

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

Submission to the House of Commons Standing Committee on Finance

8/3/2023

By: BC Non-Profit Housing Association
Co-op Housing Federation of BC
Aboriginal Housing Management Association



RECOMMENDATIONS

1. That the government allocates resources required to implement year one of AHMA's Urban, Rural, and Northern indigenous housing strategy.
2. That the government creates a Federal Acquisition Fund to support the community housing sector acquiring rental housing properties to protect their long-term affordability.
3. That the government refreshes the current approach to taxation and government revenue generation to reduce the financial burden on non-profit and coop housing providers.
4. That the government adjusts the budget of the Co-operative Housing Development Program to account for the lost capacity due to higher interest rates and construction costs.

Recommendation 1

Allocate resources required to implement year one of AHMA's Urban, Rural, and Northern indigenous housing strategy.

The BC Urban, Rural, and Northern Indigenous Housing Strategy (URNIHS) was commissioned by Aboriginal Housing Management Association (AHMA) and published in January 2022. Among other strategic actions, the paper outlines a 10-year URN strategy to address the housing needs of off-reserve Indigenous people in BC, and to establish a fourth stream within the National Housing Strategy for Indigenous people living in urban, rural, and northern settings. The federal government has responded to the strategy through their financial commitment in Budget 2023 to invest \$4 billion over seven years through the yet to be released URN stream.

This investment was welcomed by the sector after decades of underfunding, as documented by the National Housing Council, an advisory body to the Minister of Housing. The National Indigenous Collaborative Housing Incorporated (NICHI) was tasked by Indigenous-led housing providers with undertaking an Urban, Rural and Northern Indigenous Housing Strategy to allocate these funds across the province. This approach is supported by AHMA and our members. Developing a strategy will take time, especially in regions where there is less capacity or Indigenous led housing providers.

The context in BC is vastly different from much of the country, and AHMA members are ready to seize on new funding opportunities to invest in maintaining and developing new affordable housing projects to meet the unprecedented demand. For over 25 years, as the only Indigenous housing authority across Canada, AHMA has helped build up the capacity of the Indigenous housing sector.

While our sector is strong and growing, the housing needs of Indigenous people living off reserve continue to be unmet by existing funding streams. The NHS has allocated only 2% of its funding to Indigenous households living off reserve while Indigenous people represent over 4% of the Canadian population and 7% of the population in core housing need¹.

In addition to this, Indigenous people are nearly five times more likely to be homeless in comparison to non-Indigenous people. According to the most recent Provincial Point in Time count, 39% of people experiencing homelessness self-identify as Indigenous.² This is unacceptable and speaks to the urgent need to invest in culturally safe housing for Indigenous people now.

¹ AHMA. British Columbia Urban, Rural, and Northern Indigenous Housing Strategy. January 2022, p.3.

² Homelessness Services Association British Columbia (HSABC). 2020/21 Homelessness Counts. December 2021, p 8.

To address this immediate gap, Housing Central is requesting funding from the federal government to implement year one of AHMA’s 10 year URNIHS. We are requesting the Federal government provide BC Indigenous housing

providers with \$500 million with additional funding for capital renewal and maintenance. This represents the project flow of funds for year one of the URNHIS from 2022-2023³.

Recommendation 2

Create a Federal Acquisition Fund to support the community housing sector acquiring rental housing properties to protect their long-term affordability.

Housing Central has reported on the substantial loss of deeply affordable rental market homes since 1991. The 2021 Census showed that **between 2016 and 2021, Canada lost 368,795 units renting below \$1,000 with more than 220,000 lost between Ontario and Quebec. BC alone lost 97,390 units renting below \$1,000 while only 8,027 non-market units were built,** meaning that for every non-market unit built, 12 affordable units were lost. This rapid loss of affordable units due to redevelopment or rent increases makes it nearly impossible to build our way out of the housing crisis.

Loss of units renting for less than \$1000

Province/Territory	Units
Alberta	2,345
British Columbia	-97,390
Manitoba	-20,625
New Brunswick	-5,225
Newfoundland and Labrador	-1,125

Northwest Territories	-285
Nova Scotia	-12,095
Nunavut	-205
Ontario	-187,900
Prince Edward Island	-1,830
Quebec	-40,885
Saskatchewan	-3,000
Yukon	-585

Source: Census, 2016, 2021

Eviction rates have increased as a result, led by financialized behaviours. From 2016 to 2021, 5.9% of renter households in Canada reported being evicted, with 64.7% of those evictions considered as no-fault from the tenant⁴.

Indigenous people are disproportionately impacted by the financialization of housing as they are more likely to be in core housing need due to the impacts of intergenerational trauma, colonization, racism, and stigma.

³AHMA. British Columbia Urban, Rural, and Northern Indigenous Housing Strategy. January 2022, p. 40

⁴Xuereb, X. and Jones, C. 2023. Estimating No-Fault Evictions in Canada: Understanding BC’s disproportionate

eviction rate in the 2021 Canadian Housing Survey. Balanced Supply of Housing Research Partnership.

First United in BC⁵ reported that Indigenous respondents are facing homelessness after evictions at a rate almost double that of non-Indigenous respondents. Approximately 45% of Indigenous respondents noted they didn't find a new place to live after evictions, compared to 27% of tenants overall. The impacts of eviction for Indigenous respondents who did not find a new place to live include:

- Being forced to live in shelters or on the street.
- Displacement from neighbourhood and children's services (91% of Indigenous respondents reported neighbourhood displacement).
- Disruption of family relationships.
- Negative physical and mental health impacts.

