



October 10, 2023

Robert J. Morrissey, M.P.
Chair
Standing Committee on Human Resources, Skills and Social Development and the Status
of Persons with Disabilities
House of Commons
Ottawa, Ontario K1A 0A6

Dear Robert Morrissey:

I am pleased to respond, on behalf of the Government of Canada, to the 11th Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities entitled *National Housing Strategy*, which was tabled in the House of Commons on June 12, 2023.

The Government appreciates and values the work undertaken by the Committee to explore the progress and results of the National Housing Strategy (NHS). The Government agrees with the Committee on the need to continually enhance the programming delivered through the NHS as well as augment its efforts with those across other federal departments and levels of government. The Government therefore welcomes these recommendations and, I am pleased to report, is already taking steps to act on many of them, as well as working with all levels of government on additional measures to rapidly increase the supply of housing and tackle the housing crisis.

The enclosed response addresses the Standing Committee's recommendations and outlines the progress the Government has made, and will continue to make, in achieving the aims of the National Housing Strategy and creating a housing system that serves all people living in Canada.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Fraser'.

The Honourable Sean Fraser, P.C., M.P.
Minister of Housing, Infrastructure and Communities

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**GOVERNMENT RESPONSE TO THE ELEVENTH REPORT OF THE
STANDING COMMITTEE ON HUMAN RESOURCES, SKILLS AND SOCIAL
DEVELOPMENT AND PERSONS WITH DISABILITIES, ENTITLED:
*NATIONAL HOUSING STRATEGY***

Introduction

The Government of Canada (“the Government”) is pleased to respond to the Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (“the Committee”), entitled *National Housing Strategy* (“NHS”).

The Government appreciates the work of the Committee and welcomes the analysis, views, and recommendations, based on the various hearings that the Committee held. The Government has carefully reviewed the Committee’s Report and broadly supports the recommendations included therein. The Government welcomes the opportunity to provide a response to the recommendations and key themes raised by the Committee.

The Government agrees with the Committee that too many Canadians cannot access a home they can afford and that meets their needs. Though this housing crisis manifests differently across the country, ensuring the proper functioning of the housing system is an issue that is paramount for all Canadians and is a priority for the Government.

The NHS is a crucial tool to address specific challenges within Canada’s housing system. Its programs support closing specific funding gaps affecting the delivery of new and maintenance of existing housing supply. It also catalyzes new research and innovation that is deepening the Government and public-at-large’s understanding of the housing system in Canada. As of June 30, 2023, federally delivered NHS initiatives have built or committed to build 113,467 new housing units; repaired or committed to repair 126,011 units; and protected 41,924 community housing units.

On its own, however, the NHS is not positioned to address the full scale of housing needs in Canada. By design, the NHS addresses specific, long-standing challenges within Canada’s housing system – such as the lack of funding for affordable housing or disincentives for the creation of new rental stock. CMHC research shows that to restore affordability by 2030, Canada will need a combination of ambitious action to expand housing supply – supporting the building of as many as 3.5 million homes over and above current projections – and careful, well-calibrated measures to moderate housing demand. Rising to the scale and urgency of the challenge cannot be achieved by the Federal Government alone. It is up to all levels of government, as well as the private and non-profit sectors to work together to develop lasting solutions for the entire housing system.

This necessity of collective and coordinated action is reinforced by both macroeconomic and demographic changes that have impacted Canada's housing system and affordability. Since the launch of the NHS in 2017, Canada has experienced substantial increases in construction costs, exacerbated in part by record inflation and ongoing supply chain disruptions. Interest rate volatility and economic uncertainty have also contributed to elevated costs for repairs and new development. While population growth is supporting labour market needs in the construction sector, it has widened and intensified the existing housing supply gap.

Despite this challenging landscape, the Government remains steadfast in its commitment to address the challenges facing the housing system in Canada. As the Committee notes in its report, doing so will require the NHS to continue to evolve in numerous ways. This response covers the three major themes from the Committee's recommendations, including the actions the Government has already taken or will take going forward to strengthen the NHS and the rest of the Government's response to Canada's housing challenges.

