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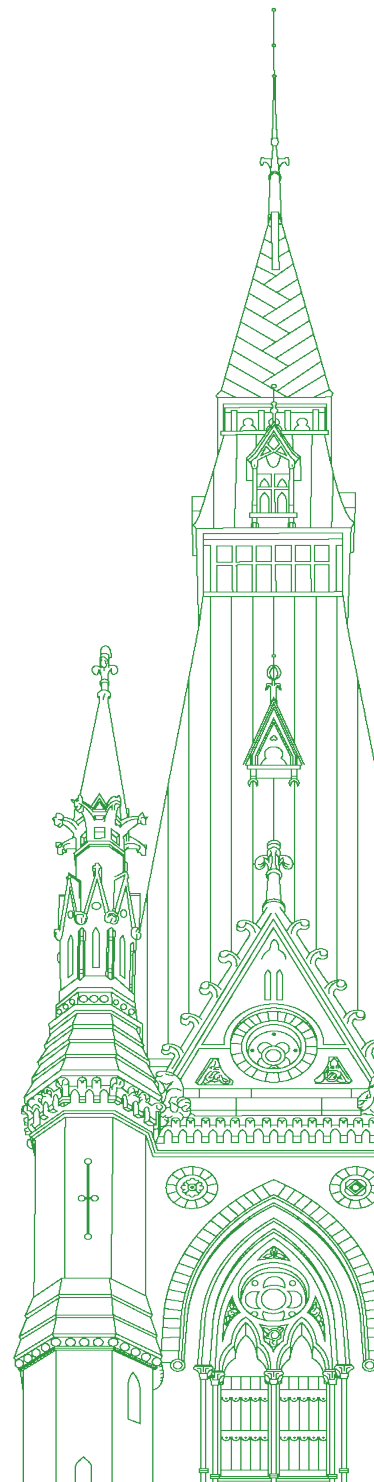
# Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

EVIDENCE

**NUMBER 117**

Monday, June 3, 2024

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Chair: Mr. Robert Morrissey



## Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

Monday, June 3, 2024

• (1540)

[English]

**The Chair (Mr. Robert Morrissey (Egmont, Lib.)):** Good afternoon, members and witnesses.

The clerk has advised that we have a quorum. Those appearing virtually have been sound-tested and we are okay to begin meeting number 117 of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Before I begin, I will remind members in the room to use the new headsets. When you're not using them, please keep your earpiece in the assigned position on your desk. Please avoid touching the mic while you are speaking because it does cause sound popping, which can be harmful to the translators. Thank you for your co-operation on that.

Today's meeting is taking place in a hybrid format, with committee members and witnesses appearing in the committee room as well as virtually.

You have the option to speak in the official language of your choice. For those appearing virtually, click on the globe icon at the bottom of your surface and choose the official language of your choice. For those in the room, there is new technology. Familiarize yourself with choosing the language of your choice.

If there is an interruption in translation, please get my attention. If you're in the room, raise your hand and I'll recognize you. For those appearing virtually, please use the "raise hand" icon. We'll suspend while the issue is being corrected.

Again, for the benefit of the witnesses, please direct all questions and responses through me, the chair. Wait until I recognize you by name before you begin.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, February 12, 2024, the committee is continuing its study of federal housing investments.

I would like to welcome our witnesses for the first round.

From Abundant Housing Vancouver, we have Russil Wvong. From More Neighbours Toronto, we have Eric Lombardi, president. He is appearing virtually. Here in the room with us, from Mortgage Outlet Inc., is Leah Zlatkin, mortgage broker and chief operations officer.

Good afternoon, everyone. We'll begin with Mr. Wvong for five minutes.

Mr. Wvong, you have the floor.

• (1545)

**Mr. Russil Wvong (Volunteer, Abundant Housing Vancouver):** Thank you.

Hello. My name is Russil Wvong. I'm a volunteer with Abundant Housing Vancouver. I don't work in development or in policy. I just read all the reports. I'd like to focus on three things.

We have increasing homelessness because we have an overall dire shortage of housing, and it's worse for the people who are poorest.

First, the housing shortage is a problem that's fixable. In Texas, Austin is building so many apartments that rents have dropped 12% in one year. In Vancouver, we have people who want to live and work here and other people who want to build housing for them. The problem is that the approval process is extremely slow. It's easier to elect a pope.

Housing is a ladder. It's all connected. Whenever we block market housing that somebody wants to build, the people who would have lived there don't disappear. They move down the housing ladder, competing with everyone else for the limited supply of existing housing. Prices and rents then have to rise to unbearable levels to force people out. We get trickle-down evictions.

In metro Vancouver, the result is a housing shortage that's bad for everyone, terrible for younger people and renters, and worst of all for people near the bottom of the housing ladder. They're forced to move away, crowd into substandard housing or end up homeless.

Second is COVID. Housing being painfully scarce and expensive is no longer a problem confined to Toronto and Vancouver. When COVID hit and there was a sudden massive surge in people working from home instead of the office, total demand for residential space went way up, while demand for office space went way down. Plus, a lot of people moved in order to find cheaper housing, which was great for them but bad for local renters and homebuyers.

The housing shortages in the GTA and metro Vancouver basically spilled over to the rest of the country. This means that we need to build a lot more housing everywhere—not just in the biggest cities—for the next 10 years or more. Our pre-COVID housing stock no longer lines up with where people want to live and work. Other countries are facing the same challenge.

Third, in the GTA and metro Vancouver, we need to move away from taxing new housing like it's a gold mine. Over the 10 years from 2011 to 2020, the City of Vancouver extracted \$2.5 billion in “community amenity contributions”. The thing to remember is that there's no free lunch. Someone has to pay. If costs are too high, what happens is that nothing gets built until prices and rents rise further, for both new and existing housing. That's exactly what's happening now. In other words, it's renters and homebuyers who end up paying for these increased costs.

The federal government has made two major changes to reduce the cost of building new rental housing: removing the GST and allowing accelerated depreciation. This will help to counter the headwinds that result from higher costs. The problem is that local governments in Ontario and B.C. have strong incentives to raise development charges, slowing things down again, because they need money to meet local needs and because it's very difficult to raise property taxes. The B.C., Ontario and federal governments are all pushing municipalities to freeze or reduce development charges, but as long as local governments need the money, they're going to push back hard.

There are a number of proposals for alternatives. Benjamin Dachis suggests paying for water and sewer infrastructure by issuing long-term bonds that are then repaid from water usage fees. Municipalities have proposed progressive property taxes, regional sales taxes and regional income taxes. If you look at the U.S., they have property tax rates that stay the same instead of being adjusted each year, so if there's a lot of demand and property prices are rising, municipal revenues automatically go up, allowing them to build more infrastructure.

Finally, how can the federal government convince local governments to stop regulating new housing like a nuclear power plant and taxing it like a gold mine? Unlike provincial governments, the federal government doesn't have direct control. Machiavelli describes the three elements of diplomacy as persuasion, promises and threats. It's most effective to use a combination of all three.

Sean Fraser has been quite successful in using housing accelerator funding to convince municipal governments to allow more housing, with denial of funding as a stick to go along with the carrot.

Persuasion is also vitally important, and federal MPs from all parties can help. It's great that we seem to have consensus across the political spectrum on the need for more housing.

For example, when Calgary city council voted down its own housing task force recommendations by eight to seven, it was very helpful to immediately see critical comments from Scott Aitchison and Michelle Rempel Garner. It seems likely that this contributed to Calgary city council's reversing of its decision the next day.

• (1550)

Thank you.

**The Chair:** Thank you, Mr. Wvong. You actually concluded a few seconds under time.

We'll now move to Mr. Lombardi for five minutes, please.

**Mr. Eric Lombardi (President, More Neighbours Toronto):** Hi. Good afternoon.

My name is Eric Lombardi, and I'm the president and founder of More Neighbours Toronto, an advocacy group based here in the city that's dedicated to ending the housing crisis that is afflicting our generation, those who are renting and those who are poor and getting increasingly left behind.

The housing crisis in this country is putting downward pressure on living standards to begin with, and it will continue to worsen and deprive our country of its prosperity until it's addressed. It doesn't fall on all Canadians equally. It has created a substantially difficult situation for the middle class, particularly renters, and a very hard situation for the young.

Housing has always been a challenge for the poor and those who are suffering from mental illness, addiction and poverty, including those with disabilities. However, recent trends have made a difficult situation an effectively intolerable one for many in this group.

We can't solve the rising homelessness crisis without some direct capital investments in shelter and supportive and transitional services that address the different circumstances people face, including addiction and mental health. This issue should be simultaneously seen as a housing issue, as well as a health care issue and a security one. It is a complex challenge, and it requires complex solutions. Many of these need to be delivered at the provincial level, and many provincial governments have really neglected their policy focus in this area in particular. That is a role the federal government can play in encouraging solutions.

Housing will also continue to be a problem until substantial land-use and planning reforms, along with major changes to the tax code, are made, particularly when it comes to how we fund our infrastructure needs at the local level. This is something that is particularly true at the provincial level, without which solutions are basically impossible to meaningfully address in a systematic way.

I also want to address one of the questions around how we support and fund non-market housing. The vast majority of global markets that are sustainable over the long term have some degree of public investment in housing. However, this public investment is typically driven by a cash-flow positive—which means that it is marginally profitable—and a Crown corporation that is able to operate at arm's length from the governing institutions.

It is important that any model that pursues a public builder to pursue non-market housing investments is able to operate at arm's length from political interference, similar to entities like the Canada pension plan. With additional non-market housing in the economy, you are able to leverage public land to create value that would enable governments to deliver far more housing needs that address the poor end of the spectrum, which will never be served by market development.

This is not to say that we can ignore solutions in the private housing market. One of the key issues that Canada has not grappled with is the bizarre way that we apply taxation to new housing. I'll paint a picture for you. In 2000, the cost of a benchmark Toronto condo of around 950 square feet was \$145,000. In 2023, that amount would be equivalent to \$245,000. Now, the benchmark price of a condo in Toronto—which is now below 800 square feet—is \$750,000, which is three times the real, inflation-adjusted value of what a benchmark condo cost 25 years ago in the year 2000.

If you want to build a new condo of around 750 square feet, it would be almost impossible to sell that condo for less than \$1 million. Laden within that, both the price that gets charged to the consumer as well as the taxes that they pay on top of it, is over \$250,000 of taxes that would be applied. For the HST, if you're a first-time homebuyer, you'll save \$24,000, so you're looking at \$130,000 minus \$24,000. If you're looking at land transfer taxes in Toronto, you're looking at \$30,000, and you can subtract about \$8,000 if you're a first-time homebuyer. Plus, there is about \$80,000 to \$120,000 in development charges, another \$20,000 in community benefit charges and another six types of levies and fees. Of the 12 that CMHC has suggested, all new housing apply to this.

Governments in Canada now charge more in taxes on every incremental unit of housing in this country than housing used to cost just 25 years ago. The economic disincentives this creates for our economy and our society at large are increasingly even more bizarre.

- (1555)

The first one is the land transfer tax, which disincentivizes labour mobility and the mobility of people who are trying to change their housing situation by immediately reflecting, in the economics of their personal choice, a disincentive to doing so. This overall affects the productivity of our greatest urban centres and, therefore, affects the overall amount of taxes collected by all levels of government as well as the types of jobs and opportunities that exist in our society.

As Russil addressed, a big important piece here is how this actually incentivizes speculation in the broader housing market, because it requires the price floor and all new housing to rise. What

investors and homebuyers are willing to pay for new space can be justified based on what they expect the price of existing housing to do. This policy is also part of the particular challenges we're facing.

