

SUBMISSION

Getting to 2030

Examining how Budget 2021 helps
Canada achieve its housing goals,
and what we need to do from here

Submission to Canada's Minister of Families,
Children and Social Development and Canada
Mortgage and Housing Corporation

The Housing Policy and Research Exchange

July 2021



The Housing Policy and Research Exchange (HPRE) is a group convened by Maytree. The HPRE is made up of housing policy experts, advocates, academics, service providers, and municipal and housing umbrella organizations.

The following members of the HPRE have contributed to this submission:

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- Food Banks Canada
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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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Upshot

This submission provides an analysis of housing policy announcements made by the Government of Canada in its 2021 Budget, *A Recovery Plan for Jobs, Growth and Resilience* (or Budget 2021). The submission also proposes additional policy ideas so that everyone in post-pandemic Canada has access to safe, secure, and affordable housing. The following is the upshot of our analysis:

- Budget 2021 was a watershed budget, with significant investments in public services that people across Canada need to live life with dignity. The federal government committed over \$3.5 billion to housing and homelessness initiatives for the 2021-22 fiscal year. While this level of investment is significantly higher than what might have been invested years ago, the question remains whether housing investments made in Budget 2021 are significant enough to alleviate the deepening affordable housing crisis in Canada.
- When we assess how the federal government's recent investments are stacking up against the goals of Canada's 2017 National Housing Strategy (NHS), it is clear that significantly higher investments are necessary. Although investments in the NHS have now grown to more than \$70 billion, a majority of the increase is in loans for the development of market housing rather than direct investments addressing the housing concerns of the most vulnerable.
- To mitigate the effects of the ongoing affordable housing crisis in Canada, the federal government needs to consider a range of policies to improve the supply of affordable and deeply affordable housing, with the tools and resources to make it a reality. This can be achieved through a combination of the following:
 - Create a non-market community-based acquisitions strategy to preserve the affordable housing stock in Canada and establish a foundation to grow additional affordable housing stock;
 - Regulate financial entities to prevent financialization of rental housing, and dispossession and displacement of individuals and communities;
 - Establish distinct and well-resourced housing strategies for Indigenous and Northern Communities, and persons with disability already identified as priority action areas in the NHS; and
 - Develop a cutting-edge strategy to estimate future housing demand and supply needs.

- The federal government should also consider increase to investments in “demand-side” interventions to support those in most need to afford housing expenses. To achieve this, the federal government should consider the following strategies:
 - Create and invest in a one-time arrears relief program to prevent a post-pandemic increase in homelessness and housing insecurity created by the end of provincial eviction moratoriums. This will help stabilize landlords with small holdings and avoid the future costs of homelessness and destabilization; and
 - Enhance and deepen the Canada Housing Benefit to assist those experiencing housing insecurity in the face of the growing affordability crisis. This will help further the NHS’s goal of improving affordability and reducing homelessness.
- Housing is a fundamental human right and everyone in Canada has the right to safe, secure, and affordable housing. As the human right to housing is the cornerstone of housing policy in Canada, the federal government should ensure that all aspects of its housing policy enable the progressive realization of this right. Budget 2021 has partially put Canada on the right path toward realizing the human right to housing and addressing housing and homelessness crisis in the country. But a lot more remains to be accomplished.

What does Budget 2021 mean for housing policy in Canada?

On April 19, 2021 the Government of Canada released its budget for this fiscal year, *A Recovery Plan for Jobs, Growth and Resilience* (henceforth, Budget 2021).¹ Budget 2021 identified the federal government’s priorities to help Canada recover from the health, economic, and social impacts of the COVID-19 pandemic.

Stark housing inequities and weaknesses of our social safety net were made clear through the pandemic. As a result, many advocates and policy experts identified the opportunity presented by Budget 2021 to respond to the lessons learned from the pandemic and invest heavily in the public services that we need to ensure that everyone in Canada can live a life with dignity. This includes investments in housing programs.

Budget 2021 proposed a number of new investments on various housing initiatives, many of which build upon initiatives created in 2017 under the National Housing Strategy (NHS) (see “[Appendix](#)” for details). These investments are critical and necessary as we move towards the realization of the human right to housing in Canada, as enshrined in the *National Housing Strategy Act* (NHSA), 2019.

On their own, the housing policy announcements made in Budget 2021 seem significant. But on examining further and comparing them to the federal government’s goals, it’s clear that Budget 2021 should be seen as a springboard for further housing commitments. We should assess the federal government’s housing commitments in Budget 2021 as part of its broader agenda on housing, and ask whether it’s committed all that it can to resolve the housing pressures that so many individuals and families are experiencing. We need to reflect on the federal government’s housing commitments to date, and strategically identify what further investments and work is required so that everyone in Canada has access to safe, secure, adequate, and affordable housing. Evidence based policies should be prioritized and investments should complement policies that have the greatest impact on improving housing security.

The National Housing Strategy is a 10-year, \$70-billion plan from the Government of Canada to establish a mix of mixed-income, mixed-use, accessible and sustainable housing. It aims to reduce chronic homelessness by half, support 530,000 families in core housing need to access affordable housing, renovate and modernize 300,000 homes, and build 125,000 new homes.

(Source: Government of Canada. No date. Canada’s First National Housing Strategy.)

1 Ministry of Finance, Government of Canada. April 19, 2021. *A Recovery Plan for Jobs, Growth and Resilience*. Accessed at <https://www.budget.gc.ca/2021/home-accueil-en.html>

The problem

According to Statistics Canada and Canada Mortgage and Housing Corporation (CMHC), more than 1.6 million or 11.6 per cent of households lived in “core housing need” in 2018, understood as either “unsuitable, inadequate or unaffordable dwellings and not able to afford alternative housing in their community.”² About a quarter of renter households were in core housing need (compared to 6.5 percent of households that own their homes). One-third of renter households living in social and affordable housing were in core housing need in 2018. Of those in core housing need, about 74 per cent indicated affordability issues as their main concern.³

The pandemic and the ensuing economic crisis have affected these trends. Provincial eviction moratoriums and income supports helped many maintain their housing during the pandemic. But now temporary pandemic supports are winding down as Canada “re-opens” its economy, and the lifting of eviction moratoriums, uncertainties associated with economic recovery and employment growth may exacerbate housing insecurity.

