



**CHRA ACHRU**

## **Housing For All: A National Voice for Affordable Housing & Homelessness in Canada**

Believing that every Canadian deserves a safe, affordable place to call home, the Canadian Housing and Renewal Association (CHRA) is Canada's national voice for the full range of affordable housing and homelessness issues and solutions.

CHRA's strength lies with its diverse membership, which includes non-profit housing providers, municipalities, all thirteen provincial/territorial housing ministries, businesses and organizations providing social services related to housing and homelessness. Collectively, our member organizations house and shelter hundreds of thousands of Canadians across the country and provide housing supports to many more.

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### **A summary of the affordable housing and homelessness actions that will make a difference, ensuring Housing For All:**

- 1. Reinvest in social housing to ensure housing options for low-income households**  
Annual federal funding of \$1.6 billion is declining and the impact will be felt very soon, as funding will dramatically drop over the course of the next five years. Without reinvestment, rent increases, economic evictions and ultimately homelessness for the most vulnerable among us – persons with disabilities, lone-parent families, aboriginal households, seniors and others - may result. Provinces, territories and municipalities can't do it alone. CHRA calls for federal reinvestment in social housing comprised of three components – for affordability, for capital repairs and to support the transformation of social housing so it is more self-sustaining, innovative and efficient. CHRA's plan Housing For All will ensure social housing is protected and eventually expanded for the low-income individuals and families who need it.
- 2. Increase the supply of private rental housing to make housing more affordable**  
There is not enough private market rental housing to meet demand, which has driven up rents. This has left many renters struggling to meet basic needs – food, transportation, childcare – because of high housing costs. CHRA believes encouraging rental developments through the federal tax system would be a nimble and cost-effective way to do just that.
- 3. Make federal housing & homelessness initiatives permanent to maximize effectiveness**  
The Investment in Affordable Housing Framework (IAH) and the Homelessness Partnering Strategy (HPS) were renewed for 2014-19, albeit with a \$16 million annual reduction for HPS. IAH has funded the provision and repair of affordable housing. HPS has helped communities address homelessness. These are important programs, but needs vastly outstrip supply. CHRA believes the programs should be made permanent and kept flexible to support effective planning and decision-making.

## **FEDERAL PRIORITY:**

### **Supporting families and helping vulnerable Canadians by focusing on health, education and training**

Shelter is a basic element of human survival, but adequate and affordable housing provides much more than physical structures that meet basic needs. Without a home, individuals and families, especially youth, cannot realize their full education and development potential. A job becomes very difficult to attain and maintain. Poor quality or unaffordable housing leads to poor health. Individuals and families are often forced to make difficult choices between paying for housing, buying nutritious food or engaging in recreational activities which would improve their health.

While different federal programs have developed affordable housing over the years, social housing – the program which was initiated by the federal government through long-term funding to non-profit, public and co-operative housing providers – is the foundation of the subsidized housing system which is largely targeted to the most vulnerable among us and with the lowest incomes. Many other programs, like the existing Investment in Affordable Housing, while important, target moderate income families and provide funding at a level well below what is provided for social housing. Annual federal funding for the IAH is \$253 million, compared to social housing where the current annual federal investment is \$1.6 billion. When all new funding for social housing (except on-reserve) stopped in 1993, and existing agreements started to expire, total federal funding began its annual decline from \$2 billion in the mid 1990s to \$1.6 billion this year, \$604 million in 2025 and by 2040, the federal investment in social housing will be zero. Impacts have been manageable to date, but this will change as funding is set to steeply decline in the coming five years.

Once the existing 544,000 social housing homes no longer receive federal funding, CHRA projects that:

- The 334,000 deeply subsidized households risk losing their homes because the social housing providers, unable to cover operating costs with rents well below market value, will have to raise the rents or sell some or all of their social housing homes.
- Another 31,000 households receiving subsidies face uncertainty. Their providers have a mix of tenants – some subsidized and some paying close to market rents. Whether subsidies for low-income households continue will depend on the capacity of the provider to internally offset these deep subsidies.
- Because they were not deeply subsidized as they were largely intended for moderate-income households, the remaining 179,000 homes will likely be self-sustaining.
- The majority of properties will require significant investment in capital repairs, replacements and retrofits because they are aging.

At the same time, the expiry of the various social housing operating agreements presents an opportunity to do things differently – to build a more efficient, self-sustaining and innovative system of social housing, which breaks away from the barriers written into the original agreements.

**Housing For All** calls on the federal government to reinvest in social housing through three proposed streams:

### **Proposal 1: Sector Transformation Initiative**

An eight year initiative worth \$1.25 million annually, funds would flow to the social housing sector to enable its transformation by:

- Fostering partnerships, resource sharing and/or amalgamation among social housing providers, where there is a desire to do so;
- Encouraging social housing providers to become more self-sufficient through new business opportunities, such as developing commercial space or social enterprises; and
- Enabling changes to existing operating agreements before they expire, including flexibility for income-mixing.

