POLICY BRIEF

A closer look at the federal budget's housing plan

How did we get here, what does it say, and what is the path ahead?

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About Maytree

Maytree is committed to advancing systemic solutions to poverty and strengthening civic communities. We believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are respected, protected, and fulfilled for all people living in Canada. Through our work, we support non-profit organizations, their leaders, and people they work with.

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Context

On April 7, 2022, the federal government released its 2022 Budget: *A Plan to Grow Our Economy and Make Life More Affordable*. A key piece of the government's plan is to address the housing affordability crisis by providing over $10 billion in funding over five years through different programs and measures to increase the supply of housing.

But what exactly did the budget announce, who will benefit, and where do we go from here? This policy brief breaks down Budget 2022's housing plan and suggests ways that the government can improve its plan to address the housing affordability challenges of those who are most in need.

How did we get here?

The problem: rising home prices and rents

Housing in Canada is expensive. According to the Canadian Real Estate Association, the average selling price for a home in Canada hit $816,720 in February 2022, representing an increase of just over 20 per cent from the same period last year.[1] Average market rents have also increased, with the fastest growth in average rent for two-bedroom apartments since 2001 occurring between 2018 and 2019.[2]

But when looking for a place to live, cost isn't all that matters. The ability of a home to meet a person's other needs – in terms of factors such as size, structure, and location – also counts.

In housing policy, we often use the Canada Mortgage and Housing Corporation's concept of core housing need to measure the extent to which people are unable to find housing that is considered adequate, suitable, or affordable. Housing is adequate when it's not in need of major repairs, suitable when the number of its bedrooms reflect the size and make-up of the household, and affordable when housing costs less than 30 per cent of before-tax household income.

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1 Canadian Real Estate Association (March 2022). "February home sales rise as buyers scoop up first of the 2022 spring listings." Accessed at: https://www.crea.ca/news/february-home-sales-rise-as-buyers-scoop-up-first-of-the-2022-spring-listings/.

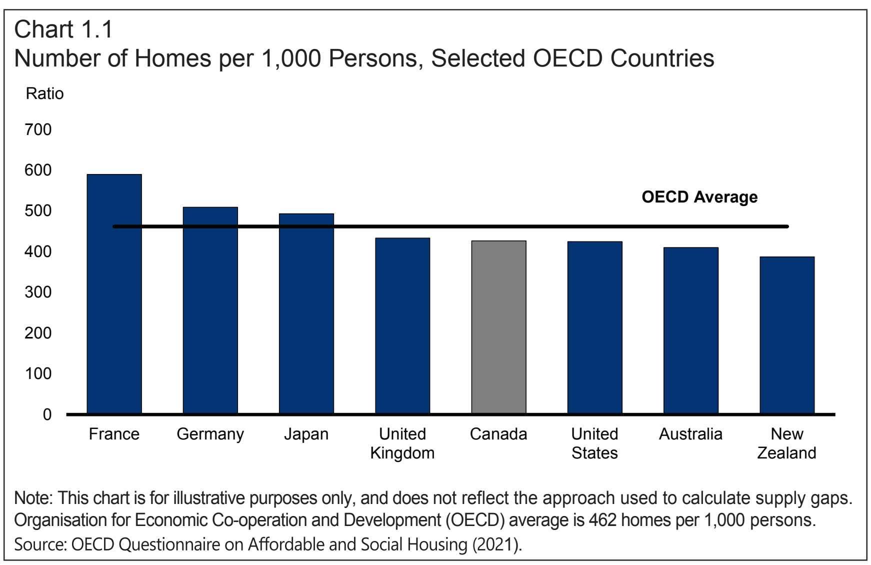
2 Canada Mortgage and Housing Corporation (2020). "Average Rent in Canada Increases." Accessed at: https://www.cmhc-schl.gc.ca/en/blog/2020-housing-observer/average-rent-canada-increases. Note that growth in average market rents slightly decreased in 2020 and 2021 due to the COVID-19 pandemic, but isn't captured in these figures so as to not distort historical trends.