Recent data from Statistics Canada shows that while higher-income earners have re-couped many of their pandemic-related job losses, key challenges remain for people with lower earnings.⁴ Some experts contend that Canada could witness an increase in homelessness over time, although the full effects may not be realized until several years after the pandemic ends due to a complex combination of factors (labour market recovery, housing market, income assistance systems, homelessness system planning, migration patterns).⁵ The need for affordable, accessible, safe, secure, and adequate housing may thus grow further.

When we assess the Budget 2021 commitments and compare them to the goals of the NHS and the rapidly evolving and worsening housing crisis, it is clear that much work remains to be done. While investments in the NHS have now grown to more than \$70 billion, a majority of the increase is in loans for the development of market housing rather than direct investments addressing the housing concerns of

2 Statistics Canada and Canada Mortgage and Housing Corporation. October 10, 2020. “One in ten Canadian Households living in core housing need in 2018.” The Daily. Accessed at <https://www150.statcan.gc.ca/n1/daily-quotidien/201002/dq201002a-eng.htm>

3 Ibid.

4 Statistics Canada. March 11, 2021. “Uneven social and economic impacts of COVID-19.” Accessed at <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2021001-eng.htm#a4>

5 Falvo, Nick. December 2020. *The long-term impact of the COVID-19 Recession on homelessness in Canada: What to expect, what to track, what to do?* Accessed at <https://www.homelesshub.ca/resource/long-term-impact-covid-19-recession-homelessness-canada-what-expect-what-track-what-do>

the most vulnerable. Canada needs significant increases in affordable and deeply affordable housing supply.

There are also arguments for the Government of Canada to expand investment in “demand-side” interventions to support those in most need to afford housing expenses.⁶ This submission discusses the additional policy options for the federal government to consider in fulfilling its commitments under the National Housing Strategy Act (2019) in a post-pandemic Canada so that everyone in Canada has a place to call home by 2030.

In 2019, a report by the Office of the Parliamentary Officer (PBO) demonstrated skepticism about the extent to which the federal spending promised in the 2018-19 budget over the next ten years would sufficiently address existing housing need in Canada (relative to 2017 levels). It observed: “Overall, Canada’s National Housing Strategy largely maintains current funding levels for current activities and slightly reduces targeted funding for households in core housing need. CMHC’s assumptions regarding the impact of NHS outputs on housing need do not reflect the likely impact of those programs on the prevalence of housing need.”

If our efforts to meet the NHS’s goals were inadequate in 2018-19, and given how much our economic and labour market realities have changed since 2018-19, we need to closely examine our housing policies to ensure that they reflect evolving need and meet the NHS’s goals.

(Source: Ben Segel-Brown. June 2019. “Federal Program Spending on Housing Affordability.” *Office of the Parliamentary Budget Officer, Government of Canada.*)

6 Steve Pomeroy. December 2016. “Optimizing Demand and Supply Side Housing Assistance Programs.” *Focus Consulting*. Accessed at https://www.focus-consult.com/wp-content/uploads/Policy-Brief_Optimizing-Supply-and-Demand-Measures-2016.pdf

At the foundation: Ensuring housing policy decisions and investments are rooted in the progressive realization of the human right to housing

2019 marked a historic moment in Canada with the passing of the National Housing Strategy Act (NHSA). The NHSA recognizes “the right to adequate housing is a fundamental human right ... essential to the inherent dignity and well-being of the person,” and that the Government of Canada is responsible for progressive realization of this right.⁷ It establishes important mechanisms to ensure that rights-holders are able to hold the federal government accountable to this legislative commitment through the National Housing Council, submissions on systemic issues to the Federal Housing Advocate, and hearings before a Review Panel. With this legislation, the federal government recognizes that everyone in Canada has the human right to adequate housing, and that housing policies and programs must be rooted in a human rights-based approach. It also acknowledges the role of housing in ensuring human dignity and building sustainable and inclusive communities.

We welcome the \$63 million investment the Government of Canada has made toward human rights-based approach for housing, chiefly in supporting the National Housing Council and the Office of the Federal Housing Advocate.⁸ However, it’s important to note that while the NHSA came into effect in 2019, the Office of the Federal Housing Advocate is yet to be fully operational. The federal government has yet to appoint the Housing Advocate.⁹ The appointment of the Housing Advocate is integral to fulfilling commitments made in the NHSA. The Housing Advocate will help ensure that we monitor the after-effects of the pandemic on homelessness and housing needs in the country, learn from those with experience of homelessness and housing unaffordability, track emerging trends, needs and gaps facing rights holders, identify successful and innovative collaborations to tackle homelessness occurring across jurisdictions in Canada

7 Government of Canada. 2019. *National Housing Strategy Act*. Accessed at <https://laws-lois.justice.gc.ca/eng/acts/N-11.2/FullText.html>

8 CMHC. 2021. “2020 National Housing Strategy Progress Report.” Government of Canada. Accessed at <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/nhs-triennial-report-en.pdf>

9 Canadian Human Rights Commission. 2021. “Office of the Federal Housing Advocate.” Government of Canada. Accessed at <https://www.housingchrc.ca/en/about-us>

and beyond, and explore the potential to scale them up.¹⁰ This will allow affected groups to participate meaningfully in the development of effective housing policy and the federal government to demonstrate the progress on the right to adequate housing in Canada.

Furthermore, if the human right to housing is the cornerstone of housing policy in Canada, we have to ensure that all aspects of housing policy, and associated funding and targeting, enable the realization of this right. This requires developing a sound supply of affordable and deeply affordable housing units, protecting the supply of affordable units that we already have, ensuring that investments by financial companies are regulated so as to support and not undermine the realization of the right to housing, developing distinction-based strategies to housing to ensure equity in housing outcomes, and implementing demand-side supports to help ensure people can afford to pay their rent. A comprehensive approach to housing policy is necessary if Canada is to realize the human right to housing.