### **Proposal 2: Support for Low Income Homes: “The Affordability Account”**

The Affordability Account is for social housing that is at risk. As existing homes come out of their operating agreements, CHRA calls on the federal government to invest in new funding based on the calculated need of \$3,000 per unit per year, with increased allocations for off-reserve aboriginal households, supportive housing and housing in the territories. The investment would flow to provinces and territories on the basis of the number of social housing units for low-income households per jurisdiction. The other third of social housing stock will not need this investment to remain viable. Once all agreements expire, the annual cost of the Affordability Account will be \$1,152 million and apply to 365,000 homes.

### **Proposal 3: Capital repairs, replacement and retrofits: “The 3R Capital Renewal Fund.”**

Social housing in Canada is aging rapidly. Buildings with decades-old roofs, boilers, windows, electrical systems, etc. must be renewed to keep homes safe and operating cost effectively. One third of the social housing stock was not allowed to retain a reserve fund for these types of expenses. The remainder have some capital reserves, although many are insufficient because of limited revenue and contribution limits. Annual capital needs are estimated at \$1.54 billion for all social housing, but CHRA recommends only homes at risk receive investment through the 3R Capital Renewal Fund. Valued at \$3,000 per unit per year, the equivalent of 320,000 homes would receive just under \$1 billion once all agreements expire. This investment stream would also flow to provinces and territories.

### **FEDERAL PRIORITY:**

#### **Ensuring prosperous and secure communities, including through support for infrastructure**

Housing is directly tied to prosperity and opportunity. Attracting the workers and businesses that grow economies and build prosperity depends on affordable and accessible housing for a range of income levels in a given community. This is equally true of infrastructure; without it, businesses cannot deliver their products, workers cannot get to their jobs. Indeed, housing and infrastructure are inextricably linked and ineffective on their own. Investments in roads, bridges and transit must be met with investments in safe and affordable homes for families to live, thrive and contribute to their community.

Two important federal investment streams worth \$372 annually - the IAH and the HPS - have contributed to prosperous and secure communities by enabling the provision, construction and repair of affordable housing, and supports and housing for individuals experiencing homelessness. They were renewed for 2014-19, albeit with a \$16 million annual reduction for HPS. CHRA believes the programs should be made permanent, as needs greatly outstrip the supply enabled by both programs. A longer-term commitment would support effective planning and decision-making. Keeping them flexible and outcomes-focused is equally important. For HPS, success lies in the ability of each community to make funding decisions according to local needs.

#### **FEDERAL PRIORITY:**

#### **Improving Canada's taxation and regulatory regimes**

There is not enough rental housing to meet demand, which has driven up rents. Renters are four times more likely than homeowners to be unable to find housing that is affordable to them. This is especially worrisome as the propensity for households to rent their homes is increasing, while the population continues to age and is increasingly comprised of newcomers and young people carrying significant student debt. Despite a clear imbalance between supply and demand in the rental housing market, the market hasn't adequately responded. High construction costs and surging land values are likely why developers and investors have preferred to seize the speedier profit that can be realized through ownership developments. Beyond this, the federal government no longer bolsters the rental market as it once did. Previous measures like the Multiple Unit Residential Building (MURB) tax benefit ended long ago, with nothing to replace it.

However, the tax system remains a nimble and effective vehicle to address this issue, as MURB demonstrated in the 1970s. CHRA believes federal tax reforms to support the development of market rental housing should be put in place. A meeting of stakeholders, including all orders of government, developers, non-profit housing providers and Aboriginal communities, should be convened to determine the most appropriate measures. This could include deferral of capital gains tax upon reinvestment in another rental property or the deduction of rental losses against other income.

#### **FEDERAL PRIORITY:**

#### **Maximizing the number and types of jobs for Canadians**

Federal government reports on the outcome of the federal stimulus program from 2009-2011 affirm the connection between jobs and housing investment. In examining expenditures and multipliers, housing investments (in 2010) had a 1.4 dollar impact on the level of real GDP for each dollar spent, which was significantly higher in that year than the impact of personal tax measures (0.9) or business tax measures (0.2).

When investment is focused on the construction or repair of affordable housing, there is a further boost as those homes give vulnerable individuals the opportunity to stabilize their housing situation, which is often a prerequisite for attaining and maintaining employment.

**CONCLUSION:**  
**Housing For All**

The emphases in this submission are the proposals set out in CHRA's **Housing For All** campaign, which ensures that the social housing we have now is retained for those who need it. At the same time, it must be said that there is much more to do beyond protecting what we have, given growing waitlists for subsidized housing, that housing costs continue to outpace inflation and that increasing income inequality. The lessons learned from a revitalized social housing sector, over the course of the coming years, as proposed by **Housing For All**, will be a good starting point for crafting the steps necessary to sustain the momentum and ensure that together, we are on our way to achieving the goal of a Canada where every Canadian has a safe and affordable place to call home.



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