According to Statistics Canada, **more than 1.6 million, or 11.6 per cent**, of Canadian households were in core housing need in 2018. A closer look at the data shows that this problem isn't equally shared, with renters (23 per cent), lone-person households (22 per cent), and individuals belonging to groups designated as visible minorities (13.9 per cent) much more likely to be in core housing need compared to their counterparts.[3] This means that although many Canadians face challenges in finding an adequate, suitable, and affordable home, the greatest challenges are being felt by particular segments of the population.

What the budget says: there's not enough supply to meet demand

The main reason often touted for the problem of unaffordable housing is that there isn't enough supply to meet demand. A 2021 Scotiabank report found that Canada only had 427 housing units per 1,000 people in 2016, falling to 424 units by 2020.[4]

The budget reiterates this message, and further states that not enough housing supply is *the biggest* reason for unaffordable housing Canada. Using the OECD Questionnaire on Social and Affordable Housing to depict the housing shortage problem, the budget shows that Canada has a lower number of homes per 1,000 people compared to the OECD average.



Source: Government of Canada (April 2022). "Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable."

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3 Statistics Canada (2020). "One in ten Canadian households living in core housing need in 2018." Accessed at: https://www150.statcan.gc.ca/n1/daily-quotidien/201002/dq201002a-eng.htm.

4 Jean-Francois Perrault (Scotiabank, 2021). "Estimating the Structural Housing Shortage in Canada: Are We 100 Thousand or Nearly 2 Million Units Short?" Accessed at: https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.housing.housing-note.housing-note--may-12-2021-.html.

The government estimates that at least 3.5 million new homes would need to be built by 2031 in order to fill this gap in supply, and the current rate of new housing construction won't be enough to do it. Therefore, to reach this goal, the budget is proposing measures to **double the rate of new housing construction over the next decade.**

What the budget doesn't say

Although inadequate supply is certainly a contributing factor to the housing affordability crisis, the budget leaves out two other key drivers that are important to consider:

1. It's not just supply, but the type of supply, that matters

Under the typical "not enough supply to meet demand" theory, building enough housing to meet the level of demand would bring home prices down. Yet we're not seeing this effect on the ground.

For example, it's estimated that from 2011 to 2021, Ontario's population grew by 10.7 per cent. During this same time period, the number of occupied private dwellings actually grew faster than demand at 12.5 per cent.[5] If the primary factor causing the housing affordability crisis is supply, then home prices shouldn't have risen in Ontario.

Examining the rules that govern where, and what kinds of homes, are permitted to be built helps to shed light on this issue. In Toronto, for example, 70 per cent of land zoned for housing is restricted to single-detached or semi-detached homes.[6] It's estimated that similar zoning restrictions are occurring in other municipalities in Ontario, with about half of all residential land in Ottawa zoned for single-detached housing.[7] This type of zoning prevents homes from being built, or existing homes from being modified, that could house multiple tenants.

Thinking about zoning policy matters, especially when considering how much of the population are actually renters in Canada's largest cities. In 2016, data from the City of Toronto indicates that about 47 per cent of Toronto's households

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5 George Fallis (Globe and Mail, March 2022). "A shortage of homes isn't the main reason house prices keep rising." Accessed at: https://www.theglobeandmail.com/opinion/article-a-shortage-of-homes-isnt-the-main-reason-house-prices-keep-rising/.

6 Report of the Ontario Housing Affordability Taskforce (February 2022). Accessed at: https://files.ontario.ca/mmah-housing-affordability-task-force-report-en-2022-02-07-v2.pdf.

7 Ibid

were renters.[8] Yet the stock of affordable rental supply has not kept pace with the demand for it. In 2020, over 2,700 purpose-built rental units were completed, and only about 4 per cent of them were for assisted or affordable housing.

By contrast, in 2020, over 4,400 condos were completed, representing about 75 per cent of all completions in the city.[9] This shows that condos, which tend to charge higher rents compared to purpose-built or other forms of rental units, are making up most of the new housing built in Toronto.

Taken together, this means that a fulsome strategy to address the housing affordability crisis would need to more closely examine the particular type of housing that's needed, where it's needed, and the characteristics of the people who need it most.

2. What about demand-side factors?

Much of the media has focused on the supply-side argument for rising housing costs – that there is not enough housing to meet demand. But what about other factors that affect the demand for housing, such as income, wealth, and interest rates?

