

Submission to the House of Commons Finance  
Committee

2018 Pre-Budget Consultations



Submitted by:  
Canadian Housing and Renewal Association

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The Canadian Housing and Renewal Association (CHRA) is the voice of the affordable housing sector in Canada. Our members include social and non-profit housing providers, homelessness organizations, co-ops, provincial and territorial housing departments, and supportive municipalities, individuals, businesses, and non-profit associations. CHRA's mission is to ensure that all Canadians have an affordable, secure and decent place to call home.

### **Scope of the Challenge**

There are approximately 600,000 social and affordable housing units in Canada, which provide housing needs to over a million Canadians. These social housing units offer the opportunity for individuals and families to live, work, and play in homes that they may not otherwise be able to afford. Despite the investments in Budget 2016 and 2017, the declining federal support for social housing since the mid-1990s, has led to concern over whether the sector can meet the growing needs for our tenants. A snapshot of some of the relevant data points include:

- Over the past 25 years, Canada's population has increased by 30% while annual federal investment in affordable housing decreased by 46%.
- Operating Agreements have already begun to expire; by 2040, federal investment in affordable housing will be zero.
- Nearly 235,000 Canadians will experience homelessness this year.
- According to a speech given by the CEO of the Canada Mortgage and Housing Corporation in June 2017, 26.4% of renters in Canada spend more than 30% of their pre-tax income to access suitable housing (defined as being in core housing need).
- A recent study estimated that the annual capital needs for social housing was between \$8.4 and \$13.6 billion.

What is even more troubling is the housing situation facing Indigenous peoples, particularly those living in urban and rural settings. Among the challenges facing Indigenous peoples living in urban and rural settings:

- 22% of non-reserve Indigenous households live in homes that do not meet adequacy or suitability standards, compared to 13% of all households across Canada.
- 1 in 15 Indigenous people in urban centres will experience homelessness, compared to 1 in 128 for the general population.
- The incidence of housing need among the non-reserve Indigenous population is over 20%, compared to 12.4% among non-Indigenous people.

Although the federal government confirmed in Budget 2017 that a National Housing Strategy will be unveiled in fall 2017, CHRA strongly believes that there can be no National Strategy without an Indigenous Housing Strategy, that has at its core a goal to raise the standard of Indigenous housing to that of the non-Indigenous population.

### **Recent developments**

CHRA has been a strong advocate for federal leadership in the affordable housing sector; over the past two years, our efforts have focused on the development of the National Housing Strategy policy framework. In October 2016, following the announcement in June 2016 by Minister Jean-Yves Duclos of a national consultation on a National Housing Strategy, CHRA worked with its members, its Indigenous Caucus, and other national housing stakeholders to produce a vision and response to guide the development of the National Housing Strategy. The response, entitled, “Housing At a Crossroads: CHRA’s Vision for the Next Generation of Housing Policy in Canada” contained recommendations to improve national housing policy in Canada in a number of key areas.

In the 2017 federal Budget, the Government of Canada announced \$11.2 billion in new funding over 11 years for social and affordable housing – the largest single investment in Budget 2017. In addition, the Budget committed to reinvesting within the housing sector the funds that would otherwise have disappeared upon Expiry of Operating Agreements, which some estimates have suggested represents between \$4.5 – \$5 billion. Although many of the announcements in social and affordable housing contained in the 2017 Budget closely aligned with CHRA’s own recommendations; there were a number of programs and announcements for which details will not be unveiled until the release of the National Housing Strategy, expected in fall 2017.

In June 2017, CHRA released two submissions on the National Housing Strategy to provide the federal government with recommendations on how to implement these programs. The first document contained recommendations related to the housing-related programs and announcements in the 2017 Budget; while, the second document was intended to serve as a policy framework for a distinct urban and rural Indigenous housing strategy, and was produced with the input and oversight of the CHRA Indigenous Caucus.