Purchasing older rental buildings to permanently protect the affordability they offer is a cost-effective strategy to reduce the loss of affordable housing. Since non-profit housing providers are in competition for these properties with large investors, who are often able to outbid them, Housing Central advocated to the provincial government to dedicate \$500 million to finance a rental housing acquisition fund to support non-profit providers competing in the market for these properties.

In January 2023, the province announced the creation of BC's Rental Protection Fund with a single investment of \$500 million. The fund will be managed through a non-profit society created by AHMA, BCNPHA, and CHF BC and will provide one-time capital grants to successful applicants.

Although this announcement was appreciated, the absence of a long-term funding and implementation plan limits the fund's capacity to reduce the loss of affordable housing. This uncertainty can be ameliorated through new funding from senior government. The likelihood of getting extended funding from the provincial government increases if the federal government has a similar program.

Housing Central recommends the creation of a Federal Acquisition Fund to support the community housing sector acquiring rental housing properties to protect their long-term affordability.

⁵ Marsden, S. 2023. BC Eviction Mapping. Interim Report May 2023. First United.

Recommendation 3

Refresh the current approach to taxation and government revenue generation to reduce the financial burden on non-profit and coop housing providers.

Canada's ongoing housing and affordability crisis is a result of a great number of financial, legal, and cultural factors that systematically discourage investments and growth of the community housing sector. Although in recent years major policies like the National Housing Strategy have started to shift this trend, there are still entire systems that work across different levels of government like the taxation system that continue to disproportionately burden non-profit and coop housing providers and limit the ability to realize the right to adequate housing.

Over the next few years many Community Housing Sector land leases will be expiring. Property Transfer Taxes place a serious financial burden on non-profit and co-op housing providers and can have a significant impact on the sector's ability to maintain current levels of affordability. Property taxes and other development-related fees increase costs further, representing an important barrier for anyone building affordable housing, but especially non-profit and coop housing developers, who find it more difficult to draw capital from other sources than other investors.

Given that many of these financial obligations represent a significant portion of municipalities' revenue structure, the federal government could help bridging the gap between both sides through tax exemptions, rebates, and grants.

Municipalities such as Quesnel, BC, have implemented successful tax exemption policies, which combined with waivers for development-related fees, have resulted in projects saving up more than 3% off the property's value for 10 years and over \$1,200 per unit. These kinds of policies exist in other communities in Canada and in many other countries.

Although federally there are some exemptions that benefit non-profit and coop housing providers, the current approach to taxation at every level of government is not conducive to creating and protecting affordable housing. Given that permanently affordable housing is, in fact, social infrastructure, it should not be subjected to any additional financial burdens beyond those strictly associated with construction and operation.

Housing Central recommends that the federal government co-develops with the provinces and territories a refreshed approach to taxation and governmental revenue generation that prioritizes non-profit and coop housing providers. An improved structure would, not only encourage the construction of more social and affordable housing, but also discourage profit-maximizing behaviours that lead financialized landlords to put tenants at risk.

Recommendation 4

Adjust the budget of the Co-operative Housing Development Program to account for the lost capacity due to higher interest rates and construction costs.

The 2022 Federal Budget reallocated \$500 million from the National Housing Co-Investment Fund on a cash basis and \$1B from the Rental Construction Financing Initiative to launch a new Co-operative Housing Development Program with **the goal of building approximately 6,000 units**. At the time of this announcement interest rates were set at 1% and had recently increased from 0.5%. However, in 2022, the Bank of Canada started to increase interest rates until on July 12th, 2023, they reached 5%. Moreover, construction costs have also risen (globally) since 2022.

According to Statistics Canada, the Residential Building construction price index has gone from 151.5 in Q1 2022, to 168.3 in Q1 2023 (11%) nationally, with some major cities experiencing increases of 17.6% (Toronto). All of this has resulted in a diminished ability of this program to deliver the 6,000 expected co-op units that the initial \$500 million intended. **We recommend that the government adjusts the allocated budget for this program to account for that lost capacity.**

About Housing Central

Housing Central is a strategic alliance between BCNPHA, CHF BC., and AHMA. Our mission is to strengthen and grow the community housing sector so all British Columbians have a safe, secure home they can afford.

BCNPHA

BCNPHA has been the provincial umbrella organization for the non-profit housing sector for nearly 30 years. We serve more than 500 members (managing more than 70,000 units of long-term, affordable housing in over 2,500 buildings), with education and professional development opportunities, research, advocacy, and asset management services.

CHF BC

CHF BC acts as the voice for housing co-ops in BC. We represent the co-op housing sector and advocate for co-ops, whether with government or other institutions. We often work with CHF Canada on national issues and have had many successes.

AHMA

AHMA was established in 1996 with a mission to “lead and advance housing rights for ALL Indigenous Peoples in British Columbia”. It is comprised of 55 Indigenous housing and service providers located across BC, managing more than 95% of all Indigenous housing units in

urban, rural, and northern areas of the province (off reserve). AHMA administers funds – in partnership with BC Housing – for almost 7,597

units that house First Nations, Métis, Inuit, and self-identified Indigenous families.

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