Theme 1: Supporting Vulnerable Populations (Recommendations 1 and 2)

The Government agrees with the Committee on the critical importance of prioritizing the needs of vulnerable populations through the NHS' programming. Though the NHS addresses needs across the housing spectrum – including the need for more housing supply overall – housing for those in greatest need is identified as one of the priority areas for action of the NHS. When it launched in 2017, one of the NHS goals was to reduce chronic homelessness by 50% by 2027-28. Budget 2022 went further and committed to ending chronic homelessness by 2030. This will require an all of government approach. Much of this work is undertaken in partnership with the provinces and territories (PTs) through bilateral agreements under the Housing Partnership Framework – a topic covered further in Theme 3.

Prioritizing Vulnerable Populations

By design, the NHS ensures its allocation of funding prioritizes housing supply for those in greatest need in multiple ways, including prioritizing funding for projects targeting vulnerable populations, creating unit targets or funding carve-outs for vulnerable population groups, and developing initiatives targeting priority groups (Recommendation 1). These principles can be seen in the evolution of existing or the introduction of new NHS programs such as those highlighted in the Committee's Report: the National Housing Co-Investment Fund (NHCF) and the Rapid Housing Initiative (RHI).

The NHCF is a \$13.17-billion contributions and loans program, with a plan to create up to 60,000 new homes and repair up to 240,000 homes. The program includes specific targets for vulnerable populations, such as shelter spaces or transitional housing for survivors of gender-based violence, individuals with developmental disabilities, or units for seniors, as well as distinct carve-outs within the program to support the needs of Black Canadians (\$50 million), women and children fleeing gender-based violence (\$250 million), and for Indigenous and Northern Housing (\$138.1 million).

The RHI further reflects the ways in which the NHS has evolved to better serve vulnerable populations by introducing new programs. RHI was introduced in 2020 due to heightened housing need because of the COVID-19 pandemic. All units delivered through RHI must serve targeted people and populations who are vulnerable and who are, or otherwise would be, in severe housing need or people experiencing or at imminent risk of homelessness. Units must be affordable such that households pay less than 30% of gross income on housing costs or the shelter component of any provincial or territorial income assistance as an equivalent.

The program has received two additional rounds of funding under Budget 2021 and Budget 2022 – bringing the total investment to \$4 billion to create 12,000 new affordable units for priority population groups through three rounds of funding. The program is on track to exceed this target by creating 15,500 affordable units. Additional details on these targets and progress to date are included in Table 1 below. While RHI was successful in housing individuals quickly, the program was developed as a response to the COVID-19 pandemic and further policy analysis is required to determine the best long-term approach to serving those most at risk of housing loss and homelessness. We recognize that significantly more work is required to address the needs of individuals experiencing homelessness in Canada – a topic discussed further in the sections below (Recommendation 1).

Table 1 – Targets and Commitments to Date, RHI

Rapid Housing Initiative		
Stream / Target populations	4-Year Targets (2021/22 to 2023/24)	Total Committed (As of June 30, 2023)
Total Funding (\$ Billions)	\$4.00	\$2.94
Total New Units	12,000	12,046
Indigenous Peoples	-	4,300
People at risk of homelessness	-	2,586
Seniors	-	1,342

Beyond the efforts of NHCF and RHI, the Government is also prioritizing need by filling gaps in distinctions-based housing strategies. This includes collaborating with Indigenous partners to co-develop the Urban, Rural, and Northern (URN) Indigenous Housing Strategy, creating the National Indigenous Housing Centre in partnership with Indigenous Peoples, CMHC, and the Minister for Northern Affairs and with co-operative housing groups through the Co-operative Housing Development Program. As part of Budget 2023, the Government announced a \$4 billion investment over seven years starting in 2024-2025, which seeks to improve the overall quality and affordability of housing for Indigenous Peoples living in urban, rural, and northern areas. The Government also contributed a further \$300 million over 5 years to co-develop the URN strategy, including \$281.5 million in funding in Budget 2022 for immediate needs in the URN areas. The Co-operative Housing Development program will invest \$1.5 billion to create thousands of new co-op housing units, Canada’s largest investment in co-op housing in 30 years.

