



House of Commons
Standing Committee on Finance

2021 PRE-BUDGET SUBMISSION

JULY 2020

AFFORDABLE HOUSING AT THE CORE OF A POST-PANDEMIC RESPONSE

SUBMITTED BY THE CANADIAN HOUSING AND RENEWAL ASSOCIATION

INTRODUCTION

The Canadian Housing and Renewal Association (CHRA) is the national association representing the interests of the social, non profit and affordable housing sector in Canada. CHRA appreciates the opportunity to share our views with the House of Commons Standing Committee on Finance in advance of the 2021 budget.

There is no question that the COVID-19 pandemic has had disastrous impacts for Canada's public health system and the Canadian economy. With unemployment hitting 12.3% in June 2020, a decline in GDP of 2.1% in the first quarter of 2020, and a forecast federal deficit of \$343 billion, the fight against the COVID-19 virus has cost the Canadian economy dearly.

However, as Canada reopens, economic activity is once again picking up, albeit slowly. If the Canadian economy is to fully rebound, and employment once again be returned to pre-pandemic levels, the federal government will need to implement an economic stimulus package, similar to packages introduced following previous recessions.

Previous federal economic stimulus packages have played a key role in stimulating the Canadian economy and driving growth. For instance, the last significant federal stimulus program announced in January 2009 resulted in over 30,000 completed projects, with over 610,000 net new jobs created from 2009 to 2012 which put Canada on a solid road to recovery.

However, unlike previous economic stimulus packages, CHRA believes that the federal government should focus a post-pandemic economic stimulus package on increasing the supply of affordable housing throughout Canada. A housing-focused stimulus plan would complement the measures already taken in the 2017 National Housing Strategy and subsequent housing programs, and would be a step forward in helping the federal government realize CMHC's goal of ensuring that every person in Canada has a home that is affordable and meets their needs by 2030.

WHY SHOULD AFFORDABLE HOUSING BE AT THE CORE OF AN ECONOMIC STIMULUS PLAN?

1

Many affordable housing projects are already “on the books”, and mainly require financing for them to proceed – affordable housing therefore includes many shovel-ready projects that could provide immediate economic activity.

2

Affordable housing development is locally based – unlike large infrastructure projects which have historically been funded out of stimulus funds, the economic benefits associated with the planning, development, and construction of affordable housing is realized predominantly at the local level

3

As evidenced by growing wait lists in every Canadian municipality, the demand for affordable housing is already significant, and that demand will likely increase in the aftermath of the pandemic recession.

4

The COVID-19 pandemic has underscored that housing, particularly affordable housing, is a top public health measure. If we are to experience subsequent waves of the current pandemic, or future pandemics, then access to safe, affordable housing will once again be a top public health requirement.

5

With a properly designed housing focused stimulus plan, costs to increase housing capacity may be lower now due to lower expected costs for buildings and lands in the wake of the pandemic recession.

In short, investing valuable stimulus funding on affordable housing provides benefits from an economic, social, and public health perspective.



COMPONENTS OF AN AFFORDABLE HOUSING-CENTRIC ECONOMIC STIMULUS PLAN

INTRODUCE AND IMPLEMENT AN URBAN, RURAL AND NORTHERN INDIGENOUS HOUSING STRATEGY

The most glaring omission in the 2017 National Housing Strategy and subsequent policy announcements has been the absence of a dedicated urban, rural and northern Indigenous housing strategy - despite the fact that 87% of Canada's Indigenous peoples live in urban, rural and northern settings. Filling this gap was one reason why Prime Minister Trudeau instructed the Minister of Families, Children, and Social Development in his November 2019 mandate letter to develop just such a program.

In 2018, the CHRA Indigenous Caucus released the details of a plan for an urban, rural, and northern Indigenous housing strategy. Entitled the "For Indigenous, By Indigenous" (FIBI) plan, this strategy identifies specific recommendations for targeted funding programs, research programs, and equally important, governance structures that enable decisions regarding urban, rural and northern Indigenous housing to be in the hands of urban Indigenous peoples. Urban Indigenous housing providers have decades of experience in managing and delivering housing to Indigenous peoples living in urban and rural settings; they are ready now to expand their capacity.

Introduction of an urban, rural, and northern Indigenous housing strategy is more than just about economic stimulus or providing new housing. The "For Indigenous, By Indigenous" plan is a key step forward on the path towards true Reconciliation with Canada's Indigenous peoples.


INTRODUCE A PROPERTY ACQUISITIONS PROGRAM TO ACQUIRE AVAILABLE PROPERTIES

An unfortunate reality of the current pandemic is that an increasing number of properties are likely to come on the market, often at prices below pre-pandemic levels. These distressed properties represent an opportunity to be acquired by community housing organizations so that they can be repurposed to create additional affordable housing capacity. However, the majority of community housing providers do not have the financial capacity to undertake such property acquisitions on their own. As a result, CHRA is recommending that a new Property Acquisitions Program be established that would provide a combination of loans and grants to community housing providers so that they could purchase available properties. An Acquisitions Program would also need to be complimented by resources to allow housing providers to renew and refurbish these properties so that they could provide safe, livable space for tenants.