Thank you.

**The Chair:** Thank you, Mr. Lombardi.

Ms. Zlatkin, you have five minutes.

**Ms. Leah Zlatkin (Mortgage Broker and Chief Operations Officer, Mortgage Outlet Inc.):** I'd like to thank you all for having me today. My name is Leah Zlatkin. I'm a COO and mortgage broker at Mortgage Outlet.

In regard to the study that was conducted, I will address two issues. The first issue is that young people cannot actually afford houses. The proposal is for a temporary reduction in immigration targets until home construction and/or incomes catch up to the immigration, with an additional focus on immigrants who can contribute to the supply of housing.

We need new government backing of shared equity for first-time homebuyers of new construction properties, helping them secure a property before prices run away from them. The cost of waiting to save for a down payment is too steep given a 5.7% long-term annual price appreciation.

We need to work on fixing some of the mistakes the CMHC had with its first-time homebuyer incentive program, simplifying it drastically. We need to increase the qualifying income and the total mortgage amount, and allow for conventional properties, or any properties, with longer amortizations.

We need to allow first-time homebuyers to take on 35- and 40-year amortizations, allowing 40-year amortizations for first-time buyers for new construction in highly dense areas near transportation hubs as primary residences. It's even better if we can include all properties, not just new construction. Properties over \$1 million or conventional properties would also benefit from this plan.

We need to create government grants to provide temporary 10% to 15% deposits—allowing people to total 20% of the down payment—for developers for well-qualified buyers of condos. The government would get its deposit back when the buyer's purchase closes.

We need to create legislation to prevent counterproductive OSFI policies, including curbing fixed-payment variable mortgages, crucial to shelter borrowers from extreme payment shock during the term. We also need to remove the idea that we would apply a stress test on a straight switch. We need to allow lenders to offer 40-year amortizations to borrowers on renewals if they're facing more than a 20% payment increase.

The second issue is how to help the supply and demand imbalance. I propose that we reduce the government's footprint and immediately stop deficit spending. Lower rates can then incentivize construction. People did trust the government to borrow more money, because the government said rates would stay low. Plus, many people got COVID subsidies, so everyone bought a little bit more than they could chew. Government-subsidized developer financing also needs to be facilitated via CMHC at below-market rates for rapid housing projects at mid-market prices near transportation arteries.

We could also implement capital gains deferrals on rental property exchanges like the section 1031 exchange in the United States. This would allow for deferred capital gains to provide investors with more capital to invest in new rental construction properties. Basically, if you buy and sell a rental property, you don't pay capital gains until you sell the last rental property.

The housing accelerator plan has resulted in many municipalities accepting plans that seem to emphasize social welfare programs over building more homes and increasing the supply.

We need to reduce developer and investor disincentives. For example, there are overbearing tenant protection acts, and under the budget, capital gains tax increased to 66%, not 50%, where it is now. This impacts rentals and discourages investments. It should actually be the other way around. The capital gains inclusion rate should decrease to 33% for rental construction units and accelerate depreciation allowances to incent building.

We need to encourage mixed-use developments. An example would be incentives to replace non-residential commercial to mixed-use to increase density in urban areas.

Finally, we need to increase housing starts, making housing more profitable to build. Taxation on construction of houses is excessive. Many projects have gotten cancelled and many builders have gone bankrupt. We need to offer rebates for builders, and we need to remove some of the costs associated with permits and the red tape for developments.

• (1600)

**The Chair:** Thank you, Ms. Zlatkin. You were under time. Thank you so much.

We'll now begin the questioning with Mr. Aitchison for six minutes.

**Mr. Scott Aitchison (Parry Sound—Muskoka, CPC):** Thank you, Mr. Chair.

I'd like to start with you, Mr. Lombardi, specifically on some of the comments you made about the costs associated with new homes and how local municipalities charge exorbitant fees on new homes under this assumption that growth should and could pay for growth.

Did I hear you correctly, Mr. Lombardi, when you made those statements?

**Mr. Eric Lombardi:** That's correct.

**Mr. Scott Aitchison:** You also acknowledge that the federal government is not directly involved in how municipalities plan and ex-

ecute development agreements. The influence the federal government has is largely around federal funding.

**Mr. Eric Lombardi:** That's correct.

**Mr. Scott Aitchison:** Would you think, then, that a federal government program that gives money to cities that are also actively increasing those charges at the local level would make sense, or is that backwards?

**Mr. Eric Lombardi:** I would say that the most important level of government to target reformat would be the provincial government in Ontario. It has a lot more influence over how municipalities define the types of taxes and the pace at which they can raise them, including on development charges.

**Mr. Scott Aitchison:** Do you think the federal government has any role to play in that, then, or is it just up to the provinces?

**Mr. Eric Lombardi:** I believe the federal government has a responsibility to ensure that the provinces are maintaining a policy framework that is meeting the needs of the country.

I would say that this is particularly true of Ontario's provincial government, which recently even rolled back its own provisions to limit the pace of growth in development charges.

**Mr. Scott Aitchison:** Thanks very much.

Mr. Wvong, I'd like to go to you.

You mentioned the housing accelerator fund specifically. What do you think of the fact that housing accelerator funds are still going to cities that have increased development charges? A couple of good examples are Ottawa and Toronto, specifically.

**Mr. Russil Wvong:** Locally, in metro Vancouver, there was actually a big fight over this issue. The Metro Vancouver Regional District, which is responsible for water and sewer infrastructure, decided to lower the burden on property taxpayers from, I don't know, 12% or something to 1%, thus raising the DCCs on new housing at exactly the same time the federal government was taking away the GST on rental housing. Sean Fraser actually said he was not going to give the housing accelerator funding to Burnaby and Surrey, two of the major metro Vancouver municipalities.

I actually was involved a bit in talking to some of the Metro Vancouver Regional District directors. Unfortunately, I would say, since the housing accelerator fund offers a one-time payment, it's pretty difficult to get municipalities to give up a long-term stream of revenue, so—

**Mr. Scott Aitchison:** Hold on a second, Mr. Wvong. It's not a one-time payment. It's four equal payments over four years.

If the federal government has limited authority, obviously, or limited influence over municipalities and the fees they charge, would it not make sense to make getting the next payments contingent upon keeping costs lower or even reducing costs at the local level?

**Mr. Russil Wvong:** I think it's fair to say that the federal government, B.C. government and Ontario government have all been pushing municipalities to try to either slow down increases, freeze development charges or reduce development charges.

The new Canada infrastructure fund has some conditions. Basically if you want any of the \$6 billion for infrastructure, you need to freeze development charges at April 2024 levels. I don't know if the provinces will pick that up.

**Mr. Scott Aitchison:** Russil, imagine for a second that you're the federal Minister of Housing here. Dream of that for just a second. Would you imagine that you wouldn't use every single tool at your disposal to encourage and force municipalities to lower their costs? Would you not do that?

**Mr. Russil Wvong:** Yes, for sure.

**Mr. Scott Aitchison:** Okay. Thank you.

**Mr. Russil Wvong:** That's why I was talking about Machiavelli. You need persuasion.

I think the fact that we're talking about this, that Sean Fraser highlighted this and that there are all of these conditions we're trying to put on to say—

• (1605)

**Mr. Scott Aitchison:** That's why I was raising it, because I think it's part of the issue. We're not using every tool at our disposal at the federal level to force municipalities to reduce costs.

Thank you for that.

**Mr. Russil Wvong:** The other thing I would say is that in order to get the....

I'm sorry. Should I stop?

**Mr. Scott Aitchison:** Not to be rude, but I'm done with you. I'm moving on to the next person.

**Mr. Peter Fragiskatos (London North Centre, Lib.):** I have a point of order, Chair.

I think it's very germane to the discussion to hear the response of the witness. There were a couple of moments in that exchange where he wasn't able to put his view on the record.

**Mr. Scott Aitchison:** Did I lose track? Is it not my time?

**Mr. Peter Fragiskatos:** A question was asked and we didn't hear the answer.

**Mr. Scott Aitchison:** Maybe you'll get your turn, Peter.

**Mr. Peter Fragiskatos:** A question was asked and we didn't hear the answer.

**The Chair:** Mr. Aitchison has the floor.

You have a minute left.

**Mr. Scott Aitchison:** Thanks.

Thanks to Mr. Fragiskatos for trying to run the committee.

Ms. Zlatkin, I'll go next to you.

You made a point about the cost of government overall and the impact it's having on mortgage rates and the cost of housing. I wonder if you could expand a bit on that. It's obviously not just the local level that's causing this issue.

**Ms. Leah Zlatkin:** In regard to permitting and everything, I believe the costs are substantial for developers.

When it comes to the actual interest rates we're dealing with as a society in Canada right now, obviously variable rates have gone up substantially over the last six or seven years. Most recently, overnight rates went from 0.25% to the current 5%, so that's an increase of 4.75%. When you're looking at what your rates are as a consumer and using a product that increases over time, as opposed to staying as a fixed payment.... These people have more than doubled their mortgage payments. It's substantially painful for the typical Canadian.

In terms of the history of best rates, we can look at the years 2021, 2022 and 2023. Those people are going to be up for renewal in the next three years. They started out with interest rates around the 2% mark. In 2021, it was, on average, 2.15%. When these people renew in the next three years, it is going to be a substantial burden for them to bear.

On top of that, obviously—

I'm sorry.

**Mr. Scott Aitchison:** We're out of time.

**The Chair:** Thank you. Yes, we're over. You can conclude the thought next time somebody goes to you.

Thank you, Mr. Aitchison.

Mr. Collins, you have six minutes.

**Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.):** Thanks, Mr. Chair.

I'll start with Mr. Wvong first.

Mr. Wvong, I listened to your opening statement very closely, and I agree with you 100% that supply is a big part of the housing crisis right now. As much as developers are going to play a big role in getting us out of the housing crisis from a supply perspective, our study here focuses on historical investments, or the lack thereof, that governments have made that have led us to this crisis.

One of those issues relates to affordable housing units. I didn't hear the words "affordable housing" in your opening statement. I know that, in your area of the country, metro Vancouver has 18,000 people on their affordable housing wait-list. As much as developers are going to play a key role in this housing crisis, they're not philanthropic to the extent that they're going to provide subsidized rents to people moving into their buildings.

Can I ask what your organization's position is on subsidies from the federal and provincial governments, and if these have played a key role in assisting on that issue?

**Mr. Russil Wvong:** I would say we are strong supporters of both market and non-market housing.

The thing about non-market housing is that, even when funding is available, it tends to run into exactly the same barriers with respect to approvals as market housing. We had a situation a little while back where the provincial government was saying it was willing to give us funding to build 600 non-market apartments, putting them pretty close to the downtown area. However, the city still had to say yes. They can't just say, "Oh, we'll take the money." They have to change the law to allow these apartment buildings to be built. There's a public hearing process, and yes, people were writing in with comments like, "Oh, it's going to affect my view" or "We think there's going to be more crime in this area as a result of this social housing." I think they confused it with "supportive housing".

Yes, we would definitely mobilize people. We will advocate for that.

The reason I was talking about market housing is that both market housing and non-market housing help. We need housing of all types. Non-market housing certainly helps directly, because it's available to people lower down on the housing ladder. The thing about market housing is that it scales. The amount of non-market housing we can build is going to be limited by people's willingness to pay additional taxes.

In 2017, with the national housing strategy, I think the federal government invested an additional \$15 billion in new investment for the first time since the nineties, probably—since the deficit-fighting years. That's enough, at about \$500,000 per apartment, for about 30,000 apartments. It's definitely helpful. However, given the scale of the shortage.... That's why I was talking so much about the need to reduce the approval barriers and the cost barriers.

