

UTILE

REBUILDING CANADA THROUGH HOUSING AND KNOWLEDGE

Written Submission for the Pre-Budget Consultations in Advance of the 2021 Budget
By: Unité de travail pour l'implantation de logement étudiant (UTILE)
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RECOMMENDATIONS

- 1) Amend the National Housing Strategy to **recognize post-secondary students as a priority population** by changing the “young adults” target population to explicitly include students, e.g., “young adults, including those enrolled in post-secondary education.”
- 2) Make **affordable, non-speculative housing** (non-profits and housing cooperatives) a central priority of Canada’s post-pandemic economic recovery strategy.
- 3) **Increase, or at least maintain, the National Housing Strategy budget** to simultaneously support the economic recovery and improve housing conditions in Canada.

Submission prepared by:

Laurent Levesque, General Coordinator

PRE-PANDEMIC SITUATION

UTILE's data indicates that Canada has about **one million renters who are university students**. These renters have a significant yet underestimated impact on the rental market. They are inadvertently contributing to, and indirectly suffering from, the housing crisis plaguing Canada's major cities: 45% of the country's university students are concentrated in five cities¹ where vacancy rates are below 2% (Toronto, Montreal, Vancouver, Ottawa and Kitchener/Cambridge/Waterloo).

The housing crisis is therefore partly a student housing crisis. One of the factors driving demand is the growth in the international student population, which grew 154% between 2010 and 2018.² Infrastructure is not keeping up with demand: more than 80% of international students rent, but only 15% live in residence.³ The pressure they are putting on the rental market is expected to rise, because the Canadian government's International Education Strategy (2019–2024) aims to further increase inbound student mobility.

However, it should not be assumed that the student housing issue is purely due to international students. Quite the opposite, in fact: UTILE's data, which are currently only available for Quebec, show that 84% of university student renters are from Canada.⁴ Interprovincial and interregional mobility also add significantly to the demand for housing, because every student going to school any distance away from the family home will need housing.

Student housing also puts a strain on students' finances. Since housing is a major, if not the primary, expense for students, rent is at best a source of insecurity and debt, and at worst a barrier to a post-secondary education. In Quebec, seven out of 10 student renters spend over 30% of their income on housing, which indicates that they are in a situation of housing insecurity.⁵ In connection with one of the Canadian government's priorities, **housing is therefore an important tool for reducing students' financial burden and insecurity.**

Moreover, the fact that most university student renters live in rental housing is not reflected in Canada's statistics and public policies. According to a recent CIBC newsletter article, this means **housing demand in Canada is undercounted by 300,000 units.**⁶

¹ Universities Canada, statistics for 2019.

² Immigration, Refugees and Citizenship Canada (IRCC), 2018.

³ CBIE, International Student Survey 2018.

⁴ UTILE, PHARE 2017.

⁵ UTILE, PHARE 2017.

⁶ CIBC, Housing Demand is Stronger Than Suggested by Official Figures, 2019.

REBUILDING THROUGH HOUSING AND KNOWLEDGE

For decades, Canada's economic development has relied on post-secondary education to train a world-class educated workforce. This strategy involves attracting international students, the number of which has exploded in recent years, surging past 700,000 students at all levels in 2018.⁷

Due to COVID-19, many universities across the country are expecting fewer international students and are planning to partially or fully close down residences. At the same time, there is no reason so far to believe that the housing crisis in Canada's university cities will get better on its own.

Once the international students return en masse, the harsh reality of the Canadian residential market will become painfully clear. Now is the perfect time to deploy **two synergistic recovery strategies: investing in housing and investing in knowledge**.

Affordable housing is a key priority for the Canadian government, which is currently demonstrating great leadership on this issue for the first time in decades. More specifically, UTILE believes that **investing in affordable, non-speculative housing**, which will permanently remain affordable, should be a central plank of any recovery plan. Maintaining and **increasing funding for the National Housing Strategy should therefore be a top budget priority** for the government.

In the field of housing, there is one particular sector where the government **could kill two birds with one stone and simultaneously deploy two recovery strategies: funding for affordable student housing**. This would alleviate the most acute housing crises in Canada while at the same time increasing the country's capacity to accommodate international students.

The Canadian government's main tool for supporting housing is the National Housing Strategy.

⁷ Immigration, Refugees and Citizenship Canada (IRCC), 2019.

THE PROBLEM

Canada recently adopted a National Housing Strategy, which is based on the key principle that “all Canadians deserve safe and affordable housing.” This strategy will provide financial support for the construction of tens of thousands of housing units, yet it makes no mention of the large and growing need for student housing.

Meeting student demand for housing cannot simply be left in the hands of educational institutions and private developers. Not only are these stakeholders not satisfying the demand, but their offerings are concentrated in highly specific niches (exchange students and students from wealthy backgrounds, respectively). There is a severe shortage of affordable student housing for the middle class.

Even though “young adults” are identified as a target population in the strategy, and even though there is a dire need for student housing, CMHC informed UTILE that **housing projects aimed solely at the student population are not eligible** for its funding programs. Yet student housing once fell directly within the CMHC’s scope of operations, before its activities were scaled back in the 1990s.

THE SOLUTION

Fast-tracking the construction of affordable student housing would benefit Canada as a whole, including the many groups currently competing with the student population in tight rental markets. To that end, the community housing approach has already proven effective: student housing cooperatives and non-profits house thousands of students across the country. UTILE has launched a financing and development approach, supported by the CMHC Affordable Housing Innovation Fund, that could be expanded across Quebec and Canada. Thanks to the strategy, CMHC is now equipped to support such an approach.

UTILE therefore recommends that the National Housing Strategy be amended to **recognize post-secondary students as a priority population** by changing the “young adults” target population to specifically include them, e.g., “young adults, including those enrolled in post-secondary education.” This change could be done with no budgetary impact, because it would simply make such projects eligible for the funding already provided for under the strategy.

Given the urgent need to factor student demand into the housing solutions deployed in Canada’s university cities, all of which are experiencing a housing crisis, UTILE recommends **fixing this situation with the 2021 budget** or as soon as possible.

ABOUT UTILE

Founded in 2013, the Unité de travail pour l'implantation de logement étudiant (UTILE) is Canada's foremost centre of expertise in student housing. This non-profit organization produces the most comprehensive data in the country on this issue and undertakes real estate development projects in student housing. UTILE is currently carrying out two projects in Montreal with a total of more than 200 units, supported financially by the City of Montreal and the CMHC Affordable Housing Innovation Fund.