



**Submission to House of Commons Standing Committee on Finance
2015 Pre-Budget Consultation Process**

31 July 2014

Increasing investment in affordable housing is good for the health of families and vulnerable Canadians, helps to build prosperous and equitable communities, and is good for jobs and the economy

Executive summary

The House of Commons Standing Committee on Finance has identified six key themes for the current round of pre-budget consultations. An increased federal investment in housing and homelessness, as set out in our recommendations, will advance three of those themes:

- Supporting families and helping vulnerable Canadians by focusing on health, education and training;
- Ensuring prosperous and secure communities by providing support for infrastructure;
- Maximizing the number and types of jobs for Canadians.

The high cost of housing is the single biggest expense for low, moderate and middle-income Canadians. The lack of affordable housing is the largest component of precarious housing – which remains deep and persistent across Canada. On a personal level, housing is one of the most important determinants of health; and at a community level, an adequate supply of good quality and affordable housing is a key factor in ensuring population health.

The federal government, in response to deep and persistent housing issues across the country, has made certain housing investments – and has quantified the economic impact of those investments. After making a \$2 billion, two-year affordable housing investment as part of the 2009 stimulus budget, the federal

government reported that the jobs and economic impact of the housing funding produced among the most significant jobs and economic impacts of all its stimulus measures. Jobs were generated directly in the construction trades, and indirectly in a range of other sectors. Income from those jobs was spent in food stores and elsewhere in the local economy (which boosts economic activity), and the workers paid income and other taxes (which raises revenue for the government).

Even as the federal government has made several investments in housing and homelessness since 2006, there has been a decline in overall investments as the government continues to withdraw from its long-term commitment to affordable housing. The net effect has been a continuing decline in the number of federally-subsidized homes at a time when housing need is growing in most parts of Canada.

We respectfully recommend that the federal government reverse the ongoing cuts to affordable housing investments, and increase funding for the two major national housing and homelessness programs. The increased investments will benefit individual Canadians and families with more healthy homes; communities and the economy will benefit from more jobs and other social and economic benefits; and, governments will benefit as the cost of housing investments is less than the estimated cost to the government of ongoing homelessness spending¹.

Deep and persistent housing and homelessness challenges

Millions of Canadians are precariously housed and more than 200,000 Canadians experience homelessness annually². There are many dimensions of housing need:

- **unaffordable housing:** 3.3 million households (25.2% of all households) spent 30% or more on shelter, according to the National Household Survey³.
- **substandard housing:** 982,200 households (7.4% of all households) report their dwelling needs major repairs, according to the National Household Survey.
- **overcrowded housing:** 793,585 households (6% of all households) report more residents than allowed under National Occupancy Standards, according to the National Household Survey.

There are no reliable national numbers on affordable housing wait lists, but the Ontario Non-Profit Housing Association reported that 158,445 households were on

¹ See, for instance, The Real Cost of Homelessness in Canada,

http://homelesshub.ca/ResourceFiles/costofhomelessness_paper21092012.pdf

² State of Homelessness in Canada 2013, <http://www.homelesshub.ca/SOHC2013>

³ Homeownership and Shelter Costs in Canada, NHS,

<http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-014-x/99-014-x2011002-eng.cfm>

'active' wait lists in that province in 2012. Wait lists for supportive housing for people with special needs are also reported to be long, according to information from a variety of supportive housing providers.

Housing is one of the most important determinants of health for individuals, and for the population health of communities⁴. The federal government, in its Seventh Report to Canadians on Canada's Economic Action Plan, reported that the dollar impact of its housing investment measures from the 2009 stimulus budget was 1.5 – one of the highest multipliers of all fiscal measures⁵. This means that every dollar invested in housing generates \$1.50 in economic benefits – and the impact is even greater as the federal investments are typically matched by provincial, territorial, municipal, social and private sector dollars.

Housing and federal budget: Current and recent measures

The federal budget of 2013 announced a:

- \$119 million per year for a five-year extension of the **Homelessness Partnering Strategy** (a reduction from previous annual spending);
- \$253 million per year for a five-year extension of the **Investment in Affordable Housing Program** (as of 30 July 2014, Alberta, Manitoba, British Columbia, New Brunswick, Nunavut and Prince Edward Island had all signed bilateral housing deals with the federal government, leaving the other seven provinces and territories without a signed agreement);
- \$100 million per year for two years for **housing construction** in Nunavut.