In addition to the housing initiatives described above, Reaching Home, Canada's Homelessness Strategy, also supports the goal of the National Housing Strategy to tackle chronic homelessness. Our government has doubled Reaching Home funding to nearly \$4 billion over nine years (beginning in 2019), to support services for the most vulnerable Canadians in order to help them obtain and maintain safe, stable, and affordable housing. Reaching Home includes funding streams dedicated to Indigenous-led homelessness initiatives as well as the unique homelessness challenges facing rural and remote, and territorial communities.

Through Reaching Home, the Government is working directly with communities to implement homeless-serving best practices including Coordinated Access. This system helps to ensure fairness and streamline processes by prioritizing people who are most in need of assistance and matching them with appropriate housing services. This year, the Government also launched the Action Research in Chronic Homelessness initiative with eight communities across Canada. This \$18 million community-led initiative will help to identify barriers to eliminating chronic homelessness and identify future best practices to support the goal of reducing chronic homelessness by 50% by 2027-2028. CMHC is also partnering with Statistics Canada to provide demographic and outcome data for NHS units.

To help address current data challenges, through Reaching Home, the Government also maintains the Homeless Individuals and Families Information System (HIFIS). The Government requires that designated communities implement the system in order to enable service providers in the same community to access real-time case management data and to increase coordination of services. HIFIS helps communities better understand their homelessness challenges and supports the development of integrated and sustainable supports for people experiencing homelessness.

Focused and holistic approaches are also required to address the unique circumstances that can lead to homelessness among certain communities. That is why the Government is investing \$106.8 million over five years to launch the Veteran Homelessness Program to provide tailored supports to veterans experiencing homelessness. The results of the call for proposals are expected to be communicated in Fall 2023.

A new Deputy Minister Committee on Housing and Homelessness has been launched to foster stronger coordination and alignment of federal action on housing and homelessness. While federal efforts are only one component of addressing homelessness, CMHC and Infrastructure Canada recognize that preventing and reducing homelessness, including chronic homelessness, requires clear accountability, alignment of federal initiatives, and cross-jurisdictional support and efforts. Through their work – and that of other interdepartmental federal committees described in Theme 3 – the Government is developing a whole-of-government strategy to make greater progress on NHS targets by 2027-2028.

Implementing a Rights-Based Approach

Through both the NHS and the *National Housing Strategy Act*, the Government of Canada affirmed the progressive realization of the right to adequate housing as recognized in the International Covenant on Economic, Social and Cultural Rights.

To support the progressive realization of the right to adequate housing, federal housing and homelessness programming focuses on prioritizing the needs of vulnerable populations, including people experiencing or at risk of homelessness, seniors, Indigenous Peoples, survivors of gender-based violence, and people with developmental disabilities.

Through the NHS and other housing strategies, the Government has sought to uphold the principles of non-discrimination, inclusion, participation, and accountability as part of its commitment to a human rights-based approach to housing (Recommendation 2). The initial development of the NHS incorporated these principles through the use of Gender-Based Analysis Plus (“GBA Plus”) and extensive upfront consultation with those with lived experience of housing need and housing inequity. Since the June 2019 passage of the *National Housing Strategy Act*, the Government has also implemented key accountability, participation, and non-discrimination and inclusion mechanisms to support the objectives of the NHS, including:

- the National Housing Council, which serves as a diverse and independent expert advisory body to the Minister of Housing, Infrastructure and Communities;
- the Federal Housing Advocate, whose mandate includes monitoring the implementation of housing policy and assessing its impact on persons who are members of vulnerable groups, persons with lived experience of housing need, and persons with lived experience of homelessness;
- the Review Panels, mandated to hold hearings to review systemic housing issues, the first of which being focused on the financialization of purpose-built rental housing.