In looking at the demand side of the equation, some academics have noticed a phenomenon called "super-charged demand," in which households with the means to buy – through existing home ownership – facilitated by a low interest rate environment, have been able to trade up their current homes for new ones.[10] These homeowners also tend to have higher than the median income and benefit from intergenerational transfers of wealth.[11]

Data from the Bank of Canada supports this theory. In looking at the share of mortgage-financed purchases by homebuyer type, researchers from the Bank of Canada found that the share of purchases by first-time homebuyers has declined since 2015 – reaching a new low of just over 46 per cent in 2021.[12] This reflects the

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8 City of Toronto (August 2021). "Inclusionary Zoning Assessment Report: Housing Need and Demand Analysis." Accessed at: https://www.toronto.ca/wp-content/uploads/2021/10/95b5-CityPlanning-IZ-Assessment-Report-Need-and-Demand-2021.pdf

9 Ibid

10 Steve Pomeroy (National Post, 2021). "Want to solve the housing crisis? Address super-charged demand." Accessed at: https://nationalpost.com/pmn/news-pmn/want-to-solve-the-housing-crisis-address-super-charged-demand.

11 Ibid

12 Mikael Kaun and Yang Xu (Bank of Canada, 2022). "Housing demand in Canada: A novel approach to classifying mortgaged homebuyers." Accessed at: https://www.bankofcanada.ca/2022/01/staff-analytical-note-2022-1/.

reality that home prices have risen much faster than disposable incomes for some, making it difficult for many Canadians to save enough to buy their first home. By contrast, during this same period, the share of homes purchased by repeat homebuyers steadily increased.[13]

On top of that, apartments and homes are increasingly being purchased by financial entities as investments for their clients. These financial entities include real estate investment trusts (REITs), private equity funds, asset management companies, and pension funds, and are sometimes referred to as “financialized” landlords. One study found that between 1996 and 2017, landlords that were financial entities picked up nearly one fifth of Canada’s private multi-family rental stock, with REITs alone growing from owning zero to almost 165,000 suites.[14]

This “financialization” of housing has contributed to the loss of affordable rental stock in Canada, as private entities are primarily concerned with building wealth and investment through housing, rather than creating a social good.[15] They can do this through higher rent or reduced expenses (e.g., cutting staff or maintenance, harmonizing property management) to raise revenue.[16]

Taken together, these trends mean that those who can afford to pay higher home prices – that is, those with existing wealth and financial entities – will continue to do so. Although rising inflation and interest rates should help to cool this effect, a policy response that doesn’t consider how these demand-side factors are driving up prices might not be enough to make housing more affordable for many Canadians.

What exactly did the budget announce?

Referred to as “the housing budget,” the budget’s housing measures take priority as the first chapter of the document, get quite a bit of space (about 20 pages), and come with a purported big price tag. In reality, the measures mainly fall into the category of “light-touch” government policy, with some new and reallocated

13 Ibid

14 Martine August (2020). “The financialization of Canadian multi-family rental housing: From trailer to tower.” Journal of Urban Affairs, 42:7, 975-997. Accessed at https://www.tandfonline.com/doi/pdf/10.1080/07352166.2019.1705846.

15 Office of the High Commissioner on Human Rights: Special Rapporteur on the Right to Housing. “The human right to adequate housing.” https://www.ohchr.org/en/special-procedures/sr-housing/human-right-adequate-housing.

16 Martine August (2020). “The financialization of Canadian multi-family rental housing: From trailer to tower.” Journal of Urban Affairs, 42:7, 975-997. Accessed at https://www.tandfonline.com/doi/pdf/10.1080/07352166.2019.1705846.

spending items to boost supply and regulatory measures for homebuyers. Some of these measures are discussed below.