• (1610)

**Mr. Chad Collins:** That's fair enough. Thanks for that.

Mr. Lombardi, you made the connection between the housing crisis, our drug and opioid crisis and the mental health crisis coming out of the pandemic. I think all levels of government haven't done their part in dealing with encampments. Of course, in budget 2024, on top of the Reaching Home investments, which are additional investments that we're making to help municipalities deal with those living in encampments and living rough, we've announced an encampment fund. We're hoping our provincial partners will assist in matching the \$250 million we've included in our budget.

Can you talk about why it's important that all levels of government support resources for those living rough and get those people into transitional homes where they have the supports necessary to stay in those homes and don't find themselves back on the street?

**Mr. Eric Lombardi:** I think it's simple just to say that this is a core part of the social welfare state that is supposed to catch people but hasn't for some time. There's not a way to provide people who are in dire need of assistance with housing that can be built by the private market. What's important about funding for this directly is not just the units—which you need. As Russil suggested, you run into a whole host of similar barriers as you do with market housing.

Here in Toronto, at 75 Cummer Avenue, our provincial government waited two years on an approval for 56 supportive housing units that ended up costing the city over a million dollars just in rent on the unassembled, prefabricated building it had.

We need to directly fund that housing, and then we also need to directly fund the wraparound services that enable people to get better and be able to get their lives back on track. There are both the capital investments and the operational investments that are necessary in order to sustainably reduce the level of homelessness in our cities.

**Mr. Chad Collins:** Thanks, Eric.

One thing that we've been dealing with here at committee, especially for those of us who are from the province of Ontario, is how there really are no programs currently that help municipalities in our province. Recently, it was announced that the province defaulted on the money we were giving it to assist with the programs it offers to service managers across the province.

I could sit here for the next 30 seconds and rhyme off all of our programs, from rapid housing to the innovation fund, the affordable housing fund and the apartment construction loan program. The list goes on of those programs that are in the national housing strategy. What programs are people using in Toronto from the Province of Ontario? I'm not aware of any except those resources that flow from the federal government to the province.

Are there programs provincially that your organization or others are using to help with the issues that we've talked about at committee today?

**Mr. Eric Lombardi:** I actually don't know of another program, but my organization is a broad-based housing group. We're not specifically a homeless, anti-homelessness and anti-poverty organization, so I would suggest speaking with some of those experts as well.



One of the things to highlight is that about 10% of our hospital beds in Toronto are occupied by people who can't be discharged to stable housing. The actual economic cost of making these investments should save taxpayers' dollars over the long term, because that's just how much more expensive it is to do that.

**The Chair:** Thank you, Mr. Collins.

[*Translation*]

Ms. Chabot, you have the floor for six minutes.

**Ms. Louise Chabot (Thérèse-De Blainville, BQ):** Thank you, Mr. Chair.

I want to thank the witnesses for coming. This study, which they were invited to take part in, focuses on the federal government's disinvestment in social and affordable housing under both the Liberal and Conservative governments. It isn't always worth looking at the past. However, in Quebec, a housing rights organization estimates that around 80,000 social housing units could have been built if the decision had been made to invest.

All three of you said little about social housing. This isn't a criticism. I'm saying this with all due respect. We're talking about supply and demand. That said, the greatest demand for housing comes from people who don't have access to social or affordable housing, or housing that meets a certain income threshold.

My first question is for Mr. Lombardi.

Do you think that major investments in social housing are needed to restore balance? If so, what should be done?

• (1615)

[*English*]

**Mr. Eric Lombardi:** I'll address two different types of investment.

One is to address anti-poverty and anti-homelessness. That requires direct capital investment from the government on an ongoing basis, as well as operationally. Earlier this year, we suggested that the Province of Ontario create a \$3-billion fund specifically to capitalize creating over 10,000 spaces. That doesn't include the cost of operating the transitional services that are around them.

On the other side of it is that you need to also create housing that can support the working poor, who don't necessarily need the wraparound services. Among some of the best models to do that is through a public builder, which could either both build and construct but also finance projects in the non-market private sector to create affordable units as part of overall market developments.

I think what's really important is that we look at international models of doing so. These public builders do operate on a cash flow-neutral basis, which means that over time they don't require ongoing subsidies for each new building they create. The result of this is a sustainable institution that doesn't drain public capital over the long term while also developing new assets, which means that it creates the overall net wealth of the government that owns it. These builders leverage public land to use that land value to create these units targeted to those with lower incomes.

That model has been proven time and time again. The initial capital you need to invest in that is a capital cost that should not actually over the long term lose value, which means from a books perspective that it should actually be neutral on government finances if done properly.

[*Translation*]

**Ms. Louise Chabot:** I just want to make sure that I understand you properly. Let me take this a step further.

This study places great emphasis on housing construction, which can be entrusted to the market and also to non-market organizations. We don't want to demonize the market. However, we also need to think about non-market housing. I'm thinking in particular of co-operative housing, which is a model in Quebec. I imagine that this is the case in other places as well. I don't want to put the provinces on trial. We aren't in a good position to do so.

In terms of federal investments, you're talking about poverty. However, homelessness is also an issue. In Quebec alone, 10,000 people are homeless. The number of homelessness cases has skyrocketed. We know that the government decided to make investments in the most recent budget, but that won't happen until 2025.

How can the federal government help improve the situation of non-market social housing and combat homelessness?

[*English*]

**Mr. Eric Lombardi:** I believe that's addressed to me.

The federal government can do a number of things.

Number one, it can create a capital pool to enable either a public builder or public financing, whether that's done through a new institution or through CMHC, so that these projects can get going, and local builders and local non-profits will have a better sense of some of the better locations.

Another thing it can do is a land bank. The federal government owns a substantial amount of property in our urban areas, whether it be post offices or other government property. A lot of those properties are not well utilized. Doing long-term leaseholds of that public property is a way to provide non-market builders an ability to eliminate the land value component from their overarching building costs.

The other thing to do is to look to exempt federal investment from the same strict rules that would otherwise apply to processes and built forms across Canada, but particularly in areas like Toronto and Vancouver, where the limitations and barriers are extensive. If you pursue also a standardization of different types of building models, you should also be able to reduce costs.

The plethora of doing these things or even applying a national building code on top of it are all ways the federal government can help spur the development of non-market and public housing.

• (1620)

[Translation]

**The Chair:** Ms. Chabot, you have only one second left.

**Ms. Louise Chabot:** Thank you.

Mr. Lombardi, I imagine that you agree that access to housing is a basic right. Is that correct?

[English]

**Mr. Eric Lombardi:** Yes, it should be, and access to it should be similar to food, health care and education.

[Translation]

**The Chair:** Thank you, Ms. Chabot.

Ms. Zarrillo, you have the floor for six minutes.

[English]

**Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP):** Thank you, Mr. Chair.

I'm going to use all of my six minutes for questions for Ms. Zlatkin.

Ms. Zlatkin, we're doing a study right now that wants to learn from history but also to understand that Canadians are spending up to 65% of their monthly income right now on housing. I have a few questions for you.

For my first one, you mentioned the overspending that potentially occurred due to forward guidance from the Bank of Canada. My question is in regard to the transparency of the Bank of Canada's forward guidance. Do you think it's adequate? Do you think it has become less or more transparent over, let's say, the last 20 years? That's how long we're looking at in this study.

**Ms. Leah Zlatkin:** In regard to that question, I would say that it has become less transparent. There is a lack of transparency when we tell people that rates are going to stay low and then they immediately go up by 4% over the course of the next two years. Certainly, that's not transparency, and I'm not sure whether it's specific to the Bank of Canada making those decisions or premonitions, or whether it has to do with different people in the federal government making those claims.

In regard to mortgages as a percentage of income, I did pull some stats on that. In Toronto, as a percentage of your income, your mortgage is actually comprised at 73% of your income for most Torontonians. In Vancouver, it's at 72%. Across Canada overall—

**Ms. Bonita Zarrillo:** Thank you, Ms. Zlatkin. I'm so sorry. I only have six minutes, and I have some other questions that I really need your opinion and expertise on.

The second question is as follows: What effect have historically low interest rates had on the type of housing that has been built and bought in, let's say, the last five years?

**Ms. Leah Zlatkin:** In terms of the housing that's been bought and built in the last few years, most Canadians prefer to buy town-homes and detached homes.

In the last few years, condominiums have been on a surplus. These are not the right kinds of homes for young families and the people who are trying to utilize the first-time homebuyers' plan. Unfortunately, for many Canadians, that's really all they can afford.

**Ms. Bonita Zarrillo:** Just going back to the historically low interest rates—because you mentioned that overspending potentially happened based on the Bank of Canada's forward guidance that interest rates would stay low—in your opinion, have the historically low interest rates caused any of this housing inaffordability?

**Ms. Leah Zlatkin:** Certainly when you're looking at rates close to 0.9% several years ago—in 2022—compared to 5.95% today, that's a dramatic difference. When it comes to affordability, you have to qualify not only at the rate, but at the rate plus 2% in many cases. For many people, that qualification standard does not allow you to qualify for the mortgage you need to buy the home you want.

When housing prices are at the million-dollar mark in Toronto and Vancouver, those people cannot afford homes, because they need to have an income of \$200,000 a year to qualify for that property, which many Canadians don't have when the average income in those cities is much less.

**Ms. Bonita Zarrillo:** Thank you so much.

I'm going to ask you for some of your insights into the profile of these buyers to really get an understanding of who's being served. What is the profile, demographically? Maybe age, type of house they're buying, type of home they're buying...? What is the profile of a buyer who uses a broker and how has that changed over the last 10 years?

**Ms. Leah Zlatkin:** These days, everybody tries to use a broker, so I think it has changed dramatically.

It used to be very skilled and knowledgeable people using brokers. These days, it's everyone. We go from educating new clients and explaining to them how mortgages work, all the way up to experienced buyers who are using us to get the best rates.

**Ms. Bonita Zarrillo:** How educated do you feel those buyers are when they come to see a broker? Do you feel that they're getting adequate education from the banks? Are they getting adequate information from their agents? What kind of information are they armed with?

• (1625)

**Ms. Leah Zlatkin:** There are a lot of inaccuracies. I would say that most Canadians who come to us for a mortgage who are not experienced investors do not have strong financial literacy and lack those skills.

It's a lot of guiding, explaining and educating people in order to help them get the right products. When they go to the bank, they're not always getting that same information, because in the bank it's not really regulated, like by FSRA, which is what mortgage brokers are regulated by. A lot of those people may be uneducated and are simply selling the products the bank offers as opposed to educating a client.

**Ms. Bonita Zarrillo:** Can I just ask you, on my last question—because I think we're going to run out of time—what effects has the rapid rise in interest rates over this last year and a half had on buyers? Can you give us maybe even one or two specific stories about how it has affected people?

**Ms. Leah Zlatkin:** Yes. In terms of qualifying, many people are not qualifying for the home they want. Then, for those people who already have an existing home, it's very difficult to actually move to a different company or a different lender at their point of renewal. When it comes to renewal time, a lot of these people aren't qualifying.

That's why I propose that we not stress-test clients who are switching mortgage products, especially if they're switching to a fixed product, because it simply makes it unaffordable for people and they're trapped with their existing lender, who is going to offer them a higher rate.

**Ms. Bonita Zarrillo:** I'm going to try to fit in my last question.

How could mortgage products and services be better tailored to support investments in co-ops and social housing developments? Do you have any ideas or thoughts on that?