Theme 2: Optimizing Program Design, Delivery, and Measurement **(Recommendations 3, 4, 5, 6, 7, 8, 9, and 15)**

The Government agrees with the Committee highlighting the need to continually refine its approach to design, delivery, and measurement of the NHS. The Government views this process of continuous improvement as critical to the NHS’ ability to serve as an efficient and effective tool to deliver housing solutions. Further, the Government recognizes that this adaptability has never been more important than in today’s dynamic and rapidly changing housing, economic, and social environment.

Design

As the Committee's report notes, the NHS has continually evolved based on changing conditions and to incorporate stakeholder input. In many cases, this has resulted in renewed Government investment to support changing or emerging needs – such as two additional rounds of funding allocated to the RHI following its initial funding allocation in response to COVID-19 pressures. In other instances, changes focus on reallocation to areas of greatest impact – such as the Budget 2023 announcement to redirect NHCF funds from the repair to the new construction streams. There have also been flexibilities added into NHS programming to better support clients, such as a six-month extension for RHI projects in the North.

The Government supports the Committee's recommendation to ensure NHCF, in particular, supports the needs of Canadians across regions (Recommendation 3). Given the application-based nature of the program, there are no provincial or regional funding targets. As a result, CMHC actively monitors the geographic diversity of applications and uses its nationwide footprint to encourage participation from a broad range of markets. CMHC has adapted processes related to NHCF to address feedback from applicants to encourage even greater geographic distribution of funding – such as the introduction of portfolio-based applications for PTs and municipalities, that has reduced barriers to applying or competing for funding, particularly for rural and remote communities. Beyond these measures, the Government has created specific funding carve-outs to further incent and support a geographically diverse application pipeline that reflects regions with the most housing need – such as the \$138.1 million in funding exclusively dedicated to Indigenous and Northern Housing.

Going forward, the Government remains committed to continued enhancements to program design. This includes building on the Federal Lands Initiative (FLI), to ensure the Government deploys its inventory of lands to advance the objectives of the National Housing Strategy as effectively as possible, as highlighted in the Committee's report.

Additionally, in Budget 2022, the Government committed to further strengthening its funding approach by reassessing the affordability requirements of the NHCF. In fall 2023, the Government announced the raising of the per-unit contribution amount for new construction in-line with the Committee's recommendations. Also supporting the Committee's recommendations, the Government will continue to assess the potential impacts of other modifications to the program. The Government does not support a similar review for RHI as this was a time-limited program and funding decisions have already been communicated for the final round of the program (Recommendation 4). The Government will, however, continue to look at options to serve this population on a more permanent basis – including complementing existing programs identified under Theme 1 such NHCF, URN, and Reaching Home.

Delivery

Operationally, CMHC continually reviews the fit-for-purpose of its processes, policies, and communications in line with the Committee's recommendations. These ongoing reviews are based on CMHC's assessment of operational data – including processing timelines – as well as feedback from applicants. These efforts have simplified processes that were too cumbersome and bureaucratic, resulting in significant time savings for applicants (Recommendations 5 and 6).

This is particularly true for Indigenous groups and the non-profit sector, where the introduction of a special contribution-only stream to the NHCF has resulted in turnaround times for approvals and agreements of as little as four weeks. Applicant feedback demonstrates that these efforts are working, with client satisfaction rates exceeding 80% in 2022. CMHC will set and track process improvement goals related to the NHS and will do so, beginning with the NHCF, starting in Annual Report 2024.

CMHC continues to review NHCF guidelines while working with industry, provinces and territories, the non-profit sector, and for-profit developers. These consultations and the ensuing feedback have resulted in reduced processing times for the NHCF and has reduced the time it takes to complete contribution-only applications to 10 minutes.