Rooting housing policy decisions in the progressive realization of the human right to housing also necessitates improving accountability mechanisms in delivering housing services and benefits to people across Canada. This can be achieved in multiple ways. It will be critical to monitor and publish the concrete results of specific investments made unilaterally and bilaterally through operating agreements with provinces, territories, or municipalities.

CMHC recently published the third annual report on the progress of the NHS in 2021 (based on funding allocated until December 2020), but the report tends to focus mostly on units likely to be built, rather than providing real-time data on already built and/or time periods by which this added/repaired stock would be accessible to the public.¹¹ The availability of more real-time information could also be useful in helping provinces, territories, and municipalities understand how much progress is being made in improving the supply of affordable housing in Canada, and actions they could take to help complement affordable housing efforts.

10 Jacob Koziel, Maria Savidov, and Andrea Frick. 2020. *A Brief Scan of COVID-19 Impacts on People Experiencing Homelessness: System Impacts and Responses*. Bissell Centre. Accessed at <https://www.homelesshub.ca/resource/brief-scan-covid-19-impacts-people-experiencing-homelessness>

11 CMHC. 2021. “2020 National Housing Strategy Progress Report.” Government of Canada. Accessed at <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/nhs-triennial-report-en.pdf>

To mitigate the effects of the ongoing affordable housing crisis in Canada, the federal government needs to consider a range of policies to improve the supply of affordable and deeply affordable housing with the tools and resources to make it a reality.

RECOMMENDATION 1

Expand Canada's affordable housing stock through a non-market community-based acquisitions strategy

Canada's 10-year NHS plans to create 150,000 new affordable units. While this figure seems significant on its own, it is inadequate to address the current affordable housing crisis. It amounts to only 15,000 affordable housing units on average per year, compared to more than one million households in Canada living in core housing need.¹² The most critical threat to Canada's affordable housing stock has been the steady decline of availability of affordable housing stock over the last few decades. The number of affordable private rental units available for rent to households with annual incomes less than \$30,000 dropped by 322,600 between 2011 and 2016.¹³ During the same period, government spending in the Investments in Affordable Housing (IAH) program led to the development of fewer than 20,000 new affordable units.¹⁴ In other words, the decline in availability of affordable private rental units far outpaced the growth in newly built and publicly funded affordable units. Going forward, if the erosion of affordable private rental units continues at 60,000 per year while the NHS adds only 15,000 per year, the goals set out by the NHS will not be achieved. This massive leakage will continue and undermine the spirit of the NHS.

12 Statistics Canada. October 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>

13 Steve Pomeroy. May 2020. "Why Canada needs a non-market rental acquisition strategy?" *Focus Consulting Inc.* Accessed at <https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>

14 Ibid.

The \$2.5 billion investment in Budget 2021 to ensure construction of new and renewal of existing affordable housing units will yield only 35,000 affordable housing units – including 4,500 new units. This falls far short of what is needed to ensure those living in core housing need have access to adequate housing.¹⁵

Canada needs a non-market community-based acquisitions strategy to preserve the affordable housing stock we have, as a bedrock on which additional affordable housing growth should happen. This would entail the federal government supporting non-profit housing providers with capital funds (through a combination of loans and grants) to purchase rental buildings and provide rents at or below the median market rent. This would limit the number of rental buildings in the speculative housing market, and help ensure that the public and non-profit sectors work to maintain, and grow, the number of affordable rental units in the future.¹⁶

Budget 2021 commits \$300 million to the Rental Construction Financing Initiative (RCFI). However, it is unclear how the RCFI (by converting non-residential properties into market rental properties) improves the affordable housing stock in Canada and furthers the core objectives of the NHS.¹⁷ Effectively, it subsidizes property owners, especially owners of commercial properties with declining asset values, to use tax payer dollars to repurpose those properties for profit. A variety of reviews of the return on investments indicate that the federal government is getting uneven value for the tax dollars spent in terms of actual years of affordability and depth of affordability, and the funds should be restricted to projects that meet higher standards in those categories. The federal

The significant loss of affordable housing units is a direct consequence of “financialization” of rental housing—treating housing as an investment asset, and an increasingly popular phenomenon of redevelopment of sites with older, low-to-moderate rent properties.

The “financialization” of housing involves the treatment of housing as commodity to build wealth and investment, rather than a social good and a basic need (as in shelter). It is a direct consequence of the growing significance of private investors in global capital markets (since the 2008 financial crisis) and the rapidly shrinking role of governments (since late 1980s) in shaping the housing and real estate markets.

(Source: Office of the High Commissioner for United Nations Human Rights. 2021. Financialization of Housing.)

15 Ministry of Finance, Government of Canada. April 19, 2021. *A Recovery Plan for Jobs, Growth and Resilience*. Accessed at <https://www.budget.gc.ca/2021/home-accueil-en.html>

16 Steve Pomeroy. May 2020. “Why Canada needs a non-market rental acquisition strategy?” *Focus Consulting Inc.* Accessed at <https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>

17 Ministry of Finance, Government of Canada. April 19, 2021. *A Recovery Plan for Jobs, Growth and Resilience*. Accessed at <https://www.budget.gc.ca/2021/home-accueil-en.html>

government should re-examine this spending to assess how it can ensure that a sizable portion of such repurposed units add to the affordable rental housing stock in Canada.

Importantly, the federal government will have to also work with other orders of government and non-profit housing providers to support acquisition (through grants, loans, and matching funding) of vacant commercial properties, such as hotels and motels, to expand culturally appropriate transitional and supportive housing options for those experiencing homelessness.

The current state of the rental housing market in Canada has led low- and moderate-income households to be written out of the possibility of safe, secure, and adequate housing. Rent increases in Canada, particularly in urban areas, have outpaced inflation and wage growth.¹⁸ Without the much-needed public investment into a well thought-out acquisition strategy, this trend will only continue to exacerbate housing insecurity and inequities.