Acquiring properties for new housing has been demonstrated to be cheaper than building new properties. In a paper produced by housing researcher Steve Pomeroy, it has been demonstrated that the cost to acquire existing properties would be approximately one third that of a capital grant to build new properties.

A Property Acquisitions Program would also limit the ability of larger multinational corporations or Real Estate Investment Trusts (REITs) from acquiring properties for the purposes of creating higher end housing units featuring high rental costs. This “financialization” of housing represents a key barrier to greater affordability in the housing market. As such, a Property Acquisitions Program would also need to be complimented by measures at a provincial and/or municipal level that would prioritize acquisition of available properties by the community housing sector. As one example of a policy tool, the City of Montreal has a “right of first refusal” policy in place which allows the City the first opportunity to acquire available properties for affordable housing development ; other jurisdictions across Canada could consider similar policies that limit housing financialization.





AUGMENT EXISTING PROGRAMS DESIGNED TO INCREASE SUPPLY AND RENEW THE EXISTING HOUSING STOCK



COMPONENTS OF AN AFFORDABLE HOUSING-CENTRIC ECONOMIC STIMULUS PLAN (Cont'd)

The 2017 National Housing Strategy announced that \$15.9 billion would be made available under the National Housing Co-investment Fund, a 10 year program designed to provide grants and loans to community housing providers to build 60,000 new affordable housing units, and repair and renew 240,000 existing units. Although these targets for new construction and renovation are welcome, they will not come close to meeting the need nor demand for affordable housing, especially in the wake of the pandemic. Even prior to the pandemic, wait lists for affordable housing over the past five years had grown by 23% in Vancouver, 16% in Calgary, 11% in Toronto, and 8% in Montreal. In addition, housing researcher Steve Pomeroy has recently pointed out that between 2011 and 2016 the number of private rental units affordable to households earning less than \$30,000 per year (rents below \$750) declined by 322,600 units – a gap that even the National Housing Strategy investments will not be able to fully meet.

In July 2020, the Canadian Alliance to End Homelessness released a paper “Recovery For All” which recommended a target of 370,000 new units of affordable housing over and above existing National Housing Strategy targets. CHRA would encourage the federal government to adopt that target.

As a result, CHRA is recommending that the federal government commit greater resources to the National Co-investment Fund in order to increase the supply of new affordable housing and ensure that the current stock of housing can be adequately maintained. However, in order to achieve this, the Co-investment Fund will also need to be reformed so that it is administratively easier to apply to, more transparent, and the application process is more timely.

EXPAND THE MANDATE AND RESOURCES OF THE FEDERAL LANDS INITIATIVE

The 2017 National Housing Strategy announced funding of \$200 million over 10 years under a new program entitled the Federal Lands Initiative whose purpose is to transfer surplus federal lands to community housing providers for affordable housing development. Although the intent of this program is welcome, given that quality land availability is a necessary pre-condition for developing new affordable housing, CHRA is recommending that the mandate and resources of the Federal Lands Initiative be significantly expanded.

In addition to being able to acquire and transfer surplus federal lands, CHRA is recommending that the program be expanded to allow the federal government to acquire surplus provincial, territorial, municipal, and potentially private sector lands which could then be included in the inventory of lands available for transfer. Not only would this expedite housing development, but it would provide more options for those housing providers who do not have readily available federal lands in appropriate areas of their communities, or where surplus federal lands are insufficient for housing developments.

CONCLUSION

The idea of economic stimulus policies to address recessions is not new – they have historically been used by the federal government to act as a catalyst to spur economic growth. However, past stimulus policies have rarely if ever focused investments on affordable housing development. Targeting affordable housing in a post-pandemic stimulus package would not only provide an immediate economic benefit to the Canadian economy, but it would lead to greater equity, better prepare Canada for a future pandemic, and by including an urban, rural and northern Indigenous housing strategy, it would be a positive step forward in the Reconciliation process with Canada's Indigenous peoples. In short, it is the right thing from an economic, social, health and Indigenous relations perspective.



SUMMARY OF KEY RECOMMENDATIONS:

Introduce an affordable housing-centric economic stimulus plan that contains the following key elements:

1

Implement an urban, rural and northern Indigenous housing strategy that reflects the “For Indigenous, By Indigenous” plan developed by the CHRA Indigenous Caucus including capital funding, supports, and an Indigenous led governance structure.

2

Create a Property Acquisitions Program that provides a combination of loans and grants so that non profit housing providers can acquire properties to be converted into affordable housing, and that prevents greater financialization of the housing stock.

3

Augment the resources of the National Coinvestment Fund to increase the supply of affordable housing, and protect a greater share of existing units.

4

Expand the mandate and resources available under the Federal Lands Initiative so that the federal government can transfer a greater volume of federal, provincial, municipal, and/or private sector lands to the affordable housing sector for development purposes.