Measurement

The Government agrees with the Committee on the critical importance of ensuring there is accurate and transparent information regarding NHS performance and impacts. CMHC publishes regularly and extensively through [A Place to Call Home](#), a website dedicated to sharing reports on NHS progress updates, research, and case studies. Expanding the scope of its public reporting on affordability outcomes and impacts on vulnerable groups (Recommendations 7 and 9) is a clear focus for CMHC in its administration of the NHS, and has led to several new projects, including:

- a partnership with Statistics Canada, which will provide demographic and outcome-based data on individuals that are housed in NHS units (Recommendation 15);
- the development of a measurement strategy for each of the eleven NHS shared outcomes;
- launch of a longitudinal study with housing researchers from across Canada on the long-term outcomes of investments in affordable housing.

The housing needs and economic circumstances of Canadians vary widely. So, it would be misleading to say there is one a universal number for affordability. That's why we have a suite of programs that address diverse housing needs using a variety of evidence-based affordability measures under the National Housing Strategy. For housing to be affordable, it needs to be a fair price and it needs to meet a family's needs, without preventing them from being able to get ahead.

Programs targeting vulnerable groups specifically and with greater levels of contribution funding (i.e., non-repayable grants) can provide deeper levels of housing affordability support. This is the case for programs like the RHI. RHI provides up to 100% in capital contribution funding for the creation of new units, all of which must be targeted to vulnerable population groups and in which low-income tenants pay no more than 30% of their gross income on rent. In contrast, loans-only based programs have limited ability to incentivize the creation of units that are affordable for low-income households, and rather focus on increasing supply for middle class households. For example, the Rental Construction Financing initiative (RCFi) aims to increase the supply of at-market or near-market purpose-built rentals and does not necessarily aim to provide affordable housing to low-income households.

As per the remarks by CMHC officials to the HUMA Committee, the Government recognizes the challenge posed by these different affordability requirements and, as part of commitments under Budget 2022, the affordability and sustainability requirements of NHCF are presently under review (Recommendation 8).

Theme 3: Collaborating Across Government **(Recommendations 10, 11, 12, 13, and 14)**

Strong partnerships within and between levels of government is crucial to address the challenges facing Canada's housing system. Given the scale of changes required, no one entity or level of government has all the expertise or has access to all the levers that are necessary. As per Theme 1 for homelessness, the Government agrees with the Committee that these partnerships – whether they are between federal departments, provinces and territories, or others – must have clear delineations of responsibilities and constantly be evaluated for their effectiveness.

The Government has prioritized action to strengthen these bonds, particularly through strengthening the collaboration between CMHC and Infrastructure Canada (INFC). The Government continually assesses the effectiveness of the NHS and, as per the requirements of the *NHS Act*, tables a Triennial Review of NHS programming that will be published in spring 2024. The Triennial Review includes the achievements of each NHS program and an overview of total funding allocated for each NHS program. The Government will work with HUMA to identify the best format to provide an update regarding the NHS after the publication of the Triennial Review in 2024 (Recommendation 14).

The Government has taken further steps to strengthen the alignment, coordination, and integration of federal homelessness and housing policy. This includes the launch in 2023 by INFC and CMHC of new Deputy Minister and Assistant Deputy Ministers Committees on Housing and Homelessness to support the development of a government-wide strategy that leverages existing initiatives and identifies areas for further collaboration for improved housing and homelessness outcomes.

The Government will provide an update to the Committee on the accountability framework and activities, including work towards the development of a government-wide strategy, that are currently under way to achieve the target of reducing chronic homelessness by 50% by 2027-28. The Government will work with HUMA to identify the best format to provide this update by December 2023 (Recommendations 11, 12, and 13).

Housing and homelessness issues are also multi-jurisdictional, requiring coordination and collaboration among orders of government. In line with the Committee's recommendations, the Government has established numerous channels to support strong partnerships with the provinces and territories and remains committed to their continual refinement and enhancement.