RECOMMENDATION 2

Regulate financial entities to prevent financialization of rental housing, and dispossession and displacement of individuals and communities

Canada needs a robust strategy to tackle financialization of housing, a key contributor to the affordable housing crisis in Canadian cities and towns.

The financialization of housing began in the 1990s and has escalated since then. It involves purchase of apartments and houses by financial entities, such as real estate investment trusts (REITs), private equity funds, asset management companies, and pension funds, as investment products for their clients. One study observed that financialized landlords had 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 between 1996 and 2017.¹⁹ Investments from REITs, for example, outpaced public investments in housing. This is causing a net loss of affordable units.

The financialization of housing has contributed to the displacement of individuals and families living in rental housing. Financialized landlords primarily achieve

18 Pete Evans. July 18, 2019. "It's next to impossible to pay the rent working full time for minimum wage, new report calculates." *Canadian Broadcasting Corporation Business*. Accessed at <https://www.cbc.ca/news/business/ccpa-rents-minimum-wage-1.5216258>

19 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>

this through two means, raising revenues (that is, rent) from tenants and reducing expenses such as cutting staff, reducing maintenance, and harmonizing property management.²⁰ As a result, tenants are required to pay more for increasingly lower quality housing. Otherwise, they are forced to vacate and are displaced from communities where they have historically lived and worked.

As constraining financialization is an essential component of any effective housing strategy, Canada should consider how other jurisdictions are responding. Germany, for example, has made it unlawful for REITs to own multi-family residential buildings.²¹

In a recent article, *The Globe and Mail* reported the emergence of condo developers aggressively purchasing single detached properties to acquire stocks of rental units – or otherwise called “institutional family home rentals” – in jurisdictions with tight housing markets, such as Ontario, Quebec, British Columbia, and Atlantic Canada.²² While this strategy has existed in the United States since the 2008 financial crisis, the economic, fiscal, and monetary policy circumstances were quite different. In Canada today, the combination of greater savings among higher-income earners working from home, low-interest rates, general housing supply issues, and the tendency to treat housing as an investment asset have causes housing prices to skyrocket.

The introduction of private investors in the single-residential housing market will further affordability pressures (from both a home ownership and a rent perspective). Some might argue this provides more rental choice and increase rental supply (e.g., through the creation of secondary units in single-family detached homes). However, reports from the United States indicate that owners of such rental homes generally are poorly maintaining the homes, shirking and offloading responsibility for maintenance of such units to tenants, and filing untimely evictions to collect additional late fees. As such, owners increase their foothold in the rental housing market, they are also able to further command rents that are above what tenants can afford. Such housing models do not work in the interest of tenants.²³ It also makes it even more challenging for prospective homeowners to own a home. Recent evidence from the United States shows that financialization

20 Ibid., pg. 978

21 Ibid.

22 Younglai, Rachele. June 13, 2021. “Condo developer plans to buy \$1-billion worth of single-family houses in Canada for rentals.” *The Globe and Mail*. Accessed at <https://www.theglobeandmail.com/business/article-condo-developer-to-buy-1-billion-worth-of-single-family-houses-in/>

23 Alana Semuels. February 13, 2019. “When the Wall Street is Your Landlord.” *The Atlantic*. Accessed at <https://www.theatlantic.com/technology/archive/2019/02/single-family-landlords-wall-street/582394/>

of housing has contributed to increased racial disparities in homeownership in metropolitan regions experiencing greater presence of corporate ownership of single-family rental properties. This gap is in line with wider trends in racialized wealth and income inequality in these regions. The purchase of properties in low-income neighborhoods by corporate landlords for renovation and renting to higher income households, further leads to displacement of low-income racialized households from such gentrified neighborhoods.²⁴

As the federal government re-establishes its leadership in housing policy, it also has an opportunity to examine what role CMHC plays in shaping the Canadian housing market. Specifically, the federal government should consider whether REITs should have access to government (that is, CMHC) backed mortgages to finance their acquisition programs since these programs actively contribute to depletion of affordable units from the rental market.^{25,26}

The federal government should also improve the mechanisms that govern the accountability frameworks for CMHC by requiring it to publicly share detailed data on its total insured lending for rental financing and re-financing to REITs and large capital equity funds. This should include a detailed breakdown (including provincial breakdowns) of funds associated with the purchase of existing moderate-rent assists, types of funding (grants vs. loans), breakdown of projects receiving funding, average rent of units before and after acquisition, total funding provided through diverse NHS initiatives (such as RCFI, NCIF, RHI), and as a share of total spending. This will provide a full picture of how CMHC's activities are shaping the housing policy context in Canada.

24 Yonah Freemark, Eleanor Noble, and Yipeng Su. June 2021. "Who Owns the Twin Cities: An Analysis of Racialized Ownership Trends in Hennepin and Ramsey Counties." *The Urban Institute*. Accessed at https://www.urban.org/sites/default/files/publication/104355/who-owns-the-twin-cities_2.pdf

25 ACORN Canada. (no date). *Rein in the REITs*. Accessed at https://acorncanada.org/sites/default/files/Rein%20in%20the%20REITs_English_0.pdf

26 Martine August. June 11, 2021. "The rise of financial landlords has turned rental apartments into a vehicle for profit." Policy Options. Accessed at <https://policyoptions.irpp.org/magazines/june-2021/the-rise-of-financial-landlords-has-turned-rental-apartments-into-a-vehicle-for-profit/>

RECOMMENDATION 3

Develop distinct and well-resourced housing strategies for Indigenous and Northern Communities, and persons with disability already identified as priority action areas in NHS

Canada needs a distinct and well-resourced housing strategy to end homelessness and make housing more affordable for Indigenous and Northern communities, and for individuals living with disabilities.

Indigenous households face complex and multifaceted challenges and are disproportionately over-represented as households in core housing need and homelessness.²⁷ While Indigenous people make up less than five per cent of Canada's population, they constitute 30 per cent of emergency shelter users.²⁸ An adequately funded, distinction-based Indigenous housing strategy, as promised in the NHS in 2017 and in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), is important. It should outline how the federal government intends to engage with and support Indigenous partners to resolve the housing crisis faced by many Indigenous communities and people and fulfill its obligations towards reconciliation.

