of health and wellbeing, education, early childhood development, and meaningful and rewarding employment. Yet, many Indigenous people living in urban, rural, and northern areas are falling through the cracks, unable to access safe, adequate, affordable housing.

For years, CHRA and the CHRA Indigenous Caucus have urged the federal government to move forward on implementing an Urban, Rural, and Northern (URN) Indigenous housing strategy anchored in true Reconciliation, which includes acknowledging, respecting, and addressing the housing needs of Indigenous peoples.

Closing this gap is long overdue. In fact, it is a crucial step toward Reconciliation with Indigenous peoples. Moving forward requires a sustainably funded URN Indigenous Housing Strategy designed and delivered through an Indigenous-led and operated (“For Indigenous, By Indigenous”) National Housing Centre.

Indigenous-led organizations are the most effective at providing housing to Indigenous peoples but are insufficiently resourced to meet the scale of housing needs currently facing URN Indigenous communities. Since 2018, CHRA and the CHRA Indigenous Caucus have been advocating for a “For Indigenous, By Indigenous” (FIBI) Strategy to act as a roadmap for meeting the housing needs of URN Indigenous communities.

CHRA and the CHRA Indigenous Caucus once again call upon the government to adopt the FIBI Strategy endowed with sufficient resources to:

1. Create 73,000 new units of safe, adequate, affordable housing for URN Indigenous peoples over the next ten years;
2. Fund culturally appropriate wraparound services to ensure tenant well-being and long-term success;
3. Accelerate action on reducing and eliminating Indigenous housing precarity and homelessness;
4. Provide special consideration for northern-specific housing challenges, focusing on closing the significant gap in core housing need; and
5. Pursue any additional measures required to adequately house URN Indigenous peoples.

Indigenous-led organizations have proven to be the most effective at providing housing to Indigenous peoples; the same logic that makes this the case holds when it comes to designing and delivering an URN Indigenous housing strategy. CHRA and the CHRA Indigenous Caucus propose that the much-needed URN Indigenous housing strategy be designed and delivered by a federally resourced For Indigenous, By Indigenous National Housing Centre (“FIBI Centre”).

It is imperative that the FIBI Centre take a truly For Indigenous, By Indigenous approach, and be Indigenous designed and operated so that it is a representative governance structure for URN Indigenous Peoples. The FIBI Centre would have the important task of managing and delivering investments allocated through an URN Indigenous Housing Strategy, as well as conducting research and data analysis related to URN Indigenous housing.

This recommendation is a crucial step towards Reconciliation. CHRA and the CHRA Indigenous Caucus thank the Government of Canada for the \$300 million commitment to URN Indigenous housing in Budget 2022, but emphasize that it is only 1.09 percent of the amount needed over the next ten years to close

the gap on URN Indigenous housing.

Funding of \$2.3 million dollars annually is required to fund the FIBI Centre, while \$2.5 billion is needed per year over the next ten years to create the 73,000 needed new URN Indigenous housing units.

CHRA recommends that an Indigenous-governed urban, rural, and northern (URN) Indigenous Housing Centre be created and fully funded to develop and deliver an URN Indigenous housing strategy.

2. A Property Acquisition Program

CHRA members firmly believe there needs to be a permanent, ongoing federal program in place to allow for building acquisition. Acquisition is currently not eligible for funding or financing under current National Housing Strategy (NHS) programs, such as the National Housing Co-Investment Fund (NHCF) and Rental Construction Financing Initiative (RCFI). Newer programs like the Rapid Housing Initiative (RHI) specifically exclude acquisition of existing residential properties.

The Canadian Housing Policy Roundtable (CHPR), among others, have also called for a national acquisition program to supplement existing NHS programs. CHPR calculates that from 2010-2020, an estimated 60,000 affordable units (with monthly rents below \$750, affordable to annual incomes under \$30,000) were lost every year, while the NHS aims to create an average of 16,000 affordable units annually. This means that for every one unit of affordable housing created through the NHS, four are lost. Other research calculates that between 2011 and 2016, before the National Housing Strategy, the ratio was 1:15 - for every one home created with federal assistance, fifteen affordable homes are lost.

The supply of rental housing affordable to low-income households is shrinking – we're actually falling behind.

Government and community housing providers need to work together to stop the loss of affordable market housing. Community housing organizations can preserve affordability, interrupting the cycle of financialization that has inflated rents and contributed to a national housing crisis.

We need to create a national Property Acquisition Program that supports community housing providers with pre-approved CMHC funding and financing to buy existing rental properties and preserve affordability. In addition, CMHC needs to make acquisition of existing rental property eligible under existing programs like NHCF, RCFI and RHI. If we support community housing providers to purchase and renovate existing, older rental stock, Canada's housing supply can be more inclusive and affordable for all.

Although we must continue working together to create a new supply of affordable non-profit housing, we must work now to address the loss of existing affordable housing in the private rental market.

Acquisition is:

- Less expensive than new construction, at less than half the cost;
- Less risky, since operating costs are known and there is an existing rental income stream; and
- Much faster – with CMHC support and pre-approved loans and grants, community housing providers can secure affordable housing in just a few months, rather than the 3–5-year timeline of new construction.

A Property Acquisition Program also creates an opportunity to invest in energy efficiency and other building improvements, addressing climate change and improving quality of life for low-income renters.

To compete in the private marketplace, community housing providers need fast-acting capital and quick turn-around on loans. CHRA recommends a pre-approval process, where qualifying non-profits and co-ops can secure up-front commitments based on their capacity – similar to homebuyers getting a pre-approved mortgage.

A \$1.5 billion annual commitment (\$1 billion in low-interest loans and \$500 million in contributions) can efficiently support community housing providers to purchase over 6,000 rental homes annually and preserve affordability.

CHRA recommends the creation of a national Property Acquisition Program to support community housing providers with pre-approved CMHC funding to buy existing rental properties and preserve affordability.

3. Increased Grants for Affordable Housing to Offset Higher Borrowing Costs

CHRA has consistently engaged with the government to create and refine the National Housing Strategy (NHS) and its programs, united in our goal that everyone in Canada have a place to call home by 2030.

The NHS has multiple programs designed to increase the supply of affordable housing, including the National Housing Co-Investment Fund (NHCF) and Rental Construction Financing Initiative (RCFI). These programs have been key drivers of affordable housing creation in Canada over the last five years.

Yet, they were created during a period of historically low interest rates, and do not reflect the rapidly changing economic climate Canadians find themselves in.

Inflation and the rapid rise of interest rates over the last few months have resulted in significant cost increases for organizations to service new debt. CHRA members have been vocal: their capital budgets for projects created as recently as a few months ago are no longer viable due to higher debt service costs under NHS programs.

This development is alarming because it means that affordable housing providers are at risk of losing the financial capacity to create, renew, and repair housing. If we are unable to make more housing available, our ability to ensure everyone has access to safe, adequate, affordable housing by 2030 is in jeopardy. This puts low-to-moderate income individuals and families in Canada at greater risk from housing instability, eroding quality of life and worsening the economic hardship many are currently facing.

The affordable housing sector remains committed to working with the government to overcome these challenges. Doing so requires increased grant contributions through NHS programs to offset skyrocketing borrowing costs. Failure to do so will slow the pace of new affordable housing development, and cause capital renewal projects to be put on hold or cancelled altogether.

CHRA recommends that the government increase the value of grants for the creation, repair, and renewal of affordable housing through National Housing Strategy programs to offset skyrocketing borrowing costs.