**Ms. Leah Zlatkin:** I would say that you have to be able to use market rents on properties. One of the challenges there may be qualifying the property with market rents in order to qualify for more income or substantial income to be able to afford the home. That would probably require different changes to how we utilize qualification materials.

**The Chair:** Thank you, Ms. Zarrillo.

We will now go to Mrs. Gray for five minutes.

**Mrs. Tracy Gray (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair.

Thank you to all the witnesses for being here today. My first questions are for Ms. Zlatkin.

Ms. Zlatkin, insured mortgages only apply when a homebuyer puts less than 20% of a home's purchase price down up front and when the property is valued at less than one million dollars.

In your experience in your mortgage broker firm, in the current housing market in our major population centres like Toronto and Vancouver, are you seeing a lot of new homes come into the market with a value of less than a million dollars?

**Ms. Leah Zlatkin:** No.

**Mrs. Tracy Gray:** As well, do you think it will be very meaningful, or are you skeptical that the Liberal's 2024 budget proposal of a higher withdrawal ceiling through the RRSP homebuyers' plan would have an effective impact for first-time homebuyers saving for a down payment?

**Ms. Leah Zlatkin:** No, I think it's going to be very challenging given the increases in property values, despite the fact that you can now withdraw some extra money. I think that only really results in about \$3,000 of savings in terms of the taxes that you'd get deducted.

For many of these people, the struggle they are having is actually in coming up with that 5% to 20%. If they are buying a property of over a million dollars, in most cases, they do need to have 20% down, so for those people, they are really struggling to get that 20% down. That's where we could come up with a federal program that allows for a shared equity program on properties of over a million dollars and with incomes over \$120,000 or \$150,000, because those were some of the problems with the CMHC's previous policy.

**Mrs. Tracy Gray:** Thank you.

In your mortgage brokerage, have you seen any changes in the number of mortgage pre-approvals recently?

**Ms. Leah Zlatkin:** Yes, absolutely. Now that people are getting wary of the fact that the Bank of Canada may decrease rates, a lot of people are looking for pre-approvals right now, because they are trying to get into the market before it really heats up.

**Mrs. Tracy Gray:** What would this usually be a sign or a trend of, just to maybe expand on that a bit?

**Ms. Leah Zlatkin:** In terms of pre-approvals, it's usually a sign of bidding wars. It's usually a sign that the market's becoming more competitive and that people are concerned about affordability.

**Mrs. Tracy Gray:** You had given some numbers with respect to the amount of income that someone would need for a mortgage, and RBC had done some analysis specifically on the median household income needed for a home. In Toronto, they had it at 84.8% and 106.4% in Vancouver.

Based on your experience, is this the worst housing affordability that you have seen in your career?

**Ms. Leah Zlatkin:** In my career...yes.

**Mrs. Tracy Gray:** Wow.

As well, Liberal budget 2024 claimed that they were going to build 3.87 million homes by 2030, which is roughly 550,000 homes per year. Do you think that the Liberals will meet this goal?

• (1630)

**Ms. Leah Zlatkin:** I do not believe so. In terms of completions, my numbers state that there were 187,000 houses completed in 2023. I know that there's a really aggressive plan to build more homes in regard to the housing accelerator fund, but I think that, in the majority of the municipalities that I looked through, those are more welfare programs than actual building programs.

I would like to see more building happening and fewer restrictions on developers so that they can actually help us build those homes, because we would like to house everyone.

**Mrs. Tracy Gray:** Thank you.

The Bank of Canada stated in their financial stability report on May 9, 2024, stated that “smaller mortgage lenders have seen a sharp uptick in credit arrears.” They also had figures showing that the median monthly payment may increase by more than 60% by 2026 for Canadians who have a variable rate mortgage.

How are individuals like you in your firm seeing this affect people?

**Ms. Leah Zlatkin:** Variable rates have been really scary for many Canadians over the last little bit. For many of my clients, we have counselled them as they go through this. While their rates are going up and their payments are increasing, we have recommended switching products to them, so a lot of people have actually moved away from variable products into fixed products over the last two years in order to help them with that payment pain.

When it comes to renewals, it's going to prove challenging for people at renewal. For many clients, unfortunately, we have done refinances over the last year or two to help them to consolidate some of the debt they have brought on during COVID.

**Mrs. Tracy Gray:** Even with your best efforts to help clients, are you concerned that many of them won't be able to afford their mortgages?

**Ms. Leah Zlatkin:** With the help of a professional, most people can still afford their mortgage. When it comes to going to private lenders or alternative lenders, that's where the challenges become more prominent, when somebody may no longer qualify and their mortgage rate is excessive.

**Mrs. Tracy Gray:** Thank you very much for your very impactful statements today.

**The Chair:** Thank you, Mrs. Gray.

Mr. Long, you have five minutes.

**Mr. Wayne Long (Saint John—Rothesay, Lib.):** Thank you, Mr. Chair.

Good afternoon to my colleagues.

Thank you, witnesses, for your testimony.

I have just a few comments first. I recognize that we have a housing crisis across the country, but let's also give some credit where credit is due. I'd say that for decades we saw the federal government take a back seat on housing and on building more affordable homes across the country. We know that from 2008 to 2015, 800,000 affordable homes were lost.

In 2017, we got back into the business of housing. We came forth with the national housing strategy. That national housing strategy, which has been unfolding over the last several years, has included the co-investment program, the rapid housing initiative, the housing accelerator and the apartment loan program. There have been many federal initiatives.

I know that my esteemed colleague across with the Conservatives talked about all the tools in the tool box and whether municipalities should have more tools in that tool box. Do you know what? I wouldn't want to be a contractor or somebody grabbing from my tool box what the Conservative Party gave me, because that tool box would be empty. There wouldn't be any tools in the tool box. They've come forth with no programs and no real suggestions except to vote against the tools that we would put in our tool box, including all the programs I just mentioned. The Conservative party voted against every one of those.

Of note, I just want to talk here about the GST removal, and I'm going to quote an article here from the CBC nationally. The headline says, “Housing starts in New Brunswick”—my home province—“lagging further behind Maritime neighbours in early 2024”.

The New Brunswick government missed its target for new housing starts in 2023 by a wide margin but says it's still not interested in cutting sales taxes on new apartment builds....

That's despite provinces like Nova Scotia having far outpaced New Brunswick in home builds.

I know, Mr. Wvong, that you talked about the removal of the GST. The Conservative leader's private member's bill actually would put the sales tax back on.

If you will, Mr. Wvong, talk to me about the importance of the removal of the GST in spurring new apartment builds. Also, please comment on why some provinces, including my province of New Brunswick, have failed to do that. Thank you.

• (1635)

**Mr. Russil Wvong:** I think reducing costs is definitely important. If we want to have housing that's less expensive, it doesn't make sense to replace older housing with new housing that, after you subtract all the costs of constructing it, including taxes and development charges, is worth less than what was there before.

If we want to replace houses with apartment buildings, for example, which provide more housing for people, or even replace houses with multiplexes, we should be looking seriously at the whole list of costs. Those include everything from materials and labour to things that are directly under the control of governments at different levels federally, provincially and locally.

I think Mike Moffatt's kind of back-of-the-envelope estimate was that removing the GST from new rental housing would, over 10 years, result in 200,000 to 300,000 additional homes being built on top of what would be built under business as usual.

As I said, there definitely are strong incentives for local governments to keep pushing up development charges.

Another change in the recent budget was accelerating depreciation on new rental housing so that it could be depreciated over 10 years instead of 25 years. What I've heard from people who work in the industry is that this is also really helpful. What's even more helpful is that it's the kind of thing that cannot be easily just taken back by other levels of government.

In terms of how to convince New Brunswick to remove the HST on new rental housing, again, I guess it comes back to persuasion and kind of pointing the finger. I mean, how do you say we need more housing...? I think, in New Brunswick, the situation is pretty bad. There's no rent control, and people are moving there.

**Mr. Wayne Long:** It's frustrating for us, because we have a premier and an ideology that doesn't want to step up and help with affordable housing.

Mr. Wvong, I want to talk—

**The Chair:** No, thank you, Mr. Long. Your time has gone over the five minutes.

**Mr. Wayne Long:** Thank you.

**The Chair:** Thank you.

[*Translation*]

Ms. Chabot, you have the floor for two and a half minutes.

**Ms. Louise Chabot:** Thank you, Mr. Chair.

Mr. Wvong, I have a question for you.

You introduced yourself by saying that you have read many reports. The Office of the Federal Housing Advocate released a disturbing report on the financialization of housing and its impact on market forces and tenants, particularly the poorest.

Do you have an opinion on the federal housing advocate's vision?

[*English*]

**Mr. Russil Wvong:** Think of the housing system as a ladder. When we don't have enough housing at whatever level of the ladder—when we have this overall housing shortage—it's definitely going to be worse for people near the bottom of the housing ladder. You get trickle-down evictions as people are looking for a place to live. If you don't have enough market housing, they move down the ladder. I heard a terrifying quote: “Shelters are gentrifying.” It used to be that shelters were for people who were indigent or not employed. Now we have people with jobs who are sleeping in their cars. This is in the Vancouver area. I think it's definitely a problem.

I would say that B.C. is pursuing an all-of-the-above approach, and the federal government has also been helping. B.C. takes the lead, and the federal government then supplies funding. There's a B.C. builds program that B.C. is doing, using public land to provide middle-income housing, with 20% lower-income housing. The fed-

eral government is matching it. It's \$2 billion from B.C. and \$2 billion from the federal government.

There's a complex care housing program aimed at people with the most need. They might have drug addiction, mental illness or brain injury. They don't just need housing. They need wraparound supports.

B.C. is also acquiring older, cheaper rental housing that will be operated by non-profits. This is basically turning market housing into non-market housing at the lower end. The federal government has set up a program similar to B.C.'s

● (1640)

[*Translation*]

**The Chair:** Ms. Chabot, you have 10 seconds left.

**Ms. Louise Chabot:** I didn't hear you, Mr. Chair.

**The Chair:** Your time is now up.

Thank you, Ms. Chabot.

[*English*]

Ms. Zarrillo has two and a half minutes to conclude this hour.

**Ms. Bonita Zarrillo:** Thank you, Mr. Chair.

I have a motion, Mr. Chair, that I'd like to put on the floor today. Everyone has received it in French and English.

I'll go ahead and read it, if that's all right.

Given that Starlight Investments, one of Canada's largest landlords, is seeking to evict its tenants at 71, 75 and 79 Thorncliffe Park Drive, while receiving federal loans to purchase rental properties, pursuant to Standing Order 108(1), the committee call on the CEO of Starlight Investments, Daniel Drimmer, to appear before the committee by June 14, 2024, to testify in relation to the study on federal housing investments for a minimum of two hours and to answer questions about his decision to evict Canadians from their affordable housing during a housing crisis.

**The Chair:** Thank you, Ms. Zarrillo.

Committee members, the motion moved by Ms. Zarrillo is in order and therefore takes precedence.

We'll move to discussion on the motion by Ms. Zarrillo. I have Mrs. Gray, and then Madame Chabot.

Mrs. Gray, go ahead on the motion.

**Mrs. Tracy Gray:** Thank you, Mr. Chair.

I know we'd like to get back to the rest of our witnesses and our study here today. We're in the middle of this housing study right now, and we certainly don't want to take time away from the witnesses who are scheduled and will be coming to this.

Based on that, I would like to move an amendment. It would read, at the end of Ms. Zarrillo's motion, "and that the committee either find additional resources in order to facilitate this meeting outside of the committee's scheduled meeting times or add this meeting as the eighth meeting for this study."