Urban Indigenous organizations have raised serious concerns that the process of developing distinctions-based strategies named in the 2017 National Housing Strategy will not include a significant portion of Indigenous persons experiencing homelessness and inadequate housing, and not living on reserve.²⁹ It is critical for the federal government to develop a for Indigenous, by Indigenous urban, rural, and northern housing strategy as a form of self-determination, consistent with Canada's obligations under UNDRIP or consider similar strategies already created

27 CMHC. May 28, 2019. "18% of Indigenous Households in Core Housing Need." *The Housing Observer*. Accessed at <https://www.cmhc-schl.gc.ca/en/blog/2019-housing-observer/indigenous-households-core-housing-need>

28 Annie Duchesne, Jacqueline Rivier, Patrick Hunter and Ian Cooper. 2019. Highlights of the National Shelter Study 2005 to 2016. Employment and Social Development Canada. Accessed at <https://www.canada.ca/en/employment-social-development/programs/homelessness/reports-shelter-2016.html#h14>

29 Sylvia Maracle, Justin Marchand, Margaret Pfoh, Marc Maracle, Tanya Sirois, Marcel Lawson Swain, Patrick Stewart, Pamela Glode Desrochers, Damon Johnston, & Leilani Farha. (2019, December 11). *Statement on National Urban Indigenous Housing Strategy*. Accessed at <https://www.ontarioaboriginalhousing.ca/wp-content/uploads/2019/12/Statement-on-National-Urban-Indigenous-Housing-Strategy-11-12-19.pdf>

by the Indigenous Caucus – Canadian Housing & Renewal Association.³⁰

The federal government also needs to dedicate greater attention and resources to Northern and remote communities. Researchers have long warned about the Northern housing crisis (particularly, a crisis of overcrowded housing) as federal support for social housing phased out in 2004.³¹ In 2018, 10,000 Nunavut residents were without housing of their own and 3,500 housing units were needed in the territory. Budget 2021 committed to provide \$25 million to each the Government of the Northwest Territories (for 30 public housing units) and the Government of Nunavut (for 100 new housing units) to address a range of local housing priorities. These are one-time funding commitments, and multi-year investments are needed to address the chronic issues and affordable housing shortage facing Northern communities.³²

The federal government also needs to consider housing needs of individuals living with a disability, a group prioritized in the NHS. Those living with a disability are twice as likely to live below the poverty line.³³ Their experiences of housing insecurity is characterized by a combination of challenges linked to finding and sustaining long-term and secure employment, difficulties accessing benefits, and limited availability of affordable and supportive housing. This experience is further exacerbated due to the need to afford housing that support their accessibility needs. The federal government’s commitment to “ensure an inclusive, intersectional recovery that builds a truly equitable society” in Budget 2021 should inform the policy design and investments to ensure people with disabilities have safe,

Canada lacks good quality data on the number of people living with a disability and experiencing homelessness, and estimates vary widely. About 17 per cent of people with disabilities are in core housing need.

(Source: Homeless Hub. 2021. “People with Disabilities.”)

30 Indigenous Caucus – Canadian Housing & Renewal Association. May 2018. “A for indigenous by Indigenous national housing strategy: Proposal to the Government of Canada by the Indigenous Housing Caucus Working Group, Canadian Housing and Renewal Association”. Accessed at https://forindigenousbyindigenous.ca/wp-content/uploads/2020/10/2018-06-05_for-indigenous-by-indigenous-national-housing-strategy.pdf

31 Julia Christensen. April 16, 2020. “Housing is health: Coronavirus highlights the dangers of the housing crisis in Canada’s North.” *The Conversation*. Accessed at <https://theconversation.com/housing-is-health-coronavirus-highlights-the-dangers-of-the-housing-crisis-in-canadas-north-135594>

32 CMHC. 2017. National Housing Strategy – Priority areas for action. Accessed at <https://www.cmhc-schl.gc.ca/en/nhs/guidepage-strategy/priority-areas-for-action>

33 Homeless Hub. (no date). *People with Disabilities*. Accessed at <https://www.homelesshub.ca/about-homelessness/population-specific/people-disabilities>

accessible, affordable, and secure housing with services and supports in accordance with the Convention on the Rights of Persons with Disabilities.³⁴

RECOMMENDATION 4

Develop a cutting-edge strategy to estimate future housing demand and supply needs

Better estimates of current housing stock and flow—especially estimates of available, affordable, public housing stock—are needed. The development of such estimates would help governments, non-profit housing providers, developers, and civil society better understand how much housing is expected to be needed in the future. It would further help assess whether our current commitments help meet those needs, and forge a path to achieving housing as a human right. Such estimates will likely involve accounting for current units (for ownership and rent), new units, and any removals through demolition, destruction, and other methods.³⁵ However, these metrics are unavailable in Canada, especially in ready-to-use form. There is also a lack of data in estimating the current affordable public housing stock that is in need of maintenance and repair. Without such robust metrics, it is difficult to fully estimate current housing supply, assess net gains (in housing stock) from public investments, and plan for the future.

Accurate real-time data on the private rental market is important since too little is known about average rents, habitability, and security of tenure in the secondary market in Canada. Making it mandatory for landlords to report rents and triangulating this data with municipal data on property standards complaints and address-based data on evictions applications may also be a sound strategy to obtain a full picture of the rental housing market, and assess implications for affordability and realization of the right to adequate housing in Canada.

We commend the CMHC for working with housing experts and researchers to improve the quality of data and evidence available in Canada, including monitoring supply and demand shifts through investments in various research initiatives across the country. But the federal government needs to prioritize this work and accelerate it given the worsening housing crisis in Canada. For example,

34 Ministry of Finance, Government of Canada. April 19, 2021. *A Recovery Plan for Jobs, Growth and Resilience*. Accessed at <https://www.budget.gc.ca/2021/home-accueil-en.html>

35 Ministry of Finance, Government of Canada. April 19, 2021. *A Recovery Plan for Jobs, Growth and Resilience*. Accessed at <https://www.budget.gc.ca/2021/home-accueil-en.html>

it will be important to identify a suitable methodology to estimate future housing demand for affordable and social housing.

