

Co-operative Housing Federation of Canada (CHF Canada)

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?

The Co-operative Housing Federation of Canada (CHF Canada) does not propose further federal stimulus spending. We do support continuing federal infrastructure investment and we advocate for an increase in that spending. The federal government can position the Canadian economy for future growth through improvements in civic infrastructure and transportation systems that will enhance in the movement of products and labour. Key to this approach is the pursuit of a “joined-up” cities approach, where jobs, transit and housing are linked to improve efficiencies and market competitiveness. Housing spending must be sustained to increase shelter affordability in major economic centres; it is notable, for example, that while the GTA delivers 20% of Canada’s GDP, the region is becoming an unaffordable place to live for key workers and the supply of affordable rental housing is not growing. Federal transfers to the provinces can stimulate the growth of co-operative and non-profit housing to meet demand both for affordable rental and for affordable homeownership options. There is real potential for growth through the expansion of the co-operative sector. Co-ops employ 150,000 people in Canada. They have a track record of success from start-up, and they contribute strongly to GDP, particularly in the co-operative banking, insurance, retail and agricultural sectors. The federal government can introduce cost-effective measures in Budget 2013 that promote the development of co-operative enterprises. While we do not propose that the government offer support disproportionately to the development of co-operatives, assistance through grants and tax expenditures should be equally available to co-operative entrepreneurs as it is to other forms of private enterprise. CHF Canada supports the recommendation of the Canadian Co-operative Association to create a new partnership with the co-operative sector and Industry Canada, in order to provide better support opportunities for co-operative development. We believe that a new centre for excellence in co-operative enterprise should be established within that department. As CHF Canada Executive Director Nicholas Gazzard noted at a July 10 hearing for the Special Committee on Co-operatives, such an initiative “... would be a remarkable and fitting legacy for the International Year of Co-operatives, 2012.”

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?

The government has gone as far as it needs to in creating a competitive corporate tax environment to encourage job creation; it might do more to loosen restrictions in competitiveness, particularly in the telecommunications industry. But the fact remains that businesses in Canada are cautious about investment and expansion at the moment, due to the international factors cited in the question. And there is little more that can be done through public policy channels to change that in the current global economic climate. Through the public investments we propose, in infrastructure, transportation and

housing, the government can both create jobs in a time of uncertainty, and leave a legacy that Canada's economic sectors can build on in more stable times to come. Construction is second only to manufacturing in its employment multiplier effect. CHF Canada is particularly keen to see growth in affordable housing construction, both for the housing and the employment this would generate. A 2008 FCM report, *Sustaining the Momentum: Recommendations for a National Action Plan on Housing and Homelessness* revealed how housing investments have a multiplier effect, with each new home creating four-to-six person years of direct and indirect employment and associated incomes. Meanwhile, a 2012 FCM report *No Vacancy: Rental Housing Trends in Canada* found that the shortage of affordable housing is getting worse. The report found that the cost of renting in the communities examined has grown by over 20 percent since 2000. This is hardly surprising in a rental housing market where demand continues to outstrip supply. The government has an opportunity, through increased housing spending, to increase the supply of rental housing, and at the same time generate quality direct and indirect employment opportunities. We believe that there are opportunities through tax policy to create housing jobs. A more favourable approach to capital cost allowances would encourage development of rental housing, especially if combined with complementary relief at the municipal level. And we believe that a low-income housing tax credit (LIHTC) program for Canada, modeled on the LIHTC program in the United States, could be used to generate much needed low to moderate-income family housing.

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?

CHF Canada's primary concern in the face of an aging population is to ensure that low-income seniors have access to secure affordable housing options. We recognize that the federal government faces significant challenges in supporting an aging population. Pensions and healthcare demands have major fiscal implications for Canada. Housing an aging population should be of equal concern. Yet presently, hundreds of co-op and non-profit housing providers are facing a looming crisis as federal funding agreements begin to expire in large numbers. These agreements provide housing assistance to half a million vulnerable Canadians, among whom seniors and the frail elderly, who struggle to manage on fixed incomes, are disproportionately represented. We recommend that the government develop firm, clear policy guidelines that will allow these households to age in place affordably. Supporting these households represents a much more cost-effective option than supporting the costs of assisted living facilities, and it is a choice that is much preferred by seniors themselves. We call on the federal government to work with other levels of government and housing stakeholders to develop a concrete long-term cost-shared plan for provincially delivered rent supplement programs, so that rent subsidies for low-income households in co-op and non-profit housing can replace unilateral federal dollars as the federal funding agreements end.

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?

Improvements in labour productivity will be essential to the sustained growth of the Canadian economy. This requires a highly trained workforce, which the government can support by targeting job-training and the development of skills that are a match for our information-age economy. An aging population has significant implications for the Canadian workforce. Over the longer term the rate of growth in Canada's labour force will slow significantly in the face of demographic change, with the effect that labour becomes scarcer relative to GDP. Responsible immigration policies, combined with greater

emphasis in removing barriers to new Canadians working in professions for which they have trained in their countries of origin, can mitigate the problem to some extent. But there is more that can be done to tap into potential labour pools here in Canada. At present, Canada, as with other countries in the developed world, suffers paradoxically from high unemployment and labour shortages in key economic sectors. Along with immigration and underemployed new Canadians, an obvious potential source of new labour is Aboriginal Canadians. Targeted programs aimed at improving the educational and vocational development of an increasingly off-reserve Aboriginal population can have the effect of reducing unacceptable levels of aboriginal unemployment on the one hand, and relieving labour shortages on the other. Key to this approach will be an off-reserve housing strategy that ensures housing adequacy and stability for off-reserve First Nations, Métis and Inuit people. The government should sustain and increase its investment in non-profit and co-operative housing programs for these population groups.

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?