Measures to improve affordable housing and support vulnerable populations

- **Changing affordability criteria for the Rental Construction Financing Initiative (RCFI)**, which provides low-cost loans for rental projects. The RCFI affordability criteria has been criticized for not creating affordable units[17] – the current affordability threshold is that rents are provided at or below 30 per cent of the median total income of all families in the area. Only 20 per cent of developers' units must meet this threshold, and they must do so for a 10-year period. To this end, the budget announced the government's intent to change the RCFI affordability criteria so that a bigger proportion of units – 40 per cent – must meet this criteria, which will be set at rent equal to or lower than 80 per cent of the average market rent in the local community. This change is intended to bring more affordable developers into the pool of RCFI applicants.

- **New funding for co-ops.** In acknowledgment of the important role that co-ops play in affordable housing, the budget committed to launching a new Co-operative Housing Development Program that will be co-designed with the co-operative housing sector. Total funding will be $1.5 billion ($1 billion in loans and $500 million on a cash basis) that will be used to create 6,000 new units.

- **Extension of the Rapid Housing Initiative** (RHI) for a third round, with $1.5 billion being provided over two years. The RHI provides capital to expedite the creation of new affordable housing units, and this funding is intended to build 6,000 new units, with at least 25 per cent going to women-focused housing projects.

- **One-time increase to the Canada Housing Benefit,** which provides direct financial support for rental costs. It's portable – meaning that it's not tied to a particular address, but based on income and rent – and is offered to those on the community housing waiting list. The budget commits to a one-time top up of $475 million to the program this fiscal year that will provide $500 to "those facing housing affordability challenges."

17 Blueprint (February 2022). "Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs: Research Report Prepared for the National Housing Council Working Group on Improving the National Housing Strategy." Accessed at: https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf.

- **A new refundable tax credit for multi-generational homes** called the Multigenerational Home Renovation Credit. The credit would provide support for 15 per cent of up to $50,000 in eligible renovation and construction costs to construct a secondary suite for a senior or an adult with a disability.
- **Building new affordable housing in the North** by providing over $150 million over two yeas. Of this investment, $60 million would be for the Government of Nunavut, $60 million would be for the Government of the Northwest Territories, and $30 million would be for the Government of Yukon.
- The budget also proposes **three funding areas to combat homelessness**:
    1. $562 million over two years, beginning in 2024-25, to provide doubled annual funding (i.e., $281 million per year) for **Reaching Home: Canada's Homelessness Strategy;**
    2. $18.1 million over three years, starting in 2022-23, for research about further measures that could contribute to eliminating chronic homelessness; and
    3. $62.2 million over three years, beginning in 2024-25, to launch a new **Veteran Homelessness Program** that would provide services and rent supplements to veterans experiencing homelessness.

Measures to increase housing supply

- **A new, multi-billion dollar fund for municipalities to speed up housing builds.** The tool – called the Housing Accelerator Fund – will provide $4 billion in funding to target the creation of 100,000 net new housing units over the next five years. The budget gives examples of potential support that could be offered through the fund, but falls short in providing specific details. This includes an annual "per-door" incentive, likely referring to financial incentives for municipalities to expand zoning for homes that can contain multiple tenants, or up-front funding for planning or delivery processes that would speed up development. There is a general commitment to ensuring that this increased supply includes affordable housing, but no criteria have been announced to measure affordability.
- **Using all funds for the National Housing Co-Investment Fund by 2025-26, instead of spreading it out to 2027-28.** The budget announced the advancement of funds for the National Housing Co-Investment Fund so that there would be $2.9 billion provided on a cash basis across 2023-24

and 2024-25, instead of spreading out the funds to 2027-28. This change is intended to accelerate the creation of up to 4,300 new units and repair 17,800 units. The program will also be made more flexible and easier to access, with faster approvals, though no details are provided on what parameters will be changed to make it more accessible.