Typically, housing advocates have relied on CMHC “core housing need” data to understand the demand side of the issue. But this data is inadequate to measure housing demand, especially future demand. Without an estimation of future demand, it is difficult to assess housing stock needs.

Social housing wait lists, where available, may be an important source of information in this regard. According to a 2019 Statistics Canada publication, 283,800 households in Canada were on the housing wait list in 2018. 173,600 of these households had been on the wait list, which also included those in need of social and affordable housing, for more than two years.³⁶ It would be useful to have specific data on those on the social and affordable housing wait-list to ensure the demand for deeply affordable housing is appropriately estimated.

Given the role migration patterns have played in shaping the housing and rental markets, it would also be critical to estimate future trends in immigration to Canada and inter-provincial migration (based on provincial and regional economic outlooks). In the past, CMHC’s Potential Housing Demand Model aimed to do this, but it has not been updated for a while. Consequently, the lack of quality data and estimation prevents future planning and directing public investments to alleviate housing insecurity.

The adoption of a strong housing demand estimation strategy would help measure the gap between estimated (that is, based on commitments already made) and needed supply. For example, the federal government should provide up-to-date information about commitments that it has already made to increase supply. This could include tracking and publicly sharing data on how many units were built or renewed as a result of commitments made; taking stock of existing federally, provincially, and jointly funded housing units (including loss and conversion); and surveying non-profit developers and local governments to account for annual building and demolition permits. Once we understand what supply is expected to come online, and compare it to expected demand, we can assess the gaps in need for affordable and social housing and determine how best to alleviate them.

36 Statistics Canada. November 22, 2019. “Waitlist status including length of time, by tenure including social and affordable housing.” Accessed at <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=4610004201&pickMembers%5B0%5D=1.6&pickMembers%5B1%5D=2.1>

Without implementing “demand-side” interventions, Canada will not have the full range of effective policies to make housing more affordable for all.

RECOMMENDATION 5

Establish and invest in an arrears relief program to prevent a post-pandemic spike in homelessness and housing insecurity

Without a well devised and funded relief program to address accumulated rent arrears over the pandemic, the number of households facing housing insecurity and homelessness will rise as lockdowns and eviction moratoriums are lifted.

Households that have been most adversely affected by the pandemic are more likely to rent. They tend to spend a larger share of their income in rent, lack savings, and experience overall greater financial vulnerability. Provincial and territorial moratoriums on rent evictions and income supports provided by the federal government have helped to limit an immediate surge in evictions. But some experts have argued that the post-pandemic period will witness a crisis of mass evictions in Canada with these measures disappearing as the pandemic nears an end.³⁷

While the federal government has provided rent subsidies to businesses amounting to a total of \$6 billion in addition to various other grants and loans to support revenue generation, no such measure has been offered to tenants experiencing financial insecurity (especially since the Canada Emergency Response Benefit or CERB was unavailable to all who needed it).³⁸ The federal government has been reluctant to enter into discussions about rent arrears with different orders of government to help ensure that tenants do not fall into greater housing and income insecurity. A federal government residential tenant support benefit in accordance with the NHSA, and specific investments into municipal rent banks, could help

37 Ricardo Tranjan. March 30, 2021. “With more than 250,000 households in arrears, it’s time for rent forgiveness.” *Policy Options*. Accessed at <https://policyoptions.irpp.org/magazines/march-2021/with-more-than-250000-households-in-arrears-its-time-for-rent-forgiveness/>

38 Ibid.

alleviate these pressures.³⁹ A rent arrears relief program would also help to stabilize landlords with small holdings and avoid the future costs of homelessness and destabilization. It could be a one-time commitment and would allow the federal government to stay the course on realization of housing as a human right, as recognized in the NHSA.

According to an expert analysis of recently released CMHC data, 6 per cent of rental units or 131,439 households in Canada accumulated rent arrears in 2020 (source 1). However, a number of census metropolitan areas (CMAs), such as Windsor (22 per cent), Toronto (11 per cent), and Calgary and Winnipeg (both 7.8 per cent), are above the national average. This data excludes rental units outside purpose-built structures with three or more units, which constitute fewer than half of all rental units in the market. If the national average rate of rental units with arrears is extended to the remaining rental market, a total of 273,000 households would have accumulated rent arrears. The CMHC data also suggests that the rent owed to landlords is approximately \$350 million, which is a relatively small sum given the federal government's spending of \$343 billion on pandemic related measures (source 2).

(Source 1: Ricardo Tranjan. 2021. "With more than 250,000 households in arrears, it's time for rent forgiveness." *Policy Options*.)

(Source 2: CMHC. May 10, 2021. Rental Market Data.)

RECOMMENDATION 6

Enhance and deepen the Canada Housing Benefit to assist those experiencing housing insecurity

To offset the slow growth in the supply of affordable housing in Canada, the federal government should consider complementary demand-side strategies to improve access to housing for all.

Ontario's example is a case in point. According to the Office of Financial Accountability in Ontario, more than 185,000 households were on the social

39 Centre for Equality Rights and National Housing Rights Network. February 18, 2021. *A rights-based proposal to address the arrears and evictions crisis in Canada*. Accessed at https://www.equalityrights.org/reports/rights-based-proposal-to-address-arrears-and-evictions-crisis?utm_source=social&utm_medium=facebook&utm_campaign=federal-tenant-support-benefit&utm_content=submission

housing wait-list in 2018. This was an increase of 27 per cent since 2011.⁴⁰ As of December 31, 2020 the Government of Canada had committed to building and maintaining a total of 92,600 affordable housing units in Ontario, representing a total investment of \$6.94 billion (promised spending in Budget 2021 is yet to be allocated).⁴¹ But this federal investment in Ontario will be unable to meet the demand for social housing. In Toronto alone, the total number of households in the active waiting list as of end of first quarter of 2021 were 79,332.⁴² This is before taking into account the effects of the pandemic. Failure to find a viable solution to the problem of accumulated rent arrears, discussed earlier, might also increase the demand for social and affordable housing among many.