Two previous significant budgetary announcements related to housing:

- \$1.4 billion over two years for **affordable housing in 2006** (based on a Parliamentary vote in 2005);
- \$2 billion over two years for **affordable housing in 2009**.

The federal investments in housing and homelessness have generated new homes, much-needed renovations to existing homes, affordability measures and practical strategies to prevent and end homelessness. However, these investments have come

⁴ See, for instance, Housing and Health, Examining the Links, <http://www.wellesleyinstitute.com/publications/housing-and-health-examining-the-links/>

⁵ <http://www.fin.gc.ca/pub/report-rapport/2011-7/ceap-paec-a-eng.asp>

at a time when national housing need is rapidly growing, inflation is eroding the purchasing power of housing investments, short-term investments are not adequate to meet long-term needs, and – as noted earlier – the federal government is reducing its overall housing investments.

Three important observations about current and recent housing investments:

- ***flat-lining of the federal homelessness and housing investments*** over the next five years at a time of inflation and growing need means that the same amount of money will purchase less. If the inflation rate over the past five years of 9.38% (according to the Bank of Canada) remains the same over the next five years, then the flat-lining of investments means a 10% cut in purchasing power.
- ***federal housing investments have been sharply declining*** since their peak in 2010. Canada Mortgage and Housing Corporation, the federal government's national housing agency, reports that federal housing program expenses of \$3.040 billion in 2010 will be reduced to \$1.934 billion by 2018 under current projections – a reduction of 36%⁶.
- the decline in housing investments as the federal government winds down its commitment to existing social and affordable housing means that the ***estimated number of households assisted under federal programs will decline rapidly*** from 613,500 in 2010 to an estimated 452,300 in 2018 – a loss of 161,200 homes (a reduction of 26% in federally-funded affordable housing stock) at a time when housing needs remain deep and persistent across the country.

Our federal pre-budget recommendations for 2015:

- ***First, increase the federal homeless strategy by 10% (\$12 million) annually to cover the cost of inflation and to deal with deep and persistent homelessness. The federal government has promised to target its homelessness investments in a “housing first” model that seeks to prevent and end homelessness. This is a useful goal, but most current funding goes to a handful of larger cities, with little or no money for smaller communities, remote and rural communities.***

The recent At Home / Chez Soi housing mental health and homelessness project by the Mental Health Commission of Canada⁷ demonstrated the value of a “housing first” approach to end homelessness for people who have experienced chronic

⁶ Canada Mortgage and Housing Corporation corporate plan, pp67-68
<https://www.cmhc-schl.gc.ca/en/corp/about/anrecopl/upload/CPS-2014-2018-68089.pdf>

⁷ For information: <http://www.mentalhealthcommission.ca/English/initiatives-and-projects/home>

homelessness and other challenges, including mental health concerns. But there are a variety of other initiatives that are also required to ensure a comprehensive approach to meeting the diversity of challenges necessary to prevent and end homelessness. More federal investments are required in more parts of Canada.

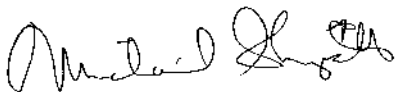
- **Second, double the federal Investment in Affordable Housing program to \$500 million annually. Once matched by the provinces and territories, a total of \$1 billion would be available annually for new and renovated housing.**

The current program is falling far short of meeting the new housing supply needs in most parts of the country, including large urban centres like Calgary, Vancouver, Edmonton, Toronto, Ottawa, Montreal and Halifax. The federal IAH investments leverage additional dollars from the provinces and territories, affordable housing developers municipalities and others.

- **Third, reverse the decline in overall federal housing investments (which is responsible for the decline in the number of federally subsidized homes). The funding that is available as the federal government completes long-term housing agreements with affordable housing developers should be re-invested back in ensuring that existing housing remains truly affordable.**

This issue has been noted by a number of national organizations from the Canadian Housing and Renewal Association and the Co-operative Housing Federation of Canada to the Federation of Canadian Municipalities. At the provincial level, the ongoing federal step-out of its affordable housing obligations has been cited by the provincial Auditor in Ontario as a major threat to housing funding in that province.

Thank you for the opportunity to make this submission.



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