In 2018, 12 out of 13 FPT ministers responsible for housing endorsed a multilateral Housing Partnership Framework (HPF), which established a shared vision for housing and set the foundation for bilateral agreements on the delivery of a number of NHS initiatives. These agreements include \$15.2 billion in federal-provincial cost matched funding for several initiatives, including:

- \$8.6 billion to protect and expand community housing through the Canada Community Housing Initiative;
- \$4 billion for the Canada Housing Benefit (CHB), to provide funding directly to households to help them afford their housing costs; and
- \$2.2 billion in additional funding for PTs to address their local priorities and housing needs.

These investments aim to achieve the following targets:

- 330,000 units continue to be offered in social housing;
- a 15% expansion of rent-assisted units (approximately 50,000 units);
- no net loss of Urban Native Social Housing units available to low-income households;
- at least 20% of existing social housing units repaired (approximately 60,000 units);
- Retained Urban Native Social Housing units will be repaired to good condition; and
- at least 300,000 households supported through a Canada Housing Benefit.

CMHC is currently working with PTs to formalize a process for reporting PT level data on the *A Place to Call Home* website. Part of this process is to ensure that all data is accurate and is reviewed, approved, and agreed upon by all PTs and CMHC prior to public release.

Within these agreements, the Government has emphasized a collaborative, flexible approach to adapt to the unique needs of PTs – as evidenced by the ongoing collaboration and refinements to CHB. For example, the Government is presently pursuing cost matching and delivery support from PTs for its \$314 million addition to CHB to support survivors of gender-based violence. The Government has also given PTs the flexibility to use their cost-matching funding to support other local priority populations beyond survivors of gender-based violence. This flexibility demonstrates an understanding of the varying local needs across the country, while ensuring federal funding remains dedicated to federal policy objectives.

Federal, provincial, and territorial governments work together through the FPT Forum on Housing, which collaborates towards a long-term vision where everyone in Canada has affordable housing that meets their needs. This partnership ensures that housing solutions – from homelessness to market housing – work in concert to meet the needs of Canadians. As co-chair of the FPT Forum on Housing, CMHC works closely with provinces and territories to: inform housing policy and priorities, coordinate efforts across the housing sector, share best practices and identify research needs, monitor the success of the NHS, and collaborate on policy and program development to address emerging housing issues. The FPT Forum on Housing meets regularly at the Senior Official, Deputy Minister and Minister levels. The Government is also working with PTs to establish a Supportive Housing and Homelessness Working Group, in the context of the FPT Forum on Housing, to further enhance intergovernmental collaboration, information sharing, and coordination on homelessness issues.

As described above, to ensure that NHS policies align with current housing needs, CMHC conducts a detailed review of the effectiveness of its agreements with provinces and territories every three years for potential enhancements, including opportunities to expand affordable housing supply for those most in need. The results of the most recent evaluation were published in 2022 and found that PTs are on track to meet or exceed short-term new construction and repair targets, despite challenges in the construction sector and uncertainty in the housing market. All recommendations published as part of that evaluation have since been implemented (Recommendation 10).

INFC has established mechanisms to enhance collaboration with provinces and territories including regular bilateral and multilateral meetings in the context of the Federal-Provincial/Territorial (FPT) Open Forum on Homelessness. These mechanisms provide the means through which governments can share information and enhance coordination on the design and delivery of homelessness programming, including, for example, the provision of wrap-around services and other supports.

Conclusion

This response outlines the ways in which the Government continues to strengthen its approach to investing in Canada's housing system. It highlights the intended scope of the NHS, as well as its fit and limitations in the current environment. It describes the ways in which the NHS – along with other government investments – support and prioritize populations in need. It concludes by summarizing the ways in which the Government continues to refine its approach to program delivery, measuring progress, and intergovernmental collaboration.

The Government's commitment to delivering on the objectives of the NHS is rooted in its belief that ensuring the affordability, stability, sustainability, and equity of Canada's housing system is essential to the continued prosperity of Canada. The NHS is a crucial component of the Government's response to this challenge and must continue to evolve to address the changing scale and scope of the crisis we face. The Government remains dedicated to investing, innovating, and bringing the whole-of-government approach that is necessary to build a housing system that serves all Canadians.