Across Canada, income supports provided to people living in deep poverty (or their “welfare incomes”⁴³) are extremely low and have not kept up with increasing rents. According to the 2021 Rent Market Report published by CMHC, the average monthly market rent for a one-bedroom unit in Toronto, Winnipeg, and Halifax are \$1,417, \$991, and \$1016, respectively. However, the maximum monthly welfare income a single individual is eligible for in Ontario, Manitoba, and Nova Scotia are \$814, \$804, and \$620, respectively. In other words, a single person receiving the maximum amount of welfare income in Toronto will not have adequate income to afford an average market rent, let alone money for other basic necessities, such as food or clothing. This pattern holds irrespective of the size of the household or benefit unit size (see Table 1).⁴⁴

A couple with two children may be eligible for maximum welfare income of \$ 2,549 in Winnipeg, while average monthly market rent for a two- or three-

40 Garima Talwar Kapoor. April 3, 2021. “Successive budgets show affordable housing is clearly not a priority for Ontario.” *Toronto Star*. Accessed at <https://www.thestar.com/opinion/contributors/2021/04/03/successive-budgets-show-affordable-housing-is-clearly-not-a-priority-for-ontario.html>

41 Government of Canada. December, 2020. *Progress on the National Housing Strategy*. Accessed at <https://www.placetocallhome.ca/progress-on-the-national-housing-strategy>

42 City of Toronto. 2021. Social Housing Wait List Reports. Accessed at <https://www.toronto.ca/city-government/data-research-maps/research-reports/housing-and-homelessness-research-and-reports/social-housing-waiting-list-reports/>

43 Welfare incomes constitute a household’s total income from all government transfers, including social assistance payments and income-tested tax credits and benefits.

44 Average or median market rent may not be the best indicator of rent paid by households in different income brackets. But in the absence of available data on rent by household income, average or median rent in different urban centres presents an opportunity for some comparison against maximum possible welfare incomes available in different provinces. It is worth noting, however, that 40% of all renters in Canada pay more than they can afford. Additionally, in 2019 only 3 per cent of Canadian neighbourhoods were affordable to minimum wage earners (see David Macdonald. June 18, 2019. “Unaccommodating: Rental Housing Wage in Canada.” *Canadian Centre for Policy Alternatives*. Accessed at <https://www.policyalternatives.ca/unaccommodating>).

bedroom unit would be approximately 49 or 62 per cent of their income, respectively. Similarly, for a single parent with one child living in Halifax, the average monthly rent for a one- or two-bedroom unit will be approximately 66 or 82 per cent of their income, respectively.

Thus welfare incomes (which include not only social assistance benefits, but other income-tested tax credits and benefits as well) fall critically short of meeting basic needs due to high unaffordability of housing across the country. While people with very low-incomes are likely to rent in below-market rent units, it is important to note that many welfare recipients live in private rental and are vulnerable to rent increases beyond benefit levels. For example, in Ontario a majority of Ontario Works recipients live in private market rental housing.⁴⁵

45 Garima Talwar Kapoor. January, 2020. *System Transformation in Ontario Works*. Accessed at <https://maytree.com/wp-content/uploads/System-Transformation-in-Ontario-Works.pdf>

Table 1: Comparison of monthly welfare incomes and average market rent in select Canadian Provinces⁴⁶

Ontario	Maximum monthly welfare income *	Average Monthly Market Rent in a major city** (Toronto)
Single person considered employable	\$814	\$1417 (1 bedroom)
Single person with a disability	\$1,260	
Single parent, one child	\$1,816	\$1622 (2 bedrooms)
Couple, two children	\$2,624	\$1837 (3 bedrooms)
Manitoba	Maximum monthly welfare income *	Average Monthly Market Rent in a major city** (Winnipeg)
Single person considered employable	\$803	\$991 (1 bedroom)
Single person with a disability	\$1,054	
Single parent, one child	\$1,862	\$1262 (2 bedrooms)
Couple, two children	\$2,549	\$1577 (3 bedrooms)
Nova Scotia	Maximum monthly welfare income*	Average Monthly Market Rent in a major city** (Halifax)
Single person considered employable	\$620	\$1016 (1 bedroom)
Single person with a disability	\$856	
Single parent, one child	\$1,531	\$1255 (2 bedrooms)
Couple, two children	\$2,331	\$1455 (3 bedrooms)
<p>* Maximum welfare incomes include incomes from social assistance, additional SA benefits (if applicable), federal child benefits (if applicable), GST/HST credit, and provincial tax credits and benefits. The incomes account for maximum available to an individual or family.</p> <p>**Average market rents pertain to key urban centres in each of the provinces, in this case Toronto, Winnipeg, and Halifax (Source: CMHC Rental Market Report January, 2021).</p>		

46 Jennefer Laidley and Hannah Aldridge. November 2020. *Welfare in Canada, 2019*. Accessed at https://maytree.com/wp-content/uploads/Welfare_in_Canada_2019.pdf

Conclusion

While investments were made in Budget 2021 for the Canada Housing Benefit (CHB), further enhancements are required to support low-income renters facing deep housing affordability challenges. **Enhancing the CHB will help people and families better afford the cost of their rent, and would help further the NHS core objectives of improving affordable housing and reducing homelessness.** Specifically, it can help prevent people from falling into growing housing insecurity and from being on the social and affordable housing wait lists while the federal government tackles the issue of lack of housing stock.

The federal government should also work to ensure that the CHB is used to “stack” on top of existing provincial, territorial, or municipal housing programs. Federal dollars must not offset provincial, territorial, or municipal dollars, rather boost the funds available through existing programs. For example, the Government of Saskatchewan suspended intake of new applications for the Rental Housing Supplement (RHS) in 2018.⁴⁷ The CHB was thus used to replace the existing RHS, rather than as a means of offering additional support to improve affordability.

