



February 2, 2024

Hon. Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
Via Email: chrystia.freeland@fin.gc.ca

Dear Deputy Prime Minister;

As we near the release of the federal budget, I am writing to you on behalf of the members of the Canadian Housing and Renewal Association (CHRA) to share tangible policy solutions needed to increase the standard of living for everyone in Canada.

On November 27, 2023, Deloitte [released a report](#) which found that bringing Canada's community housing supply to the OECD average by 2030 would boost economic productivity by 5.7% to 9.3% and increase GDP by \$67 billion to \$136 billion annually.

The boost to Canada's productivity that can be unlocked with increased investment in community housing benefits everyone – whether they need community housing or not.

Productivity is an economic measure that indicates standard of living. Taking public policy action to increase community housing supply will increase our productivity, thereby increasing the standard of living for everyone in Canada. Because productivity boosts our economy's ability to grow, investments in community housing will not increase inflation.

In other words, **bold policy action to increase Canada's supply of community housing in Budget 2024 will help address the housing crisis, alleviate the affordability crisis, and increase the standard of living of everyone in Canada.**

As the national voice for Canada's community housing sector, CHRA is well-positioned to provide you with the policy solutions to unlock these benefits.

1. A Stable Pipeline of Community Housing Development Projects

Canada's economic picture has shifted dramatically since the creation of the National Housing Strategy in 2017. Inflation, the rapid rise of interest rates, and rising building costs have contributed to substantially increased costs to create housing.

Increased grant contributions are needed to offset the rising borrowing and construction costs that currently plague projects in the development pipeline. The \$1 billion in non-repayable contributions announced in the November 2023 Fall Economic Statement (FES 2023) was an important step towards ensuring housing policies and programs are adapted to meet Canada's housing needs in the current economic context, but greater action is still needed.

The federal government must urgently revamp existing housing programs to ensure predictable funding and financing that supports a stable pipeline of community housing development projects. Failure to act today means Canada's pipeline of projects will run dry in future years. CHRA recommends prioritizing three components:

1. **Re-invest in the Affordable Housing Fund (AHF).** The Affordable Housing Fund (née National Housing Co-Investment Fund) is the flagship program for new community housing development. While needed, the \$1 billion investment in FES 2023 will only create 5,000 to 7,000 units of community housing. The above-referenced Deloitte report found that 371,600 units of community housing are needed to boost productivity by 5.7 to 9.3% and increase GDP by \$67 billion to \$136 billion annually. Reaching that goal will require an additional government investment of \$26 billion in grants over the next seven years. While it is a significant investment, the economic benefits will exceed the investment within two years of the community housing units being made available. CHRA strongly urges the government to ensure additional grant dollars are invested in AHF with funds beginning to be made available in 2024.
2. **Restore Seed Funding.** CMHC's seed funding program is invaluable for assisting potential new community housing developments to go through the pre-development process. The current program is available on an inconsistent basis, forcing many community housing providers to delay the creation of new units. It is imperative that seed funding be offered in a consistent manner to allow for a stable pipeline of development projects.
3. **Unlock the power of federally owned land.** With its current form and budget, the Federal Lands Initiative (FLI) is a bottleneck to housing creation. Reforming FLI into a leasing program can bypass this bottleneck. Leasing federal land to non-profit housing providers (rather than selling it) allows the land value to stay on the government's balance sheet and permits the non-profits who are leasing the land to borrow against its value. This removes one of the costliest parts of a community housing project's development budget, while growing the value of the leased land on the government's balance sheet. To unlock maximum socioeconomic benefits, projects through the reformed FLI should prioritize Indigenous-led or community housing projects.

CHRA recommends that the government work with the community housing sector to revamp key funding programs to ensure a stable pipeline of community housing development projects.

2. Deliver Housing for Urban, Rural, and Northern Indigenous Peoples through NICHI

Canada's *United Nations Declaration on the Rights of Indigenous Peoples Act* requires the Government to implement UNDRIP in cooperation with Indigenous peoples. The Indigenous Caucus at CHRA strongly believes this necessitates a *for Indigenous, by Indigenous* approach. Only an Indigenous-led approach can adequately deliver holistic, service-based community housing that empowers Indigenous communities.

The Government of Canada chose the National Indigenous Collaborative Housing Inc. (NICHI) as their delivery partner for the \$281.5 million made available for URN Indigenous housing through Budget 2022. NICHI, established in December 2022, is governed by representatives from national, regional, and local Indigenous-led organizations, making it an ideal partner to design and implement the URN Indigenous housing strategy on a long-term basis.

CHRA wholeheartedly endorses NICHI to be chosen as the host of the Indigenous-Led National Housing Centre and delivery partner for the \$4 billion allotted in Budget 2023, for the implementation of the URN Indigenous housing strategy through CMHC's request for proposals launched on January 22, 2024. This partnership aligns with the commitment to implementing UNDRIP and ensures the uninterrupted rollout of URN Indigenous housing programs.