**The Chair:** Okay—

**Mrs. Tracy Gray:** Mr. Chair, just to finish speaking on this, I'm not sure whether Ms. Zarrillo's intention was, whether this is as part of this study or a separate motion. Without knowing that, this gives the option of either having an additional meeting to address this or tagging this on after this study.

Thank you, Mr. Chair.

**The Chair:** Thank you.

Madame Chabot, we'll now move to discussion on the amendment to the motion that's been put forward by Mrs. Gray.

Ms. Zarrillo, do you wish to speak to the amendment by Mrs. Gray?

I'm sorry. Madame Chabot, do you wish to speak to the amendment by Mrs. Gray?

[*Translation*]

**Ms. Louise Chabot:** Mr. Chair, I raised my hand earlier to speak to Ms. Zarrillo's motion. That's the procedural flaw. You'll need to find a way to give me the floor to discuss the motion, before I speak to the amendment.

[*English*]

**The Chair:** Okay. That's fine.

Madame Chabot, you can proceed with the question you have regarding the original motion, since it is procedural.

[*Translation*]

**Ms. Louise Chabot:** I'll help you by saying that I don't support the amendment, because I fundamentally disagree with the main proposal.

If we wanted to look for other people involved, we could find them just about anywhere in Canada. I don't think that the committee is here to put the group in Ms. Zarrillo's motion on trial. I imagine that this wouldn't be a good thing. On that basis, I won't be voting in favour of the motion. I know that Ms. Zarrillo prepared another motion, which I would have been more comfortable supporting. However, she didn't move it.

I disagree with this motion. As a result, I also disagree with the amendment.

• (1645)

**The Chair:** Thank you, Ms. Chabot.

[*English*]

We're now on the amendment by Mrs. Gray to Ms. Zarrillo's motion.

Ms. Zarrillo, you have your hand up.

**Ms. Bonita Zarrillo:** Thank you so much, Mr. Chair.

I wonder if I could just ask about the timing. This is quite timely. It's urgent. Does Mrs. Gray's amendment push us past our last meeting day, which I think would be the second-last week of June? If I could, I'll just get some clarity on timing.

**The Chair:** Before we give clarity, I would like to advise the witnesses that we will not get back to you. You can excuse yourselves at this time. To those appearing virtually, thank you for appearing.

We must conclude this before we suspend to transition to the next meeting. Those witnesses appearing virtually can excuse themselves, as can those in the room.

**The Chair:** Mrs. Gray, do you want to comment on Ms. Zarrillo's question?

**Mrs. Tracy Gray:** Yes, Mr. Chair. Thank you.

The intention of this is to still be able to address the motion that has been put forth by Ms. Zarrillo, without taking time away from this study and the work we're already doing on the existing study. That's why we have in here that we could have an additional meeting on this. We would be prepared to have an additional meeting to address this.

**The Chair:** I see Mr. Fragiskatos on the amendment by Mrs. Gray.

**Mr. Peter Fragiskatos:** We're prepared to go to a vote, Chair. There's not enough detail on the logistics of things, if I can put it that way. With all due respect, it hasn't been well thought out.

We are prepared to go to a vote on the amendment and then back to the motion.

**The Chair:** Okay. Thank you.

I will then ask the clerk....

Mrs. Falk, do you have a question?

**Mrs. Rosemarie Falk (Battlefords—Lloydminster, CPC):** Do you mean because there are no logistics for an additional meeting planned already? I ask that through you, Chair.

**Mr. Peter Fragiskatos:** It's unclear at this point, and I would like to make sure that we get time with witnesses today.

We're ready to vote on the amendment and then on the motion, Mr. Chair.

**Mrs. Rosemarie Falk:** Just on the process, if we decided as a committee to have additional meetings, wouldn't that then be figured out?

Chair, I don't know who you contact about resources and that type of thing, but....

**The Chair:** Just so we're clear, did you call for a vote?

**Mr. Peter Fragiskatos:** I did.

**The Chair:** Okay. We're ready to call —

**Mrs. Rosemarie Falk:** I'm just trying to have clarity.

**The Chair:** I'll go back to Ms. Falk, then.

**Mrs. Rosemarie Falk:** I'm just trying to understand the process.

**The Chair:** Whatever direction the committee gives to the chair, the clerk looks to accommodate that.

**Mrs. Rosemarie Falk:** Okay. If we decided here today to add this to our study, you, as chair, would figure it out and get it done.

It sounds like the Liberals just don't want to work and get it done. It's unfortunate.

**The Chair:** No, Ms. Falk, do not put words to me as the chair.

I would advise the clerk to look at the options of accommodating the committee's wish, and the clerk would then have to advise me on whether that is doable.

**Mrs. Rosemarie Falk:** Absolutely, Chair. I'm not suggesting....

I see you as impartial. I don't see you as a Liberal at this table. Please don't take it that I'm throwing you in—

**The Chair:** No, no. I was just clarifying.

**Mrs. Rosemarie Falk:** —on the other side of the table there.

**The Chair:** I cannot give that direction. We can request resources, but there's no guarantee that those resources would be provided.

Mr. Fragiskatos.

**Mr. Peter Fragiskatos:** I move that we proceed to a vote on the amendment.

**The Chair:** Okay.

Given that we have a motion to move to a vote, we will have a recorded vote on the amendment by Mrs. Gray to the motion of Ms. Zarrillo.

(Amendment negatived: nays 7; yeas 4)

**The Chair:** We will now move back to the main motion.

Seeing no discussion, I will call a recorded vote on the motion of Ms. Zarrillo.

(Motion agreed to: yeas 10; nays 0)

**The Chair:** That concludes the first hour of this meeting.

We'll suspend while we transition to the second hour of witness-

• (1650) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1655)

**The Chair:** Committee members, if I could have your attention, we will resume with the second hour of witnesses.

Before we begin, I want to welcome Mr. Desjarlais, who is replacing Ms. Zarrillo for the last hour.

All our witnesses are in the committee room with us today.

We have Dr. Carolyn Whitzman, housing policy researcher and professor at the University of Ottawa. From the Canadian Housing and Renewal Association, we have Raymond Sullivan, executive director. From the National Indigenous Collaborative Housing Incorporated, we have John Gordon, chief executive officer.

Welcome. Each of you will have five minutes. Please stay close to the five minutes, as we are a little bit tight with this hour.

We'll begin with Dr. Whitzman.

**Dr. Carolyn Whitzman (Housing Policy Researcher and Adjunct Professor, University of Ottawa, As an Individual):** Thank you, Mr. Chair, and thank you for the opportunity to appear today. As someone who is trained as a historian, it's a particular pleasure to uncover with you the roots of Canada's current housing crisis.

The housing supply record from 2006 to 2015 was dire and set the stage for today's housing crisis. Overall housing completions hovered at the 180,000-per-year mark, whereas they were closer to 250,000 in the mid-1970s. Meanwhile, Canada's population grew by 60% from 1976 to 2016.

Purpose-built rental construction aimed at low- and moderate-income households, which was at 40,000 homes per year in the early 1970s, plummeted to near zero during the 2006-15 period. Non-market housing, including public, non-profit and co-operative housing, was over 35,000 homes per year in the 1980s, 20% of all completions, before being reduced to less than 1% of all completions from 2007 to 2015.

Rather than directly speak to the amount of funding and the number of units developed, I want to use my limited time to discuss three underlying problems that were at play during that period and, to some extent, predetermined current problems with the national housing strategy: first, the absence of shared definitions of affordable housing and income categories; second, the absence of federal evidence-based targets and sub-targets for non-market and affordable housing; and third, the inability to scale up some successful pilot projects of that period, such as At Home/Chez Soi and Beaver Barracks. To some extent, those problems have not been solved.

From 1944 to 1992, the federal government used a standard international definition of “affordable housing” that used a percentage of before-tax household income. This understanding of affordable housing was supplemented using income categories, which informed both needs assessments and housing policy.

Low-income households in the bottom income quintile—reliant on seniors or disability pensions or minimum wage—required some form of subsidy to meet their housing needs. Governments, both provincial and federal, responded by directly funding or constructing housing and by providing rent supplements, generally attached to non-market projects. They focused their programs on low- and moderate-income households, the latter representing early-career professionals. The latter might move on to market rental or ownership, allowing units to filter to the next household in need.

However, from the 1990s onward, a pernicious belief that the private sector could provide low-income housing if governments just stepped away from regulation led to a new definition of “affordability” linked to market rents. This might have made sense in 1990, when the average market rent was \$672 per month, easily affordable to a moderate-income household, but by 2015, the average market rent had almost doubled to \$1,208 per month and was far beyond moderate-income affordability, let alone low-income affordability.

The absence of affordable and adequate market rental and ownership housing means that households can't move on from non-market housing. The fact that new non-market housing wasn't getting built meant long waiting lists and eventually homelessness for those not served by non-market housing supply.

Second, there was the absence of supply targets and sub-targets. During World War II, the federal government knew that rental shortages in Canada's cities where the war effort was concentrated were leading to landlord profiteering. It responded by directly building 46,000 rental units in six years, from 1942 to 1948, as well as commissioning a report on post-war housing needs.

● (1700)

The Curtis report calculated a target that was based on accumulated needs, projected population growth and a desire for higher rental vacancies, much as is the case today. What's more, it called for a third of new homes to be public housing and another third to be rent-regulated, purpose-built rental housing for the middle class.

In 1972, a CMHC report recommended that 45% of new construction be non-market, including 20% public housing as well as scaling up community and co-operative housing by another 25% of total completions.

What this report and so many others had in common was starting from who needs what housing where and at what cost, and then the policy settings worked backwards from that point.

The creation of the core housing need measure by Statistics Canada in the late 1980s was intended to guide provincial government housing policy, but throughout the 1990s, provincial governments proved themselves to be incapable of addressing core housing need and homelessness.

**The Chair:** Thank you, Ms. Whitzman. We've gone well over time.

**Dr. Carolyn Whitzman:** I'm sorry. Thank you.

**The Chair:** You can capture your final comments when you respond to a question, if you choose.

**Dr. Carolyn Whitzman:** Absolutely.

**The Chair:** Thank you.

Mr. Sullivan, you have five minutes or less.

**Mr. Raymond Sullivan (Executive Director, Canadian Housing and Renewal Association):** Thank you very much.

Good afternoon. I'm Ray Sullivan. I'm representing CHRA, the Canadian Housing and Renewal Association. CHRA is the national voice for community housing. We're a membership-based association that represents non-profit, co-op, public and community housing as well as service agencies, advocacy organizations and municipal and provincial governments.

We believe we need to more than double the relative share of non-market community housing. We're not alone. Scotiabank has also called for doubling the supply of social housing. More recently, RBC has called for quadrupling the rate at which we're building non-profit community housing.

Why does it feel like we're playing catch-up? To understand the current housing crisis, we have to go back earlier than 2006, and we have to understand some key economic principles.

One, there is one single housing market. From someone living in a multi-million dollar mansion to someone sleeping on a park bench and all of us in between, the forces that impact one part of that market also impact all the other parts.

Two, housing is directly linked to economic productivity. Specifically, there's evidence that increasing the supply of non-market community housing leads to gains in per capita GDP. It's not a coincidence that our productivity is dropping as our housing crisis is increasing. It's not a coincidence that productivity is declining as the share of non-market community housing is also dropping.



For context, let's go back before 2006. From the mid-1960s to 1993, the federal government directly supported and financed the development of co-op and non-profit housing. We reached points where 7% to 8% of housing supply was permanently affordable outside of the speculative market. We reached points where 15% to 20% of housing starts were non-market community housing. Then we stopped.

