



Foundations for a National Housing Strategy

Submission to the *Let's Talk Housing* consultation

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Introduction

Where we live is essential to our lives and well-being. Our needs differ, but we all deserve a home that meets those needs, that is secure, and that is affordable. Yet today, this kind of housing is out of reach for about one in seven Canadian households. As a result, individuals and families across the country are facing homelessness, living in housing that is inadequate, and burdened by costs that leave them with too little left over each month to pay for other necessities.

It shouldn't be this way. It doesn't need to be to be this way. As a vision for the National Housing Strategy, the Government of Canada has stated that "all Canadians deserve access to housing that meets their needs and that they can afford." We agree. We believe the starting point for this vision should be a recognition that everyone in Canada has a right to **quality** housing that is **affordable** and **secure**. This is both a moral obligation and a practical imperative as housing is foundational to reducing poverty and building strong, inclusive economic growth.

The National Housing Strategy is an opportunity to make this vision a reality, with leadership from the federal government and meaningful partnerships that include provincial, territorial, municipal and First Nations governments working with the private and non-profit sector. It will no doubt take time – the escalating crisis that we face today is the product of at least 25 years of market forces and policy choices by governments at all levels in Canada. It is essential that we begin this work today. If we do not, we risk undermining our shared goals of a fair society and a growing economy that works for everyone. In this submission, we outline the principles that must be at the core of Canada's new National Housing Strategy to set ourselves on the right track for the future.

About Maytree

Maytree has been committed to supporting systemic solutions to poverty since 1982. We take a human rights approach to our work and partner with communities, engage with governments, and collaborate with civil society organizations, policy makers and institutions to create change.

We see safeguarding the right to housing as central to achieving an inclusive and prosperous Canada. For this reason, we have made housing a priority in our work to identify policy solutions that reduce poverty and promote equity and opportunity. We believe that protecting this right means ensuring that everyone in Canada has quality housing that is affordable and secure.

In addition to this submission, we supported two other initiatives engaged in the National Housing Strategy consultations:

National Housing Collaborative (nhc-cpl.ca): A partnership among national organizations seeking to advance a range of housing solutions by developing a set of innovative, durable and potentially transformational policy proposals. This collaborative effort has identified policy proposals for the National Housing Strategy in four main areas:

- Homelessness
- Housing affordability
- Housing supply
- Social housing

The National Housing Collaborative has prepared a separate submission and commissioned research on policy options in each of these areas.

Community Conversations: An initiative to support local community conversations that engage people with lived experience who might face barriers to participating in the *Let's Talk Housing* online consultation process. A separate submission explores the main themes raised by people who participated in these conversations:

- Ongoing engagement
- Dignity and respect
- Accessibility for persons with physical disabilities
- Choice
- Affordability
- Accountability and enforcement
- Supports for success

Given that the *Let's Talk Housing* process will bring in considerable knowledge and experience from a wide range of housing experts and other stakeholders, in this submission we focus our input on how to deliver on a strategy in a way that is consistent with broader goals of poverty reduction and inclusive growth.

Why now?

Healthy, prosperous and inclusive communities require a range of housing options that meet people's needs for affordability, quality and security.

While the majority of people in Canada are well housed, approximately 1.5 million households find themselves in core housing need, and that number will grow if we do not make policy choices that change our course.

Having a range of housing options that meets people's needs is essential to having well-functioning cities and a dynamic economy. When people can't access housing that meets their needs, the impacts ripple throughout their lives, the economy and our communities. When household budgets are eaten up by housing costs, people might not be able to afford nutritious food, meet their health-care needs, or manage the cost of activities to participate in their communities. Poor quality and insecure housing can mean that children are not able to learn to the best of their abilities in school. Being priced out of a community can mean fewer employment opportunities or long commutes that lower productivity and leave people with less time to spend with their families.

These factors underscore the importance of affordable housing policy at any time, but particular conditions make *now* an essential moment for the federal government to take a leadership role with the National Housing Strategy to help set us on the right course for the long term:

- **Eroding affordability** - In many communities across Canada, escalating housing costs are outpacing incomes, especially for lower-income households. If nothing changes, we will see a growing gap between the affordability of our housing options and the needs of local communities.
- **Turning point for social housing** - A significant portion of the operating agreements governing our existing social housing stock will expire over the next decade. Many of these housing developments are in need of both physical renewal and ongoing financial support if they are to continue to offer affordable rents and remain financially viable. Federal, provincial and local governments need to establish a new set of arrangements with providers to ensure the renewal and long-term security of the social housing stock.