Your government's National Housing Council recommends a minimum of \$6.3 billion to successfully implement an URN Indigenous housing strategy. Beyond the successful conclusion of CMHC's request for proposals for an Indigenous-led National Housing Centre, it is imperative that the government continuously invest in URN Indigenous housing beyond the \$4 billion investment in Budget 2023.

CHRA recommends that the government select NICHI as the host of the Indigenous-Led National Housing Centre and ensure continuous investment in URN Indigenous housing beyond the \$4 billion invested in Budget 2023.

3. Invest in The Canadian Housing Acquisition Fund to Preserve Affordability

For every affordable home created between 2011 and 2021 with support from federal programs, we are losing eleven affordable rentals in the private market. **Without a national plan to protect existing affordable rental supply, we are falling behind.**

CHRA, along with a coalition of the community housing sector, social impact investors and the private sector, is urgently calling for federal investment and contributions to capitalize a pan-Canadian acquisition facility through the Canadian Housing Acquisition Fund (CHAF).

With sufficient investment, CHAF can transition 10,000 homes into community housing within a two-year timeframe, with the potential for scalable expansion. This initiative would help stabilize rents, ensuring the protection of tenancies for over 20,000 Canadians. This would help counteract the loss of affordable rental units outpacing new construction, and mitigate housing precarity and homelessness, particularly for essential workers, newcomer families, young graduates, and students.

CHAF is cost-effective, fast, scalable, and flexible, allowing community housing providers to maintain the most affordable housing available: existing rental units. To succeed, CHAF requires a collaborative effort, combining government investment and impact investments from foundations, institutional investors, and private social impact investment.

The key components required of the federal government are \$2.5 billion in low-interest loans through the Canada Infrastructure Bank and \$500 million in government contributions to be delivered as grants through the Fund. This financial support will be strategically leveraged with an additional \$500 million in

private impact investment and complementary contributions from provincial, territorial, and municipal sources.

Federal investment in CHAF will allow existing rental units to be transitioned from the private sector to non-profit ownership, perpetuating affordability, asset renewal, and the broader expansion of affordable housing supply. For low-cost loans and contributions, the federal government can unlock additional community housing stock, boosting Canada's productivity and GDP.

CHRA recommends that the government provide a low-cost loan and contributions to preserve housing affordability through The Canadian Housing Acquisition Fund.

4. Implement a “Team Canada” Housing Industrial Strategy

The federal government cannot fix Canada's housing supply shortage alone. We need a “Team Canada” housing industrial strategy: rallying all levels of government, the community housing sector, and private organizations to solve Canada's housing shortfall. Central to this approach must be a commitment to increasing Canada's community housing supply so that we can boost our productivity and increase the standard of living for everyone in Canada.

To do this, the Government of Canada must use all the policy levers at their disposal to influence other orders of government and critical partners. This “Team Canada” approach must improve the financial equation for builders, provide access to federal land for Indigenous and community housing development, and streamline municipal approvals. It must also invest in the workforce capacity of the community housing sector, improve efficiency in housing creation, and ensure our most vulnerable neighbours can realize their right to adequate housing.

CHRA recommends that the government prioritize three policy solutions:

1. **Support a national community housing growth fund.** Invest in the community housing sector to build the foundations for expansion and scalability. Ensure equitable Canada-wide access to training, and professional-development programs. Improve and adapt programs to better serve equity-deserving groups and meet their community housing growth targets. For a modest investment, the government can scale up the infrastructure that supports the community housing sector, fostering skills training, enabling workforce development initiatives, and creating employment opportunities within the community housing workforce. This includes existing sector-led programs and organizations, like the Chartered Institute of Housing Canada, the Housing Professionals Mentorship Program and the Community Housing Transformation Centre.
2. **Leverage federal infrastructure investments by making them conditional on policies favourable to new affordable housing development.** The government must incentivize transit-oriented development and inclusionary zoning. Municipalities must also be incentivized to set targets for increasing the supply of community housing *as a percentage of overall housing stock*.
3. **Improve intergovernmental coordination to achieve a truly national housing strategy.** The government must lead a collaborative effort with provincial and territorial leaders to create shared initiatives and craft housing targets for each level of government. These targets must include a commitment to increasing the proportion of Canada's community housing stock.

CHRA recommends that the government implement a “Team Canada” housing industrial strategy, investing in the capacity growth of the community housing sector and improving intergovernmental coordination to address Canada’s community housing shortage.

Budget 2024 is an opportunity to increase the standard of living for everyone in Canada. We can unlock this opportunity through increased investment in community housing.

I look forward to working together to ensure a future where everyone has a place to call home.

Sincerely,



Ray Sullivan
Executive Director

CC: Hon. Sean Fraser, Minister of Housing, Infrastructure and Communities
Hon. Patty Hajdu, Minister of Indigenous Services
Kelly Gillis, Deputy Minister, Infrastructure Canada
Janet Goulding, Assistant Deputy Minister, Infrastructure Canada
Michel Tremblay, Acting President & CEO, Canada Mortgage and Housing Corporation
Nadine LeBlanc, Senior Vice President, Policy, Canada Mortgage and Housing Corporation