Measures for homebuyers

- A new **Tax-Free First Home Savings Account,** where contributions are tax-deductible (i.e., contributions would lower your income that is subject to personal income taxes, similar to an RRSP) and withdrawals would be non-taxable (similar to a TFSA). Those who use the account would be able to save up to $40,000, with an annual maximum contribution of $8,000.
- **Doubling the existing First-Time Home Buyers' Tax Credit from $5,000 to $10,000** for homes purchased on or after January 1, 2022. As a non-refundable credit, the First-Time Home Buyers Tax Credit only reduces your tax liability if you have one, meaning that it's targeted towards higher-income earners.
- **Extending the First-Time Home Buyer Incentive** to March 31, 2025. This incentive is a shared equity mortgage with the government, with eligibility criteria based on income, citizenship status, and available assets that can be used for a down payment. The budget also states that the government is exploring options to make the program more flexible, including for single-led households, which could mean changing income eligibility requirements by marital status or unit size. However, no further details are provided.
- **Consultations with provinces and territories on a Home Buyers' Bill of Rights,** which would include a national plan to end blind bidding. The bill could also include ensuring a legal right to home inspection and transparency on the history of sale prices on title searches. It's important to remember that this commitment is not the same as the legislated commitments that the federal government has made to realize the human right to housing in Canada (see below for more information).

Regulatory measures to curb speculation and foreign home ownership

- **Reviewing housing as an asset class, with details and potential actions by the end of the year.** According to the budget, the intent of this review is to better understand how large corporations are impacting the market. The review will include examining various options and tools and could include potential changes to the tax treatment of large corporate players, which is likely referring to real estate investment trusts – often criticized as part of the reason for rising home prices in recent years.

- **Anti-flipping tax on property held for less than 12 months,** in which property would be considered business income and subject to full taxation rules. It's unclear if other rules will also be introduced to prevent property flipping, and exemptions will be made for homes sold due to certain life circumstances, such as death or divorce.

- **Two-year ban on foreign commercial enterprises and non-citizens or non-permanent residents from acquiring non-recreational, residential property.** This ban extends to both commercial enterprises and people who are not Canadian citizens or permanent residents. Exemptions would be made for refugees, international students in the process of gaining permanent residency, and those with work permits who reside in Canada. The budget also states that the government will monitor how foreign money is impacting housing costs and may come forward with additional measures.

Indigenous housing

- Although not part of the housing section of the budget, the budget also includes **new funding, totalling $4 billion over seven years,** to support First Nations housing on reserves, housing in First Nations Self-Governing and Modern Treaty Holders communities, housing in Inuit communities, and housing in Métis communities.

- **New funding to co-develop and launch an Urban, Rural, and Northern Indigenous Housing Strategy,** which is expected to total $300 million over five years. No further details are provided on what this strategy will entail, how it will be implemented, or if this is the first phase of funding.

What does it all mean?

The government's overall housing policy goals are unclear

The budget introduces a new goal – to double the rate of housing construction over the next decade.

But what about the government's existing commitments under the 2017 National Housing Strategy (NHS) and, importantly, its legislated responsibility to progressively realize the human right to adequate housing under the *National Housing Strategy Act*, 2019?

Although the budget acknowledges previous commitments made under the NHS, and progress to achieve them, it's not explicit on how these seemingly disparate housing strategies will work together going forward. As a reminder, the main goal of the NHS is to ensure that Canadians have access to housing that meets their needs and is affordable.[18] To achieve this goal, the NHS sets out the following targets:

- Cutting chronic homelessness by 50 per cent;
- Removing 530,000 families from housing need;
- Renovating and modernizing 300,000 homes; and
- Building up to 160,000 new homes.

Although the budget's plan includes changes to existing NHS programs – such as the Rental Construction Financing Initiative, the National Housing Co-Investment Fund, the Rapid Housing Initiative, and the Canada Housing Benefit – it's not clear if other budget measures will be part of the NHS, or which NHS programs will be used to meet the goal of doubling housing construction.

Unfortunately, the budget also fails to acknowledge the government's commitments under the *National Housing Strategy Act,* 2019. The Act not only recognizes that the right to adequate housing is a fundamental human right affirmed in international law, but declares this to be the housing policy of the government, in addition to furthering the progressive realization of this right.

Instead of framing housing from a rights-based lens, in the foreword to the budget, the Deputy Prime Minister and Minister of Finance refers to housing as a basic human need. This change in framing raises serious questions about the principles and objectives that are guiding federal housing policy.

Some gains, but more could be done to build, and support, affordable housing

The new and increased investments to support co-operative housing, extend the Rapid Housing Initiative, and top up the Canada Housing Benefit are welcome improvements. The re-focus of the Rental Construction Financing Initiative should also help increase the supply of affordable rental housing.