### **Recommendations**

CHRA would like to reiterate to the House of Commons Finance Committee a number of the recommendations we included in our June 2017 submissions. Although several of these recommendations are linked to the measures contained in Budget 2017 and the forthcoming National Housing Strategy, they also apply to the development of the 2018 Budget:

**1) Introduce through the new National Housing Fund a dedicated funding mechanism for capital repairs and renovation of existing social housing stock:**

Funding for repairs and deferred maintenance (to properly maintain and renew the existing housing stock) remain a top concern of CHRA members across Canada. CHRA’s October 2016 submission identified several models for a financing authority dedicated to housing stock renewal. Structured properly, the initial federal investment in such a mechanism could leverage additional funds for capital needs, thereby increasing the resources available for capital requirements. Models that have been presented for such a financing authority include the “Canada Housing Financing Authority”, or the “Permaloge” or “Valocom” models out of Quebec. CHRA would be pleased to provide more details on these proposed models.

2) **Introduce through the National Housing Fund a dedicated funding mechanism for new social and affordable housing development:**

Similar to the recommendation above, a dedicated financial mechanism should be created that will provide support to increase the supply of social and affordable housing, particularly projects that employ innovative or sustainable operating models, or offer supportive programs to residents. Again, CHRA identified possible models of this mechanism in our October 2016 National Housing Strategy submission. CHRA believes a mechanism to increase supply of social and affordable housing could take the form of grants and preferential loans, and could be leveraged to secure greater overall investment in growth of the housing stock.

3) **Introduce a dedicated program to offer rent-geared-to-income subsidies to tenants living in social and non-profit housing and co-ops:**

Funds should be dedicated to ensure continued rent supplements for those tenants in greatest need, and preferably to expand the number of Rent Geared-to-Income (RGI) units available. CHRA believes that such a national subsidy should be place-based, so that the full value of the subsidy can be accrued to the tenant, while at the same time protecting the existing stock of social housing and limiting potential inflationary impacts. A federal program would need to set subsidy levels at a rate that represents the full economic rent in the region of residence, and should also align with existing provincial and municipal social assistance and housing benefits.

The commitment made in the 2017 Budget to maintain baseline funding related to Expiry of Operating Agreements, valued at approximately \$4-\$5 billion over 11 years, should be used to finance the above three programs; however, given the need across Canada, CHRA is recommending that Budget 2018 augment the funds for these programs over and above the levels initially announced in Budget 2017.

4) **Introduce a dedicated urban and rural Indigenous housing strategy with necessary investments:**

The 2017 Budget committed \$225 million over 11 years for housing providers “serving Indigenous Peoples not living on-reserve”, which was a key recommendation in CHRA’s submission to the National Housing Strategy consultation. Although welcome, this investment amounts to little more than \$20 million per year, which is insufficient to address the pressing and unique challenges facing the urban and rural Indigenous housing sector. CHRA repeats the policy recommendations introduced in our June 2017 submission that a National Indigenous Housing Strategy be unveiled in conjunction with that National Housing Strategy, and that its funding be significantly increased. Among the policy elements that CHRA has identified as part of a National Indigenous Housing Strategy include the following:

- Provide capital funding to address capital repair requirements and support regeneration of Indigenous housing.
- Provide a dedicated tenant support in order to maintain affordability.

- Expand the Indigenous component of the Homelessness Partnering Strategy (HPS).
- Broaden the federal commitment contained in Budget 2017 to expand the Surplus Federal Real Property for Homelessness Initiative (SFRPHI) to partner with provinces and municipalities in order to increase the supply of available land, particularly in light of the fact that many Indigenous housing providers are located in small urban or rural centres where federal land may not be available.
- Dedicate a portion of the new funding contained in Budget 2017 for housing research to Indigenous-related housing issues.
- Allow “stacking”, whereby Indigenous housing providers are eligible for multiple federal programs.

### **Conclusion**

CHRA appreciates this opportunity to share its recommendations with the Standing Committee on Finance. CHRA welcomes and applauds the federal government’s interest in strengthening the non-profit, affordable, and social housing sector in Canada, and will continue to work with federal officials to properly implement the Budget 2017 measures and those contained in the forthcoming National Housing Strategy. Budget 2018 represents an opportunity to build on those previous investments included in prior Budgets.

CHRA believes that the federal government has an opportunity through continued investment to achieve the objective of every person living in Canada having access to safe, affordable and sustainable housing by 2035; and that the enactment of a National Housing Strategy and an Indigenous Housing Strategy has the potential to address a number of longer-term and structural concerns facing housing providers, and most importantly, their tenants. As such, CHRA looks forward to continue sharing and discussing with the Committee those longer-term strategies once finalized.