- **Poverty reduction** - The federal government has committed to a national poverty reduction strategy. While many people in Canada experience housing need, this pressure disproportionately affects those with the lowest incomes, particularly newcomers, lone parent families, people with disabilities, Indigenous Canadians, racialized communities and those with less education. Housing conditions are a critical determinant of health, safety, education and labour market outcomes. A national poverty reduction strategy cannot succeed unless everyone can access housing that meets their needs.
- **Aging apartment stock** - A significant share of our existing affordable housing is found in post-war apartment towers. These towers are aging and require rehabilitation to be maintained. The federal government should intervene to prevent further deterioration of this housing stock and increases in rent that would put these homes out of reach for many people. Retrofitting these towers also represents an opportunity to improve tenant health and comfort and to advance federal goals of reducing greenhouse gas emissions.
- **Renewing intergovernmental partnerships** - The federal government has been largely silent on housing over the last 20 years, despite holding important policy tools to influence housing conditions. Addressing our housing needs today requires the federal government to renew intergovernmental partnerships. New housing partnerships should take into account the critical role of provinces and territories, and ensure central roles for cities and First Nations.

The National Housing Strategy is an opportunity for the federal government to establish a leadership role in housing – one that aligns the policy tools and investments from across the federal government, and sets a new foundation of partnership with all levels of government, the housing sector and the Canadian public. Through collective efforts, we can make meaningful progress towards fulfilling the right of everyone in Canada to have a home that meets their needs.

Foundations for a national housing strategy

Vision

The federal government has proposed a vision for our National Housing Strategy that all Canadians have access to housing that meets their needs and that they can afford. We propose to go further. The vision should recognize that everyone in Canada has the right to housing that meets their needs and that *we have a responsibility to marshal resources towards fulfilling that right*. That means setting clear, ambitious and achievable targets and ensuring accountability for our progress.

First, we must set a national goal to end homelessness within a clear timeframe. The persistence of homelessness reflects our most significant failure of social protection, not only in housing but also income support, mental health support, social services, child welfare and criminal justice. While the causes of homelessness can reflect complex social challenges, a clear national commitment to end homelessness within a measurable timeframe should be the absolute minimum of our national ambition.

Further, we need to be clear about what we mean by “safeguarding the right to housing” and what delivering on the commitment to ensure everyone has access to a home that meets their needs and that they can afford would actually look like. We propose that, at a minimum, this means that housing choices guarantee affordability, quality and security:

- **Affordability** - Housing is essential to people’s overall well-being. For housing to meet this standard, it must be available at a cost that leaves people with enough money to meet their households’ needs and participate in society. That generally means that people have good options that cost no more than 30 per cent of their gross household income.
- **Quality** - Housing must provide safe and healthy living conditions, in form and function. This goes beyond adequacy, state of good repair and the absence of overcrowding. To meet this standard, we need to ensure suitability and take into account diverse needs for

accessibility and supports, and the ability to access local transportation, employment and community services.

- **Security** - An essential element of housing that meets people's needs is the availability of secure long-term tenure – someplace where people can confidently build a home for the long-term without the risk of eviction. Security includes both legal arrangements and financial predictability.

No single policy or set of policies can guarantee all of these standards. But in each of these areas, the federal government has significant opportunities to show leadership and contribute to solving our country's housing challenges.

Considerations for policy development

AFFORDABILITY

Affordability is the most prominent challenge that people face in accessing housing that meets their needs. The vast majority of people who find themselves in core housing need are there because of the cost of housing. To be effective, the National Housing Strategy needs to include measures that respond to both supply-side and demand-side housing affordability.

Supply

Canada has faced a decades-long shortage of new purpose-built rental housing, which has helped fuel higher housing costs. The small amount of new rental construction has been concentrated at the higher end of the market. Existing interventions do not have the scale to respond to the current need for affordable rental options, much less the 40,000-50,000 new renter households who enter the market each year.

Given the high cost of direct funding for affordable supply, the federal government should look at its full suite of policy tools to promote the creation of new affordable rental housing. These include:

- **Financing instruments** (such as a dedicated housing financing authority) that leverage private capital by de-risking investment in new affordable housing supply and provide access to long-term low-cost financing for new and existing social housing.
- **Investing equity** (through a combination of grants and repayable investments) to increase our supply of affordable rental housing.
- **Using infrastructure investment** to fund new construction and repair of social housing.
- Reviewing **tax policy** (including GST and capital gains tax) to ensure they are consistent with the goals of encouraging housing affordability, quality and security.
- Reviewing the **Canada Mortgage and Housing Corporation's (CMHC) mandate** to ensure it is consistent with National Housing Strategy goals.
- Assessing the inventory of **federal crown land** and the role that surplus lands could play as sites of affordable housing.

Demand

Federal and provincial policies include a number of features that make it easier for people to afford to buy housing – such as tax credits, capital gains exemptions, and the ability to borrow from Registered Retirement Savings Plans tax-free. But comparatively little exists to assist those for whom ownership is not an option.

For many in housing need, the problem is not with their local housing supply (or at least not only with their local housing supply). Quality and secure housing options might exist in their community, but not at a price they can afford. Demand-side assistance in the form of **portable housing benefits or other housing-related income supports** can be part of a more responsive approach that offers greater flexibility and choice for both governments and, most importantly, for individuals and families.

Five provinces now have some form of direct, portable financial assistance to households, though this is still a comparatively small part of our overall housing system. Housing benefits play a much larger role in peer jurisdictions, including in places where social housing supply is also significant.