Starting in 1993, the federal government downloaded housing to provinces and territories. Because they don't have the same fiscal capacity as the federal government, provinces and territories couldn't, or chose not to, support that continued investment. We faced more than a decade where the new supply of affordable housing was interrupted. To make things worse, with the creation of strata condo title and changes in tax and investment policy, the private market stopped building much rental housing at all. For a whole generation, we virtually stopped building new affordable rental housing. Current generations are paying the price.

By the early 2000s, the federal government started its slow return. By 2005 they dipped their toes back into the water with a cost-shared federal-provincial program, called the affordable housing initiative, or AHI, which was later renamed as investing in affordable housing, or IAH. These federal programs, as well as others addressing homelessness, were sustained from 2006 to 2014. In the first decade of the new millennium, investment was modest. AHI created about 50,000 new homes.

Then it picked up in the next decade. From 2011 to 2019, IAH created 420,000 new affordable homes. In my former roles managing and developing non-profit housing, I was involved in creating a few hundred of those, including the Beaver Barracks project that Dr. Whitzman mentioned.

Those programs had some strengths. For example, they allowed for acquisition and rehabilitation of existing rental housing. They also had weaknesses, such as overlooking the important role of the federal superpower of direct below-market lending. They in fact forced most non-profit developers to go to private banks at market rates.

In 2017, with the national housing strategy, the federal government did more than just dip its toes in the water. It jumped back in with both feet. Significantly, it brought back direct below-market federal financing for affordable rental housing. Timing was good because the private sector was also returning back to purpose-built rental housing.

In 2017, none of us would have predicted the pandemic and the resulting economic shift. Making things a little bit worse, the national housing strategy programs didn't respond quickly enough to that economic shift. We're playing a bit of catch-up now in the last six months. More importantly, and this is what I want to emphasize, we're actually playing catch-up from 1993—from neglecting affordable rental housing, especially co-op and non-profit housing, for a generation.

- (1705)

In the early 1970s, Canadian housing policy was described as “programs in search of a policy”. Fifty years later, this is still the case. We have not adequately connected housing policy to broader

economic and social policy. We haven't adequately connected social and community housing policy to objectives in the broader housing market.

The rental market and ownership market are fundamentally connected. We can't have a functioning and fair housing market until everyone has access to a decent, affordable home. This requires a commitment to more than double the share of non-market community housing. This was true from 2006 to 2015, and it is true today.

[*Translation*]

Thank you for your time and attention.

[*English*]

I look forward to your questions.

[*Translation*]

**The Chair:** Thank you, Mr. Sullivan.

[*English*]

Next is Mr. Gordon for five minutes or less.

**Mr. John Gordon (Chief Executive Officer, National Indigenous Collaborative Housing Incorporated):** Thank you. My name is John Gordon. I am the CEO of National Indigenous Collaborative Housing Inc. I'm very pleased to be here today to appear in front of the committee and offer my insights into the matters being studied.

NICHI, National Indigenous Collaborative Housing Inc. is a collaboration of 147 indigenous housing providers from across Canada from coast to coast to coast. We support indigenous people living in urban, rural and northern communities. We are built on the principle of co-operation, collaboration and a for indigenous, by indigenous approach. NICHI works to ensure that no indigenous person is left behind due to their residency or geographic location.

While NICHI's governance, management and operational structure may be new, our 147 members are not. They have been around for years. Some of these organizations started in the 1970s and 1980s, collectively providing hundreds of years of experience and ensuring NICHI's direction is informed by urban indigenous realities from the ground up.

In the 1950s, 1960s and 1970s, indigenous people migrated significantly to urban, rural and northern areas, leading to the development of numerous programs and services by the Government of Canada. However, the federal government ceased direct funding for housing in the early 1990s and devolved the delivery, as Ray mentioned, to provincial and territorial governments. This shift led to indigenous housing providers advocating at that time for a for indigenous, by indigenous approach. The national aboriginal housing association was formed in 1994; however, it never took off or received recognition from the federal government.

In 2006, the federal government injection of \$300 million for off-reserve indigenous housing through a trust fund was variably effective across regions. It worked well at times in areas where provincial indigenous housing co-operation was already existing, while in other circumstances it did not work well. The key takeaway is there was, and still is, no consistency across the provincial governments of how indigenous housing is delivered in urban, rural and northern settings.

For example, Ontario pulled its \$80-million share into a provincial trust fund and did not release those funds until 2009. That resulted in delayed builds for three full years. Those were three cold winters if people were living on the street with no safe shelter or supportive affordable housing. In contrast, B.C. and Saskatchewan took on approaches to enhance capacity funding for urban housing organizations with Métis and first nation affiliations.

What is a more effective approach, and one that NICHI advocates for and recommends, is to work nationally and across the spectrum of distinctions-based allocations while also building local capacities and community-driven approaches to urban indigenous housing, one that is not turning away individuals based on indigenous identities from one or another affiliation, but rather is recognizing the diversity of the indigenous community with urban, rural and northern areas and providing housing first.

Future investments most importantly must be designed and delivered not by provinces, but for indigenous people, by indigenous people. Urban, rural and northern indigenous housing providers must be brought to the same table as provinces and territories and funded as equal partners on a longer-term basis to craft sustainable and responsive and community-driven housing solutions instead of inadequate stopgap measures that leave vulnerable individuals out in the cold.

While 2006 to 2015 saw some funding for affordable and co-operative housing and limited investment in indigenous housing, the same period was marked by significant challenges for housing for indigenous people in Canada. This was particularly true for those living in urban, rural and northern communities who were effectively shortchanged because of where they lived in Canada.

The Government of Canada announced in 2017 its national housing strategy with the glaring omission of a specific approach for indigenous housing in urban, rural and northern areas. Past mistakes of funds languishing in trust funds or slow-moving federal departments are painful and frustrating to the very real and very urgent unmet shelter needs of indigenous people in urban, rural and northern communities across Canada.

In 2022, 20 indigenous housing organizations came together and signed a declaration to create a national indigenous housing organization. In December 2022, National Indigenous Collaborative Housing Inc. was established as a federal non-profit entity.

• (1710)

In June 2023, Indigenous Services Canada entered into a funding agreement to provide \$281.5 million to address urgent and unmet needs. Within just over a year and a half, indigenous housing providers and urban indigenous people were able to start their national indigenous housing association and secure the release of almost \$300 million.

This is lightning speed when compared to government processes. The entirety of the operation was overseen and well executed by indigenous staff, board of volunteers and contractors. We deserve credit for this.

Census 2021 indicated that most indigenous people across Canada reside in urban and rural communities.

Am I past my time?

**The Chair:** Yes, you are by quite a bit. Whatever comment you want to make can be done in answers to questions, Mr. Gordon, but we are pressed for time.

Mr. Aitchison, you have six minutes.

**Mr. Scott Aitchison:** Thank you, Mr. Chair.

I'm going to do some very quick questions. My first one is for Ms. Whitzman.

You indicated in the past that the crisis we're currently in today has its genesis in the early seventies, at a time when the government decided to stop incentivizing the private sector to build purpose-built rentals specifically and chose to get into social housing building.

Is that reasonably accurate?

• (1715)

**Dr. Carolyn Whitzman:** Well, there were two misses and a hit in the early 1970s. One of them was the end of tax incentives for purpose-built rentals. That's been addressed in the current budget. It took 50 years.

However, part of the reason why developers moved from purpose-built rentals to condominiums is the second problem, which was the creation of a capital gains tax with the principal property exemption. This promoted—it made sense in the early 1970s—housing as an investment rather than housing as a place to live.

A third thing that happened in the 1970s—absolutely, Mr. Aitchison—was a big expansion of co-operative and community housing.

**Mr. Scott Aitchison:** It was Prime Minister Trudeau at the time. Federal investment in housing continued to decline through the Mulroney years and finally ended, I believe, in the Chrétien era.

Is that correct?

**Dr. Carolyn Whitzman:** I would say that investment in non-market, low-income housing went up in the 1970s. It started to go down in the 1980s and continued its downward slide after the federal government got out of housing policy in the early 1990s.

I don't think it was associated with a particular party—either the good things or the bad things. It was something that was happening globally, and it's something we need to address.

**Mr. Scott Aitchison:** Okay. Thanks for that.

**Dr. Carolyn Whitzman:** Thank you.

**Mr. Scott Aitchison:** Mr. Sullivan, I'm assuming that, in your capacity, you've dealt with the construction of housing and the development of housing. Is that true?

**Mr. Raymond Sullivan:** Yes.

**Mr. Scott Aitchison:** What's the impact of local government delays on the approval process for getting that supportive housing built?

**Mr. Raymond Sullivan:** Time matters, and it adds to the cost of the project. Fortunately, a lot of large urban centres have chosen to prioritize non-market developments and accelerate them through the approval process, which makes a considerable difference. A lot of these projects have contributions from all three orders of government, so the municipality itself has a stake in the success of the project.

**Mr. Scott Aitchison:** Is that a bit of a newer development, in terms of how cities deal with housing?

**Mr. Raymond Sullivan:** Some cities have been doing it for a while, and some cities might be doing it newly.

**Mr. Scott Aitchison:** Have you had to deal with the CMHC?

**Mr. Raymond Sullivan:** Yes.

**Mr. Scott Aitchison:** How long do they generally take to approve funding and low-cost loans for non-profit housing?

**Mr. Raymond Sullivan:** From what I understand, the turnaround times have been shortening, but they are quite long.

The challenge is the way programs aimed at the non-market sector are structured. The interest rate is only locked in against the first draw of the loan, which means after the project has started construction. That opens up quite a bit of risk for the project.

I think an improvement would be to commit to a fixed rate at an earlier point in the application stage, so there's more certainty going forward.

**Mr. Scott Aitchison:** Is it true that one of the direct causes of the lengthy time frames and delays at the CMHC has, in some cases, been projects that were initially approved no longer pencilling in or being viable?

**Mr. Raymond Sullivan:** That was certainly the case while interest rates were rising rapidly. Projects that got a green light when interest rates were at a certain level, and then increased by as much as one percentage point by the time they got into construction, became at risk.

**Mr. Scott Aitchison:** Do you have a sense of how many units didn't go ahead because of that situation?

**Mr. Raymond Sullivan:** I don't have that number, unfortunately.

**Mr. Scott Aitchison:** Okay.

Mr. Gordon, thank you for being here.

The scope of the housing situation for indigenous Canadians is more dire than it is for the general population. Is that fair?

**Mr. John Gordon:** That's correct.

**Mr. Scott Aitchison:** What's the biggest gap and what's the biggest cause of that in your estimation?

**Mr. John Gordon:** I think there are a number of causes. It would be everything from outright racism to employment opportunities, education and training. Just participation in the economy and in society in general, I think, are some challenges that indigenous communities face, or indigenous populations face, especially in urban settings.

I think a number of non-indigenous people usually purchase their first house or have an opportunity of a transfer of wealth from one generation to another. Unfortunately, we don't have an intergenerational transfer of wealth. We have normally an intergenerational transfer of trauma in the past. We're looking to change that and, hopefully, in future years we can achieve that intergenerational wealth being transferred.

● (1720)

**Mr. Scott Aitchison:** Thanks.

**The Chair:** You have 30 seconds.

**Mr. Scott Aitchison:** I have 30 seconds left. That never happens. I usually talk too much.

I guess my final question would go back to Mr. Sullivan.

Do you think it would make sense for the federal government to be actively encouraging municipalities, with every tool at their disposal, to reduce the costs of housing overall, whether it's social housing or market housing, to reduce the burden on government on what it costs to get a home built?