But these investments won't address the full scale of the demand for more affordable housing. Between 2011 and 2016, the number of private rental units

18 Canada Mortgage and Housing Corporation. "What is the strategy?" Accessed at: https://www.cmhc-schl.gc.ca/en/nhs/guidepage-strategy.

affordable to households earning less than $30,000 per year declined by 322,600 units.[19] Over this same period, federal and provincial investments in affordable housing programs added fewer than 20,000 new affordable units.[20]

Although the budget will invest more in, and add more units to, the supply of rental stock over the long term, it's unclear how much of it will be affordable and if it will be enough to meet demand. For example, in combining the estimated builds through the Rapid Housing Initiative (6,000 new units), the National Housing Co-Investment Fund (4,300 new units), and the Co-operative Housing Development Program (6,000 new units), there are only plans for **16,300 new affordable housing units to be built**. While hopefully some of what is built through the Housing Accelerator Fund (100,000 new units) will also be affordable, nothing specifically is earmarked for this goal aside from a broad commitment to a balanced supply that includes affordable housing, and it's unclear how it will be spread across municipalities.

In addition, the overall strategy and goals for these investments are missing from the budget. Although funding initiatives can be an indication of government priorities, the budget doesn't articulate how these investments are furthering particular goals that the government has (e.g., reducing core housing need and chronic homelessness). Given the magnitude of the affordable housing crisis in Canada, clarity is needed on how these investments will work together to help realize the government's goals.

For example, funding for the National Housing Co-Investment Fund – which is reallocated, and not net-new – will be spent by fiscal year 2025-26 instead of through to fiscal year 2027-28. The rationale for this change is to accelerate the creation of housing for people who need it most, but the budget doesn't indicate why funding won't be needed in future years.

This is also the case for the Rapid Housing Initiative. This program has been delivered in rounds, with the first two valued at $1 billion and $1.5 billion, respectively. The budget will allow for a third round of this initiative by providing $1.5 billion over two years.

But why is this program being increased on an ad-hoc basis? The Rapid Housing Initiative seems to be the only NHS program extended on an as-needed basis, despite strong support from those in the housing sector who have used the program. Moreover, funding for the third round is actually lower than previous

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19 Steve Pomeroy (Focus Consulting, 2020). "Why Canada needs a non-market rental acquisition strategy." Accessed at: https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/.

20 Ibid

installments at $1.5 billion since it's intended to be spread across two years instead of one.

Given the important role that the Rapid Housing Initiative plays in providing housing to those in greatest need, it's important that this program be made permanent with higher funding.

The Canada Housing Benefit could also be further expanded to provide more direct financial support to people facing the greatest affordability challenges – those in the community housing system. The budget proposal is only for a one-time top up that will likely be provided to those currently receiving the benefit, rather than to also expand the reach of the program. Though an important step forward, if the federal government is intending to increase financial support for housing, one-time increases of $500 won't be enough. Further efforts will be required to increase the number of households that receive support from the Canada Housing Benefit.

Renters and those without savings are left behind

In reference to renters, the budget states that "Many Canadians rent because they value the flexibility that comes with it." While that may be true for some, many people rent because they need a place to live, and rental units can provide a more accessible and less expensive alternative to home ownership. The budget also misses that rent in and of itself is expensive, and has been getting more expensive in recent years.

Renters who aren't in transition to home ownership aren't given much attention in this budget. Although in the long term, they may benefit from new housing built though the Housing Accelerator Fund and changes to programs that are part of the NHS, more affordable housing and financial support is needed now, not 10 years from now.

As mentioned in the section above, measures to provide more direct financial support for rent could help, but changing the rules of the game through regulatory measures could help too. This would mean exploring measures such as vacancy decontrol – that is, placing limits on how much landlords can change the rent of new tenants – as a start.

One measure that was promised in the government's campaign platform, but didn't make it to the budget, likely would have helped this group – stopping "renovictions" by requiring landlords to report on their tax returns the rent they receive pre- and post-renovation, and implement a proportional surtax if rent increases are excessive. Part of the review of housing as an asset class therefore must include a review of potential measures to ensure that current rents remain affordable, too.

