

Affordable housing: A foundation for social inclusion

A JOINT STATEMENT BY:

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Canadians recognize that a strong middle class starts with a safe, affordable place to call home. A secure home provides a stable base from which we can raise a family, find and keep work, invest in additional training and have enough money left over to put healthy food on the table.

Over the years many Canadians have been very fortunate to have access to quality, affordable housing. Many purchased their homes, but many others found quality housing in the rental market – especially with the robust development of rental properties in the 1960s and 70s.

For those who needed help, whether temporarily or for the long-term, social housing was often available. A long-term federal funding program ensured the ongoing development of social housing from the 1960s through to the early 1990s. Through these programs, co-operative, non-profit and public housing providers developed and continue to provide affordable housing to low-income individuals and families.

Unfortunately, over the past 25 years, this pathway to the middle class has been blocked due to a sharp decline in the availability of affordable housing. Home ownership is out of reach for many, private development of rental housing trickled to a halt, annual federal investment in social housing dropped dramatically and chronic homelessness exploded in communities across the country. Canadians are feeling the impact of the country's affordable housing crisis, and they are looking for solutions.

Thankfully, the federal government has recognized the housing crisis we face. Expressed in its platform and the mandate letters from the Prime Minister, it is clear that housing is a priority. Affordable housing providers and advocates from across the country are optimistic that significant progress in the near-term is very possible. **And better than anyone, we understand that affordable housing is the foundation of social and economic progress, offering security and quality of life over the long-term for our most vulnerable, or as a stepping stone towards the middle class for those who need temporary assistance.**

As representatives of organizations working to end homelessness, and non-profit, public and co-operative housing providers, we have come together in the spirit of collaboration as “on the ground experts” in order to assist the federal government's implementation of a robust housing agenda. Recognizing housing solutions differ in local contexts, these recommendations respect the authority of provinces and territories and can be implemented using existing frameworks.

The federal government can make significant progress in the first year of its mandate while also establishing conditions for success in following years by developing a national housing strategy that involves the following components:

- 1. Protecting and renewing existing social housing assets,**
- 2. Building new social and affordable rental housing, and**
- 3. Supporting community transformation and innovation.**

1. Protect and renew existing social housing assets

At a minimum, we must protect the existing social housing stock which provides safe and affordable housing to over 600,000 households. As federal funding agreements are beginning to end, these public, non-profit and co-op homes are at risk. Without renewed investment, many housing providers will be forced to raise rents, defer maintenance or liquidate housing assets. At a time when 1 in 4 Canadians cannot afford safe, decent housing, we must protect the viability of existing social housing stock.

- As federal social housing operating subsidies expire, renew funding for public, non-profit and co-operative housing providers. This will ensure that rents remain affordable for tenants in the long term.
- Target grants for capital repairs, retrofits and maintenance of public, non-profit and co-operative housing providers who need it. An emphasis on energy efficiency should be a guiding principle of this new initiative.
- Commit long term funding so that social housing providers can leverage their assets and secure equity financing for capital renewal, retrofits and redevelopment, thereby helping more Canadians access quality affordable housing.

2. Build 100,000 new homes

After 25 years of federal divestment in affordable housing, Canadians are eager to put the government's commitment to a significant new investment in affordable housing to work. A significant investment in social and affordable rental housing within the social infrastructure fund would provide much needed predictability and leverage with which affordable housing providers could prepare for and deliver new affordable housing.

Specifically:

- **Commit to building 100,000 new units of affordable and social housing in order to reduce core housing need and homelessness among priority population households.**
- Significant investments should be made to develop permanent supportive housing in order to ensure targeted reductions in homelessness.
- Targeted investments should be made in order to prioritize improved housing outcomes for Aboriginal households.
- The community based co-operative and non-profit housing sector can best leverage these funds into long term social and affordable housing for low and moderate income Canadians.
- Units should vary from deeply subsidized to more shallowly subsidized, ensuring a cohesive mix of residents.

3. Support community transformation and innovation

We have an experienced and dedicated affordable and social housing sector, on whom we can count to deliver the additional affordable homes we need. There is much that we have done right over the years in ensuring affordable housing is available for those who need it, whether for those who temporarily need assistance to get back on their feet, or for those whose life circumstance, often a disability, has meant they are unable to generate the income needed to afford housing in the private market. The federal government can make better use of public dollars to build and operate affordable housing by supporting the following community transformation and innovation agenda:

- **Refinancing:** Many social housing providers have long-term high interest mortgages, many of which are held with CMHC and fixed in nature. While many secured interest rates that at the time were preferential (such as the many holding 8% mortgages) providers now want to take advantage of record low interest rates. Many providers have not been able to do so because of prohibitive prepayment penalties associated with securing a new mortgage. The 2015 federal budget committed \$150 million over four years in order to eliminate pre-payment penalties. **By fulfilling this 2015 federal commitment, housing providers can immediately lower interest payments and invest more working capital into repairs retrofits and redevelopment of housing assets.**
- **Partnerships:** The Homelessness Partnering Strategy (HPS) has been a critical resource in responding to homelessness in communities across Canada since 1999. With the support of HPS investment, hundreds of community based organizations, charities, churches, cities, authorities and provincial governments across the country have been taking action and many have made some progress in reducing homelessness. **The HPS program has the potential to achieve meaningful reductions in homelessness across Canada but the program is under resourced.** There have been no funding increases to the program since it was launched, and in fact, the last renewal of the program saw a funding cut. Now is the time for the federal government to increase its role and investment and use its capacity to leverage provincial and local partnerships that have been developing in the last decade. With increased support, established groups will be able to act immediately on reducing homelessness with important populations, such as veterans, as we also focus on the longer term objective of building new affordable and social housing. Adapting the funding eligibility requirements of current programs to allow for social and clinical supports in affordable and social housing (versus just in scattered site market rental housing) to be funded would stretch the federal investment further and allow communities to reach homeless Canadians with more complex needs.
- **Social entrepreneurship: While operating affordable housing for Canada's most vulnerable households will continuously require public investment, the development of some forms of affordable housing could be supported by more entrepreneurial approaches.** For instance, acting as guarantor of a community-led housing bank would enable a lending facility that understands the distinct needs of the affordable housing sector. Another example involves housing providers who are looking to partner or even merge together in order to take advantage of economies of scale, increase professional capacity and share risk. By supporting capacity building initiatives and sector transformation pilots, the federal government can help increase the effectiveness and sustainability of Canada's social housing system.

Over the past 25 years, Canada's population has increased by 30% while annual federal investment in affordable housing decreased by 46%. As a result, nearly 1 in 4 Canadian households cannot afford their housing and 235,000 Canadians experience homelessness every year. It is time to tackle Canada's affordable housing crisis in order to restore this important pathway into Canada's middle class.

Housing investment is a solution that can advance many government objectives. In the near term, housing construction and renovation contributes to job and GDP growth during a sluggish economy. But economic stimulus cannot be the only force behind housing investment. Federal housing investment must also advance long term social objectives to reduce homelessness, foster socioeconomic inclusion and make affordable housing available for those who need it the most.

By working with Canada's affordable housing sector to develop a national housing strategy, the government can meet both short term economic stimulus and long term social objectives such as reducing chronic homelessness and core housing need in Canada.

Canada's affordable housing sector is prepared to mobilize in support of the federal government's new housing agenda and to develop a national housing strategy based on the components contained in this document. Significant new investments in affordable housing can help protect and renew Canada's existing portfolio of social housing while also building 100,000 new homes to reduce homelessness, lift Canadians out of poverty and provide a pathway to Canada's middle class.

Investment	Benefits in relation to government goals	Cost in \$ and funding source	Cost of inaction
<p>Protect and renew existing social housing portfolio.</p> <p>Sustained and predictable operating funding for social housing providers (to replace expiring operation agreements via more current mechanisms).</p>	<p>Ensure safe and affordable housing for 600,000 families:</p> <ul style="list-style-type: none"> • Ability for providers to plan and fund capital repairs • Continue offering rent supplements <p>Help Canada reach climate change goals by reducing carbon footprint of social housing.</p> <p>Contribute to GDP and job growth through renovation and retrofit of social housing.</p>	<p>\$1.7 billion per year through CMHC.</p> <p>To be increased to support new social housing builds when created.</p> <p>Additional contributions from green infrastructure fund to support energy efficiency retrofits of social housing.</p>	<p>Housing providers forced to raise rents, defer maintenance or liquidate housing assets, thereby reducing the number of affordable housing options for Canadians.</p>
<p>Build 100,000 new homes.</p>	<p>Create safe and affordable housing for 100,000 households.</p> <p>Reduce chronic homelessness through increased development of permanent supportive housing.</p> <p>Target investments.</p> <p>Reduce core housing need.</p> <p>Contribute to GDP and job through renovation and retrofit of social housing.</p>	<p>\$1.5 billion per year from social infrastructure fund.</p> <p>Additional contributions from green infrastructure fund to support energy efficiency design and construction.</p> <p>Delivered through existing IAH framework in partnership with provinces and territories.</p>	<p>Poverty costs \$25 billion/year, homelessness costs \$7B/year.</p> <p>Loss of opportunity to households who cannot participate in community and economy due to exclusion.</p> <p>Loss of opportunity to generate job and GDP growth through housing construction.</p>
<p>Sector transformation and innovation.</p>	<p>Build strong social programs for the 21st century and for the next generation of Canadians.</p>	<p>\$210 million proposed for transformation and innovation:</p> <ul style="list-style-type: none"> • Increase funding to the Homelessness Partnering Strategy and adapt it to regional realities and expertise. • Eliminate pre-payment penalties for social housing providers who seek out refinancing opportunities. • Act as guarantor to sector-led housing development bank and invest in fund capitalization. 	