Furthermore, to ensure the effectiveness of demand-side supports, we need an enabling regulatory environment to protect against rapidly increasing rents. Otherwise, as incomes stagnate and rents rise, the responsibility of addressing the rising unaffordability of rent among CHB recipients will fall on governments. As such, provincial and territorial governments should be encouraged to establish rent control and vacancy control policies.

Housing is a fundamental human right and everyone in Canada has the right to safe, secure, adequate, and affordable housing. When people cannot access housing that meets their needs, the impacts have ripple effects throughout their lives, the broader society, and the economy. The pandemic has especially demonstrated these effects in Canada. This is why the recognition of the right to adequate housing in the NHTA by the Government of Canada provides hope. But for the NHTA to have substantive impact, all housing policy decisions must be rooted in a human rights-based approach. Budget 2021 has partially put Canada on the right path toward addressing the housing and homelessness crisis in the country. But a lot more remains to be accomplished.

This submission has highlighted a number of issues for the federal government to consider including the rapidly evolving and emergent housing policy landscape

47 Government of Saskatchewan. July 1, 2018. *Saskatchewan Rental Housing Supplement*. Accessed at <https://www.saskatchewan.ca/residents/family-and-social-support/people-with-disabilities/rental-support-for-families-and-people-with-disabilities>

combined with the economic shadow of COVID-19. Our recommendations include both the supply-side and demand-side strategies to tackle Canada's ongoing and worsening affordable housing crisis.

On the supply side, the federal government should consider a range of complementary policy options to improve the availability of affordable and deeply affordable housing options. These include:

- Creating a non-market community-based acquisitions strategy to protect the existing affordable housing stock and create a foundation to grow additional stock;
- Regulating financial entities to prevent financialization of rental housing, and dispossession and displacement of individuals and communities;
- Establishing distinct and well-resourced housing strategies for Indigenous and Northern Communities, and persons with disability already identified as priority action areas in NHS; and
- Developing a cutting-edge strategy to estimate future housing demand and supply needs.

Demand-side interventions are also necessary to support those in most need to afford housing expenses while the housing supply challenge is being mitigated. This can be achieved through the following strategies:

- Creating and investing in a one-time arrears relief program to prevent a post-pandemic increase in homelessness and housing insecurity created as provinces lifted eviction moratoriums; and
- Enhancing and deepening the Canada Housing Benefit to assist those experiencing housing insecurity in face of the growing affordability crisis and further the NHS's goal of improving affordability and reducing homelessness.

Since the human right to housing is the cornerstone of housing policy in Canada, the federal government should ensure that all aspects of its housing policy enable the progressive realization of this right. We encourage the Government of Canada to consider the full picture, and how its programs, policies, and investments further the right to adequate housing that the federal government has committed to in the NHSA.

Proposed federal spending on housing and homelessness in Budget 2021

NHS Programs	Description	Proposed investment	Time period	Likely impact on housing stock	Additional notes
New Funding (Housing Programs)					
Rapid Housing Initiative (RHI)	Address urgent housing needs of vulnerable Canadians by providing them with affordable housing in short order; 25% of this funding is allocated to women-focused housing projects, and units would be constructed within 12 months of when funding is provided to program applicants	\$1.5 billion	2021-22	A minimum of 4,500 new units.	Addition on top of \$1 billion invested in the 2020 Fall Economic Statement (expected to build 4,700 units)
Affordable Housing Innovation Fund (AHIF)	Encourage new funding models and innovative building techniques in the affordable housing sector	\$600 million or approx. \$85 million per year	Over seven years starting in 2021-22	Up to 12,700 units	Addition to existing funding allocated to build over 17,600 units, including more than 16,300 affordable units
Canada Housing Benefit (CHB)	Increase direct financial assistance for low-income women and children fleeing violence to help with rent payments	\$315.4 million or approx. \$45 million per year	Over seven years starting in 2021-22	-	-

NHS Programs	Description	Proposed investment	Time period	Likely impact on housing stock	Additional notes
Federal Community Housing Initiative (FCHI)	Support community housing providers that deliver long-term housing to most vulnerable	\$118.2 million or approx. \$16 million per year	Over seven years starting in 2021-22	-	-
Government of Northwest Territories	Support creation of new housing through development, redevelopment or refurbishment	\$25 million	2021-22	30 new public housing units	-
Government of Nunavut	Support short-term housing and infrastructure needs including priority redevelopment and refurbishment projects	\$25 million	2021-22	100 new housing units	-
Reallocation of previous funding					
National Housing Co-investment Fund (NHCF)	Provide funds for deep retrofit loans for homeowners, non-profits and housing cooperatives	\$750 million	During 2021-22 and 2022-23	Accelerate the creation of 3,400 units and repair of 13,700 units	-
	Support construction, repair, and operating costs of transitional housing and shelter spaces, especially for women and children fleeing violence	\$250 million	During 2021-22 and 2022-23	560 units of transitional housing and shelter spaces	-

NHS Programs	Description	Proposed investment	Time period	Likely impact on housing stock	Additional notes
Rental Construction Financing Initiative (RCFI)	Support the conversion of vacant and/or excess commercial property into housing	\$300 million	During 2021-22 and 2022-23	800 units of market-based rental housing	-
New Funding (Homelessness Programs)					
Reaching Home	Provide funds to Employment and Social Development Canada (ESDC) to support Canada's Homelessness Strategy	\$567 million	Over 2022-23 and 2023-24	-	This funding maintains a commitment at the 2021-22 level made in the 2020 Fall Economic Statement and claims "the government is now focused on entirely eliminating chronic homelessness in Canada"

Source: Department of Finance, Government of Canada. April 19, 2021. *A Recovery Plan for Jobs, Growth and Resilience*. Pgs.191-197. Accessed at <https://www.budget.gc.ca/2021/home-accueil-en.html>



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