**Mr. Raymond Sullivan:** I think all three orders of government have strong roles to play in reducing the cost of housing and in accelerating non-market housing. Yes.

**Mr. Scott Aitchison:** Thanks.

**The Chair:** Thank you, Mr. Aitchison.

Mr. Coteau, go ahead for six minutes.

**Mr. Michael Coteau (Don Valley East, Lib.):** Thank you very much, Mr. Chair.

Before I start with my questions, I'd like to introduce a motion. This motion was brought to the committee back on April 15, I think, and I let folks know a couple of weeks ago that I would be bringing it forward.

Does everyone have a copy of that motion?

I'd like to move the following motion, Mr. Chair. I move:

That, pursuant to Standing Order 108(2), the committee undertake a comprehensive study on advancements in home building technologies, exploring emerging materials, construction methods, energy-efficient systems and digital innovations.

The study shall also examine barriers such as procurement systems, building code issues and the impact of other factors such as architectural services and training; and the committee shall explore policies promoting the adoption of innovative home building technologies and supporting the growth of the construction and the home building industry.

Furthermore, the study will incorporate an examination of how artificial intelligence (AI) can be leveraged within these technologies. This includes AI's role in optimizing design processes, enhancing construction management, improving energy efficiency through smart systems, and the possibility of revolutionizing material composition and building methods.

That the committee hold a minimum of five meetings on this study; and that the committee report its findings and recommendations to the House; and that, pursuant to Standing Order 109, that the committee request that the government table a comprehensive response to the report.

**The Chair:** Thank you, Mr. Coteau.

The motion is in order and has been circulated.

For the witnesses, this is a proper procedure in the committee, and I have to deal with this motion before we go back to the witnesses.

I have Mrs. Gray on the motion and then Mr. Fragiskatos.

**Mrs. Tracy Gray:** Thank you, Mr. Chair.

Quite often, the committee will have meetings to discuss the work of the committee, but Mr. Coteau is bringing this forth today, so we're dealing with this right now.

I have mentioned to Mr. Coteau that this is a motion that we can support and a study that we can support. I would like to add an amendment to the motion, which would add part of one sentence. In the last paragraph, where it says, "That the committee hold a minimum of five meetings on the study," what would follow after that would read, "that the Minister of Housing and Infrastructure appear for no less than two hours in relation to the study and that the study begin immediately following the last witness meeting of the current study."

That means we would go right into this study of Mr. Coteau's.

Thank you, Mr. Chair.

**The Chair:** Thank you.

We now have an amendment, so discussion now moves to the amendment.

Mr. Fragiskatos, do you wish to speak to the amendment?

**Mr. Peter Fragiskatos:** I was going to introduce an amendment for four meetings, but I don't think I can do that at this point.

**The Chair:** No, we already have an amendment.

**Mr. Peter Fragiskatos:** On this amendment, we've heard from the minister, Minister Fraser, multiple times at this committee. He's probably the minister who has engaged committee the most. I'm not sure how other colleagues feel about that, but I think it's worth raising.

The other even more important point is that, as far as the committee agenda is concerned, we agreed to look at a number of issues in priority. Mrs. Gray was there. She was part of the subcommittee that met on this in February, I believe, and she suddenly put this ahead.

With all due respect to Mr. Coteau, who I think has presented a good idea, I'm not sure that's the direction we want to go as a committee.

• (1725)

**The Chair:** Thank you.

**Mr. Peter Fragiskatos:** We can look at it, but I think that this point about priority is out of place.

**The Chair:** Thank you, Mr. Fragiskatos.

The committee chooses its priority schedule through a subcommittee accepted by the full committee. The agenda takes us quite a while, and the agreement was that we could only deviate from that with unanimity. I plan on holding to that decision.

We have an amendment by Mrs. Gray. Is there any further discussion on the amendment by Mrs. Gray?

Go ahead, Mr. Coteau.

**Mr. Michael Coteau:** I appreciate the support, but my anticipation was that we would deal with this in the fall, considering how much stuff we have in front of us. We have two and a half weeks left. To do this properly, I think I'd need time to identify the right folks to come in, so I couldn't support it happening right after this study.

**The Chair:** I have Madame Chabot on the amendment by Mrs. Gray.

[Translation]

**Ms. Louise Chabot:** For the same reasons given before, I disagree with the amendment. We must stick to the set schedule.

[English]

**The Chair:** Thank you, Madame Chabot.

I have Mr. Desjarlais on the amendment by Mrs. Gray.

**Mr. Blake Desjarlais (Edmonton Griesbach, NDP):** Thank you very much, Mr. Chair.

I thank our Conservative colleague for the amendment and our Liberal colleague for bringing this forward, but we have witnesses here who have very important testimony that will be absorbed into this study, which I find important.

Chair, with your indulgence and considering the speakers list, I'd like to dispose of this by way of a vote. I'll make transparent that I would vote against both the main motion and the amendment in order to dispose of this as quickly as possible.

It sounds like this committee has already set a calendar that's agreeable, and I'd recommend that members of this committee at this particular time adhere to that, and we can get on with the order of business scheduled for today.

**The Chair:** Thank you.

Go ahead, Mr. Fragiskatos.

**Mr. Peter Fragiskatos:** Chair, I think we can go to a vote on the amendment, and then I'll say something on the motion.

**The Chair:** We'll go to a vote when there's no more discussion on the amendment.

Seeing no further discussion, I will call a recorded vote on the amendment by Mrs. Gray.

(Amendment negated: nays 7; yeas 4)

**The Chair:** We have Mr. Fragiskatos on the main motion.

**Mr. Peter Fragiskatos:** I have an amendment to change the number of meetings from five to four. That is to ensure that we have time to take up other matters, the other important issues the committee has already agreed to.

**The Chair:** Do we have unanimity from the committee to move it from five to four meetings?

(Amendment agreed to)

**The Chair:** I will call the vote on the main motion with the minor amendment of five to four meetings.

Go ahead, Mr. Van Bynen.

**Mr. Tony Van Bynen (Newmarket—Aurora, Lib.):** Mr. Chair, I just wanted to clarify that the intent is to follow the order of business that we have already established and that it won't interfere with the existing—

**The Chair:** That is the intent, unless the committee chooses otherwise by unanimity.

**Mr. Tony Van Bynen:** Okay.

**The Chair:** The main motion of Mr. Coteau, with the minor change of five to four, is what we're voting on.

We'll have a recorded vote on the main motion of Mr. Coteau.

Just so we're clear, the amendment by Mrs. Gray was defeated. That brought us back to the main motion. There was no discussion, but Mr. Fragiskatos indicated changing the word "five" to "four". I asked for consensus, which was given to me, so that's the only change in the main motion.

(Motion as amended agreed to: yeas 11; nays 0)

**Some hon. members:** Oh, oh!

**The Chair:** Attention, please, members. It's important that we fully understand what we're voting on. That's why I gave clarification. It was because Mrs. Falk questioned me on that, and I appreciated that.

Now we'll return to the witnesses. Your time is gone, Mr. Coteau.

• (1730)

**Mr. Michael Coteau:** Can I just say one thing, Mr. Chair?

**The Chair:** Mr. Coteau, your time—

**Mr. Michael Coteau:** I'll just ask that my name be spelled correctly on the motion, just for the record.

Is my time really gone?

**The Chair:** It's well over. We're now moving to Madame Chabot.

[*Translation*]

You have the floor for six minutes.

**Ms. Louise Chabot:** Thank you, Mr. Chair.

I want to thank the witnesses. Their comments are quite compelling.

Mr. Sullivan, I had the pleasure of meeting people from your association. I know that you wanted to provide some recommendations. Could you share your proposals for the way forward?

**Mr. Raymond Sullivan:** Thank you for the question, Ms. Chabot. I'm sorry, but I'll answer it in English. That way, I can be more specific.

[*English*]

A number of the things we've recommended are starting to get under way with the government, which we're very pleased about.

One is a lot of attention being paid to accessing public lands. It's not just to build housing, but we hope to prioritize non-market community housing. When it comes to federal and provincial lands, I think this is an important opportunity to prioritize urban indigenous housing at the same time.

One of the other things that's very important is to have a stable offer on the table. When we're talking about development timelines, whether for market or non-market development, we're talking about four, five or six years from a project's conception to the point when people actually move into their homes. This means that government programs have to be stable. It also means that, in the case of things like predevelopment funding, they have to remain on the table consistently. This has been a challenge with predevelopment funding from the CMHC, for example.

One of the other challenges, especially as we've seen variable interest rates over the past five years, is how programs that were well designed in 2018 for the economic circumstances then didn't adapt very well to the change in interest rates and the economy in 2022, 2023 and 2024. We would like to see the grants and contributions attached to CMHC loans be flexible and respond to the interest rate, because it's the level of the interest rate that determines the equity gap.

Fourthly, there's a lot of interest right now in how to leverage private capital. In fact, there was a meeting last week in the province of Quebec, where over 400 non-profit housing providers got together to learn from examples in Europe about how we can leverage our own assets, but also leverage private capital. Government investment is a necessary part of that to prime the pump, and I think there are a lot of opportunities to work together on that in the future too.

● (1735)

**The Chair:** We've lost Madame Chabot. We'll try to reconnect with her.

In the meantime, I'll go to Mr. Desjarlais for six minutes.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I appreciate members of the committee giving me the opportunity to indulge in my questions. I particularly appreciate the witnesses' patience in this important study.

You've spoken a lot about the need for non-market homes. The history that pertains to Canada is, in many ways, investment, but I think it's also a proud legacy of building homes in the tradition of making sure that it's seen as a human right and that people actually have a home.

Mr. Sullivan, you spoke about how it's important that non-market homes speak to the ability of our economy to flourish.

Dr. Whitzman, you've spoken about the history since the sixties and the postwar era in Canada. As a matter of fact, there was the huge population boom that we had. At that time, we suffered a housing crisis, and we had Canadians step up with solutions for it. In my city of Edmonton, we know that to be the case.

Mr. Gordon, in so many of these cases, indigenous people were left behind, whether it was in the sixties or even up to today. It's troubling to see how depleted the on-reserve housing stock is and how opportunity, both economic.... The lack of infrastructure, from clean water to roads and transport, has largely left indigenous people excluded from the economy and excluded from Canadian society. They've been excluded from the ability to participate fully and fairly, leading to what has been, to your credit, the point you made of having this huge influx of indigenous populations going to small, rural centres and to cities. As a matter of fact, over 50% of indigenous people today now find themselves in urban settings.

You spoke about the 22 important agencies that came together, recognized this problem and said, "We're going to do something about it. We're going to create a for indigenous, by indigenous solution to what is the terrible plight of exclusion from society." You spoke about the racism that placates not only this place but provincial and municipal governments as well.

I commend you for your work in leading an organization that has created a coalition of over 100 now, including in my city of Edmonton and likely in many cities.

I want to give you some time to speak about the importance of the for indigenous, by indigenous quality. If it's truly for indigenous, by indigenous, the systemic barriers like racism and this exclusion that is experienced by persons in homes, or those who can't find homes and sometimes find themselves in encampments today.... Why is that principle so important?

I know you were just in my city of Edmonton, speaking to a coalition of indigenous operators across the Prairies and across the country who value this principle because of what it really means.

Do you want to speak about the importance and power a for indigenous, by indigenous solution will have for the housing sector and the crisis we're facing?