Even when we think about the second group of renters that the budget is meant to address – those who "…rent before they plan to buy their own home" – the budget measures won't do much for them unless they already have significant savings. Take, for instance, the Tax-Free First Home Savings Account, which offers tax incentives for saving for the purchase of a home. Although this measure would increase how much savings can be tax-sheltered for home purchases, you would have to have enough savings to use it in the first place.

Municipalities will bear the brunt of the work

Much of the $10 billion in funding for housing is being provided to municipalities through the new Housing Accelerator Fund ($4 billion) and through programs that can be accessed by municipalities, such as the Rapid Housing Initiative and the National Housing Co-Investment Fund.

In comparison, very little room of the 20-page housing section is dedicated to describing what provinces can do to address housing affordability challenges. Although, theoretically, the provinces can access the funding from some of the same programs that municipalities can, less attention is given to the important role they play in laying down the framework for what policies municipalities can actually implement. It also doesn't mention how provincial programs, such as financial support for rent (e.g., shelter allowances in social assistance programs), could complement these goals.

Of course, more funding to municipalities to help them meet local housing needs is welcome, but the provinces shouldn't be let off the hook so easily.

Implementation challenges are not part of the equation

The budget focuses on describing the programs that will help to meet its housing construction goals. However, what's missing is a description of exactly *how* these homes will be built and *who* will build them.

This could raise challenges for the government given that Canada's labour market is currently facing a shortage of workers in the skilled trades. A shortage of workers that can actually build the homes required to meet the government's goals, combined with the recent surge in construction costs,[21] will make it difficult for the

21 Kate Porter (CBC, April 2022). "Amid push for more housing, construction costs remain stratospheric." Accessed at: https://www.cbc.ca/news/canada/ottawa/ottawa-construction-prices-increase-labour-materials-1.6417203.

government to build as many homes as it would like to in the time period that it set out, even if costs are permitting.

Where do we go from here?

The federal budget makes progress towards addressing housing affordability challenges, but more can still be done. In this regard, we suggest that the government:

1. **Reaffirm its recognition of the right to adequate housing as a fundamental human right and use this principle to guide policy-making.**

   This recognition is consistent with the government's commitments under the *National Housing Strategy Act,* 2019, and would help ensure that housing outcomes for those in greatest need are prioritized.

   Under this approach, it's clear that priority should be given to expanding measures to support, and providing housing for, lower-income renters, lone-person households, and individuals in visible minority groups, as evidenced by data from Statistics Canada on core house need. The unique challenges of persons with disabilities and Indigenous Peoples should also be recognized, prioritized, and further addressed in housing programs.

2. **Establish a cohesive housing policy narrative.**

   This would involve clearly identifying:

   - The federal government's overall policy goals, including the objectives of the programs announced in the NHS and in the budget; and
   - The federal government's overall strategy for affordable housing, including what proportion of funding is dedicated to this goal.

   A cohesive housing policy narrative could also involve acknowledging that municipalities may face barriers to implementation, and that provinces will have to play an important role in addressing housing affordability challenges in their jurisdiction through both regulatory and fiscal policy.

3. **Examine demand-side solutions.**

   The demand-side factors that are also driving up prices should be examined in parallel with supply-side factors, and solutions to address these issues should be part of the government's overall strategy. This would involve urgently undertaking the review of how housing as an asset class is impacting the market and exploring potential measures, including regulatory measures, to address this issue.

4. **Consider other factors that can affect the implementation of more housing supply.**

   In a climate of labour shortages and rising construction costs, it will be important for the government to consider how quickly homes can be built, at what cost, and what other measures might help to ease implementation, such as further investments in the skilled trades.

The path ahead

Budget 2022 comes at a critical juncture, with home prices and rents rising across the country and people looking to move forward from the effects of the pandemic.

While the budget reaffirms the federal government's role in housing policy, it unfortunately doesn't meet the urgency of the issue, nor does it expressly affirm that the right to adequate housing is a fundamental human right. Moving forward, the federal government will need to clarify its goals, recognize the human right to adequate housing, focus on more affordable options, and address demand-side issues along with supply. What's more, it will need to act on the powerful role it has in shaping the regulatory structures that enable speculation on housing.

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