

Canadian Housing Renewal Association

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Investing in the repair and construction of new affordable housing will boost economic growth and contribute to sustained prosperity in Canada. This is because the construction and renovation of housing creates quality jobs, as housing is a labour-intensive investment. The construction of a new home creates four-to-six person years of direct and indirect employment. Directing this housing investment so that it will support low and moderate-income Canadians will amplify its impact. Investing in the housing of low and moderate-income families is particularly beneficial to the economy because once these households no longer need to spend such a high proportion of their disposable income on housing, they will consume other necessities, leading to fast and positive economic spin-off effects. As families attain housing stability once they can access secure, affordable housing, household members are more likely to pursue educational opportunities or skills upgrading to improve their circumstance. This is no doubt why Canada's Economic Action Plan (CEAP) included affordable housing measures. This investment had a 1.4 dollar impact on the level of real GDP of one dollar in 2010, which was significantly higher in that year than the impact of personal tax measures (0.9) or business tax measures (0.2) included in CEAP. These investments made a real difference, but considerable needs remain. Families in need of affordable housing face long waitlists. In order to repair and build new affordable housing to grow the economy and support low and moderate-income Canadians, the renewal of the Affordable Housing Framework, which is currently slated to expire on March 31, 2014, should be committed to immediately, and should be enhanced to \$500 million per year. Separately, repairs and retrofits for social housing should be funded at \$300 million per year for a ten year period. Repairs will extend the life of social housing units, much of which is aging. Retrofits that reduce energy consumption will lower utility bills.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Some economic activities are not generally subject to international competition. Housing construction, retrofit and repair is an example of an economic generator that is necessarily local. Federal actions which promote investment in housing are by extension also those that create jobs. And if that investment is undertaken creatively and purposefully, its impact can be augmented beyond job creation to include economic savings in other areas, environmental benefits and support for marginalized individuals. For example, employing those who would typically have a hard time finding a job – like someone leaving jail – has been undertaken in a few communities with impressive results. CHRA member Building Urban Industries for Local Development (BUILD), through its program Warm Up Winnipeg, employs mostly young Aboriginal people, many of whom have spent time in jail. But they don't work on just any housing site. They complete energy efficiency retrofits of non-profit housing and

private housing. Thus, benefits to the fiscal ledger accrue beyond job creation and energy efficiency, as public costs, such as those stemming from the criminal justice or income support systems, are reduced as the individuals doing the work gain the skills they need to become self-reliant. Taking its lead from BUILD, Choices for Youth in St John's, NL equally employs youth with considerable barriers to the labour market for construction training and employment through its Train for Trades program. Investing in the repair and retrofit of social housing at \$300 million per year would not only help maintain affordable housing for low-income families, but it would also allow social housing providers to contract with social enterprises like BUILD and Choices for Youth to do the retrofits. As undertaking repairs and retrofits are much less costly than building new social housing, the value of the public investment made in social housing will be extended as retrofits and repairs will prolong the life of social housing. This repair and retrofit initiative could be based on the successful social housing renovation and retrofit component of the 2009 Economic Action Plan.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

The construction of new, purpose-built rental housing which is affordable to a range of households is a critical investment if Canada is to successfully address the challenges of an aging population and skills shortages. This is because the private rental housing market, which had been the source of relatively affordable housing for many Canadians, is broken. Canada's 3.6 million renter households are four times less likely than homeowners to be unable to afford their home. This is driven by an insufficient supply of rental accommodation relative to demand, which has driven up prices as more households seek to occupy a smaller pool of rental units. Seniors make up the fastest-growing age group in Canada. For many older Canadians, including those who were homeowners for many years, with age brings about the desire to shift to the rental market. While 22 per cent of those aged 55-64 are renters, 32 per cent of those aged 75 plus are renters. Thus, further pressure on the rental market is expected. If the supply of rental options doesn't increase to meet this growing demand, rents will be further pushed upwards. This will impact all population groups, but particularly seniors themselves, many of whom have fixed incomes. Skills shortages are often present in particular communities and cities experiencing economic growth. Skilled workers are more likely to re-locate to communities if there is decent, rental housing that is available to them. From Fort McMurray to Estevan to Labrador City, communities across Canada are experiencing considerable economic growth, but lack decent housing, especially rental housing. This is hampering the ability of these communities to maximize the benefit of the growth they are experiencing. Federal tax incentives to stimulate rental housing construction are needed. This could take various forms, but include the reinstatement of the deferral of capital gains tax upon reinvestment in rental properties or the granting of GST/HST exemption for those developers who reinvest savings into the creation of new rental units.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Canada needs to tap into the skills and entrepreneurship of immigrants to boost productivity. Ensuring housing is available and affordable to immigrants is critical for their successful integration into the Canadian economic engine. Private rental housing is home to more immigrants than any other type of housing, even though it is not affordable to 44 per cent of immigrants. This compares with 24 per cent of the non-immigrant population. To ensure Canada can benefit from the skills that newcomers bring, a

robust, affordable rental housing market is needed. Federal tax incentives to stimulate rental housing construction can help make that happen. Many Canadians work full-time, but can't find housing that's affordable because they work in low-wage jobs. If those households had housing that they could afford, they would have both the stability and disposable income for education or training, thus contributing to enhanced competitiveness and productivity through the development of a skilled workforce. To grow Canada's affordable housing stock, the Affordable Housing Framework should be renewed at \$500 million per year. Investing in housing for the most vulnerable among us – those experiencing homelessness – generates significant cost reductions in the criminal justice, social service and mental health systems. These savings can be invested elsewhere to support productivity gains. The existing federal Homelessness Partnering Strategy (HPS) has enabled 61 communities to provide housing and support services for homeless individuals, including those with addictions and mental health challenges. This important program has had demonstrated success in reducing homelessness, but it expires on March 31, 2014. HPS should be renewed immediately and be increased to \$300 million per year.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Low and moderate-income Canadians, most of whom are working full-time but can't afford a decent home, face multiple challenges that come along with housing instability. They have to make choices like paying the rent or buying groceries. Funds for education and skills training that would help improve their circumstances are simply not available. Below is a list of actions that, if undertaken by the federal government, would ensure greater stability for these households, as well as greater prosperity for Canada. Many of these actions build on the successes of existing federal programs and initiatives. 1. In order to build new affordable housing to grow the economy and support low and moderate-income Canadians, the renewal of the Affordable Housing Framework, which is currently slated to expire on March 31, 2014, should be committed to immediately, and strengthened to \$500 million per year. 2. In order to maintain the affordable housing stock that we have, repairs and retrofits for social housing should be funded at \$300 million annually for ten years. This repair and retrofit initiative could be based on the successful social housing renovation and retrofit component of the 2009 Economic Action Plan. Repairs will help extend the life of social housing units while retrofits that reduce energy consumption will lower utility bills, thus offsetting other maintenance costs that social housing providers have with older buildings. 3. In order to support homeless individuals, many of whom suffer from serious mental health challenges and/or addictions, the federal Homelessness Partnering Strategy (HPS) should be renewed immediately and be increased to \$300 million per year for a five year period. This investment will reduce spending in other areas. As these vulnerable individuals attain housing stability, they will less frequently engage with the expensive criminal justice, emergency health and social service systems. 4. In order to develop a robust, private rental housing market, which is affordable to a variety of households, including new immigrants, skilled workers and seniors, federal tax incentives to stimulate rental housing construction are needed.