**Mr. John Gordon:** Thanks very much for for the question.

The for indigenous, by indigenous approach is one where 147 indigenous housing providers across Canada have come together and said, "This is what we want. We want to find solutions that work for our community." They want solutions that aren't government driven, solutions that aren't trying to fit a round peg into a square hole. They want solutions that have indigenous housing providers from across Canada coming together and having a conversation, much like what was happening in Edmonton, on what the solutions are and how the indigenous world view, indigenous perspective and indigenous approach to housing and shelter can come together and be delivered by indigenous people, for indigenous people. They want indigenous communities holding those that are providing the housing accountable for how they're delivering those funds and for the results they're achieving.

For a long time we've accepted government programming to deliver housing. In the 1980s right through until 1993, there was the urban native housing program. It was a deep subsidy, 25% rent geared to income. It worked really well. It provided a great opportunity for a number of indigenous households to flourish in the urban area, to actually rise up, but there were never enough units.

I think the Parliamentary Budget Officer said there's a \$636-million gap between indigenous and non-indigenous communities in regard to housing. The indigenous housing providers have solutions. They're not always within the confines of government programs.

We have extended families in some communities. In some communities, like in the north, there is a need to have a traditional room where they can prepare their traditional foods. This is very important, but not something that's thought of by non-indigenous people delivering a housing program.

• (1740)

**Mr. Blake Desjarlais:** When you say that, Mr. Gordon, I think of a comment that was made at the conference you were at, that you can't fit a teepee inside of four walls and a roof. You're really encapsulating that message.

In terms of additional supports that are needed, particularly for those living with addiction or those living on the streets or those who are suffering intergenerational trauma, the solutions you're speaking about, the for indigenous, by indigenous solutions, become imperative. Is that correct?

**Mr. John Gordon:** It empowers people. It empowers the community organizations to rise up and find their own solutions to their housing challenges. Then as the youth come up, they see their own community finding solutions. They see their own community delivering programs and delivering services. It gives them a different perspective: "Hey, I can be successful because, look, we can do this together for us."

I think that's a kind of spinoff that isn't often seen. It's not just about a roof over a head. It's about allowing a community to take something, deliver it and then succeed and have the community actually see that success.

**Mr. Blake Desjarlais:** Wow.

Thank you very much, Mr. Gordon.

**The Chair:** I'm going back to Madame Chabot for two minutes to conclude her six-minute round.

Madame Chabot is still having an issue.

We're going to conclude with Mrs. Falk for five minutes and Mr. Fragiskatos for his five, which will take us to five to six.

Mrs. Falk, you have five minutes.

**Mrs. Rosemarie Falk:** Thank you, Chair.

I want to thank you for being here today.

We know that to restore housing affordability, we need housing supply, including housing supply dedicated to low-income households. The need for housing supply is very clear, but the reality is that housing starts across the country are down 9% year over year, and multi-unit starts in particular are down 11%.

Mr. Sullivan, I was wondering if you could confirm what you said in your opening remarks about investment in affordable housing creating over 400,000 units.

**Mr. Raymond Sullivan:** Yes, it was a successful program that leveraged matched provincial dollars to create a fair amount of housing over that decade.

**Mrs. Rosemarie Falk:** I guess it would be fair to say that previous Conservative government policies helped create and protect over 400,000 units.

I think it's imperative that we also take note of the Liberal era numbers with some of their programs. The apartment construction loan program has only built 11,511 units since 2017. The affordable housing fund has only built 15,303 units for a total of just over 42,000 units. Their so-called rapid housing initiative has built 5,900 units.

Are you aware of these numbers?

**Mr. Raymond Sullivan:** I have looked at some of the numbers from those programs, yes.

The challenging thing is that the published numbers also include units for funding committed that are either under construction or will begin construction.

This is one of the challenging things about having a stable pipeline of affordable housing. It's that we can't have programs that start and stop and begin and end. We need to have a long-term predictability of what kind of financing and what kind of offer is on the table for a decade at a time.

• (1745)

**Mrs. Rosemarie Falk:** Then would you say the units are fewer, actually, because it's just funds committed?

**Mr. Raymond Sullivan:** Well, those units will be built. They're committed and the units will be built.

**Mrs. Rosemarie Falk:** Committed, but—

**Mr. Raymond Sullivan:** This is the challenge, and the rapid housing initiative is a good example. It's a really important step that the most recent federal budget commits to a dedicated stream of rapid housing and deeply affordable housing.

The rapid housing initiative was on-again, off-again, for three years and one at a time. Having the stability and knowing that this is an ongoing program will allow the sector to respond creatively to make sure that those homes are built.

**Mrs. Rosemarie Falk:** I would just respond as well that this has been nine years. Committed is one thing; houses built are another thing. Is that right?

**Mr. Raymond Sullivan:** Yes.

**Mrs. Rosemarie Falk:** In the middle of a crisis, if we don't have houses built, what does commitment mean, especially when we look at bureaucracy that is being put in place at every level? It seems that every level has additional bureaucracy that people like you then have to jump through in order to get houses built to get people housed.

We know that it's important to have people housed because that helps with living. When we look at wraparound services and all the things, it very much not black and white.

I just want to go to Ms. Whitzman now.

I am just wondering if you believe that it's just that Ottawa and Toronto are increasing development fees on new home builds.

**Dr. Carolyn Whitzman:** Do you want my opinions on that, Ms. Falk?

**Mrs. Rosemarie Falk:** That's what my question was, yes.

Do you believe that it's just and right that places like Ottawa and Toronto are increasing development fees?

**Dr. Carolyn Whitzman:** I think that development charges are really problematic, as is the whole notion of “growth pays for growth”. Any form of development charge is going to penalize newcomers or people who are searching for new, purpose-built rental or housing at the expense of many people, including me, who would benefit from those services but aren't in the need of a new home.

I think that there is a broader problem being exposed, which is that the municipal level is responsible for something like 70% of infrastructure, with 9% of tax revenues. There are a number of other countries that have dealt with that fiscal inequity better than Canada.

The problem with development charges is that they definitely are a regressive tax on new renters.

**Mrs. Rosemarie Falk:** What impact does that increase on development fees have on the supply?

**Dr. Carolyn Whitzman:** I would assume that it has a negative impact.

**Mrs. Rosemarie Falk:** Thank you.

**The Chair:** Thank you, Mrs. Falk.

Mr. Fragiskatos, you have five minutes to conclude.

**Mr. Peter Fragiskatos:** Thank you, Chair.

Thank you to the witnesses for being here today.

We have an opportunity here, colleagues, at this committee—which is effectively the housing committee of the House of Commons—to look at issues and at all opportunities in a very serious way and not politicize issues that should never be politicized. Housing is absolutely one of them.

**Some hon. members:** Oh, oh!

**Mr. Peter Fragiskatos:** You can laugh at it, but it's a fact.

Our constituents have one thing in common, I guarantee you, whether you're from a rural area or an urban area. It is that they want an actual approach that allows for co-operation at all levels, between levels of government and also between MPs.

I could go down a path where I tell you—and I'm talking to Conservative friends now—that the opposition leader's so-called housing plan didn't mention homelessness and said nothing about getting seniors housed or students housed. I could do that, but I'm not going to dwell on those things.

Six affordable units of housing—that's the number—is the Conservative record.

I want to actually, in committee today, take time to be deliberate and meaningful with the questions that I ask.

Mr. Gordon, you said that just over \$281 million had been allocated to NICHI.

**Mr. John Gordon:** That's correct.

**Mr. Peter Fragiskatos:** You listed some examples of how that funding has been used. It sounds very good and very promising.

Could you go into that a little more?

**Mr. John Gordon:** I think the thing worthy of mentioning is that your colleague Blake Desjarlais mentioned the unmet need, the need in urban indigenous communities.

Concerning the proposal call, when NICHI received the \$281.5 million, we received 447 proposals valued at \$2.2 billion. We had \$281 million. Those are projects from coast to coast to coast.

We funded 65 projects that our project selection advisory council had selected for us to fund. We've entered into a contribution agreement with 61 of those proponents now. We have four contribution agreements that are left to go. We have committed a little over \$200 million in a short period of time.

I think that would speak to some of the challenges that your colleagues were asking about with regard to dealing with CMHC and other bureaucracies. I think we dealt with it much more quickly because we were able to.

I want to go back to the \$2.2 billion in need, and we got \$281 million. That's funding a number of projects. That's everything from mental health projects, where we have mental health people coming out of mental health services and being funded, to youth housing for at-risk youth.

Not only did we fund those types of roofs over heads in the shelter, but we also funded some projects. The project selection advisory council selected projects where we engage with youth about future housing needs and preparing themselves for housing in the future, so that they're not growing into a position where they don't have housing and, all of a sudden, it's a surprise to them. We need to start to educate some people about housing earlier.

We're doing those kinds of things and funding those types of projects. The need is tremendous, and we're trying everything we can do to meet it.

• (1750)

**Mr. Peter Fragiskatos:** Thank you very much, Mr. Gordon.

Mr. Sullivan, it's good to see you again.

I noted that, in your presentation—no surprise—you made a comment about co-op housing and the place that it can have in this conversation about addressing the housing crisis.

Both to you and to Professor Whitzman, we've heard disparaging comments from some. The Leader of the Opposition talked about Soviet-style housing, and that's co-op housing. That's what he means by that. What is the place and future of co-op housing in this conversation? Can there be one means, one method, one answer to the housing crisis?

I have about a minute left, but I'll go first to Mr. Sullivan and then to Professor Whitzman.



**Mr. Raymond Sullivan:** There are a lot of things that have gone wrong in this housing challenge, so there are a lot of solutions that we need to apply and, absolutely, co-op housing is one of those solutions. It's a form of mixed-income, community-driven housing that has been very successful. We and many others are looking forward to the rollout of a co-op housing development program from the federal government soon.

**Dr. Carolyn Whitzman:** A recent study on co-operative housing found that rents for equivalent-sized homes in equivalent neighbourhoods were 20% lower after 20 years in co-op housing and about a third lower after 30 years. I think the same would be true of any form of non-market housing simply because the rents are based on cost and not on profit.

Since the passing of the Dominion Housing Act in 1935, it's been recognized that low-income people's needs will not be adequately met by the private market and that we need 20% of housing to be non-market in order to meet the needs of low- and moderate-income people, particularly in cities.

**Mr. Peter Fragiskatos:** Thank you.

**The Chair:** Thank you, Mr. Fragiskatos.

That concludes the meeting.

**Mrs. Tracy Gray:** I have a point of order, Mr. Chair.

I have two quick things.

First of all, I just wanted to comment that there's remote translation, and again, we have this echoing. The last meeting didn't have that, and the last meeting was really great. We had a number of members having to take their earpieces on and off in this meeting.

I just want to note again that any time we have translators not here physically in the room, it does not function as well as it could.

The second thing I wanted to mention is that Mr. Fragiskatos was referring to this study not being political. In fact, it was the Liberals who added an amendment to this particular study to reference specifically the time of the past Conservative government, so, in fact, they did politicize it.

I just wanted to say that for the record. Thank you, Mr. Chair.

• (1755)

**The Chair:** Thank you.

We are pressing the time.

Mr. Van Bynen, you have a point of order.

**Mr. Tony Van Bynen:** Ms. Whitzman didn't get an opportunity to finish her speech. I wouldn't want to miss any of the balance of the speech, so I'm wondering if she could submit the balance of her speech.

**The Chair:** Yes. Thank you, Mr. Van Bynen.

Witnesses, if you want to provide us with written commentary that you didn't cover today, please address it to the clerk.

Thank you, Mr. Van Bynen.

With that, is it the will of the committee to adjourn?

**Some hon. members:** Agreed.

**The Chair:** The meeting is adjourned.





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