This type of assistance fits with the central role that the federal government plays in income security. While Old Age Security, the Guaranteed Income Supplement and the Canada Child Benefit are significant contributions to housing costs for seniors and families with children, they are not set up to be responsive to variations in housing costs across the country. These programs do an excellent job of helping to lift some people out of poverty. But for others, the payments are quickly absorbed by housing costs.

The federal government should work towards a broad-based demand-driven program to assist people with affordability challenges. Such a program should be flexible and simple, integrated with the tax system and be delivered directly to households. It would be essential for this program to be designed in partnership with provinces and territories, to consider its integration with other housing supports and other income supports (especially social assistance). A broad-based program could be compatible with more targeted approaches for those in need of deeper levels of support, as well as greater integration with human services.

QUALITY

It is not enough for housing simply to be affordable. The National Housing Strategy should also focus on making sure that housing meets people's needs both now in the long term.

Preserving the public investment in social housing

Over a roughly 30-year span in the last century, the federal government spearheaded the creation of public assets that about 600,000 families and individuals now call home. A core goal of the National Housing Strategy should be to ensure that the quality and affordability of these assets are sustainable for the long-term.

A substantial portion of these homes have not had enough revenue or capital reserves to properly maintain the buildings. This jeopardizes the quality of housing for many people with lower incomes. As federal operating agreements expire, a significant number of these assets will be at risk unless landlords raise rents, which will in turn jeopardize their affordability. It would be unwise and unfair to allow these publicly-funded assets to deteriorate. The National Housing Strategy should include a reinvestment framework that ensures adequate access to capital for our existing social housing stock to maintain good quality homes.

Housing that meets needs in form and function

People have different housing needs and those needs will change over the course of their lives. Investments made through the National Housing Strategy should consider accessibility and capital investment in housing for particular vulnerable populations.

For example, our aging population means that more people will require physically accessible homes. Physical accessibility means more than just a ramp, and we should work towards providing a greater range of housing options that match people's diverse needs. Women and families experiencing gender-based violence have specific safety and security needs. In addition to attending to physical form, housing investments should promote connected communities so that people can live somewhere that allows them to access necessary services and social, employment, and educational opportunities.

An important part of the pathway to housing that meets people's needs is to involve people with lived experience in the process of designing, implementing and evaluating solutions.

Reinvestment in private sector affordable rental stock

As our purpose-built apartment stock ages, it is important that the policy environment encourages reinvestment in this housing in a way that preserves quality and maintains affordability. A large portion of the private rental stock in cities across the country is in high-rise apartment towers. This stock is an important piece of the solution to current supply

challenges. In particular, these towers make up a significant portion of rental options at the lower-cost end of the market, but require significant capital reinvestment.

A financial instrument that combines grants with government-backed revolving loan funds could provide incentives for private sector reinvestment that reaches standards of affordability and improved tenant health, and furthers other policy objectives such as greenhouse gas reduction and urban renewal. CMHC is uniquely positioned to take a leadership role in exploring this type of innovation.

SECURITY

To be effective, the National Housing Strategy needs to include measures that ensure security of tenure – assurance that people consistently have a place to call home, especially for those who can't afford home ownership. Having a stable place to call home impacts individuals' job security, health and sense of belonging. Security of tenure also impacts neighbourhoods, helps to build stable communities and improves social cohesion.

While many of the direct policy levers related to security of housing tenure fall under provincial jurisdiction, the federal government has some important tools available that can help to ensure that all Canadians have access to secure housing options.

Encouraging supply options that offer greater security

For the past 25 years, a great deal of our new rental housing supply has come from condominiums purchased by investors to rent out on the secondary market. In addition to being more expensive for renters than traditional purpose-built rentals (by an average margin of nearly 50 per cent) these homes generally offer less security of tenure. For example, tenants of condominiums and those in secondary suites can be forced to move out if the owner decides they or their family would like to move in.

The federal government has already identified the importance of creating new purpose-built rental options. To encourage greater housing security, the National Housing Strategy should use the federal government's policy tools to incent the construction of housing options that provide greater security, such as purpose-built rental and co-operative housing.

Ensuring the long-term security of Rent-Geared-to-Income subsidized housing

Today, approximately 350,000 households in Canada live in rent-geared-to-income social housing. This form of tenure offers security even if economic circumstances deteriorate. These homes are valuable public assets built with federal investment and leadership. However, as the operating agreements signed decades ago for these projects expire, many will no longer be financially viable. As a result, some of this housing might shut down, be sold, or deteriorate in quality and affordability.

In addition to protecting these public assets, a reinvestment framework for our existing social housing stock could help to ensure that these housing options can continue to provide secure tenure and economic security for the people who live there.

Housing First approaches and additional supports

Governments across Canada have embraced Housing First approaches to respond to homelessness, providing stable housing as a basis for other supports that someone might need. These approaches recognize that secure housing is a right for everyone, not only for people who have overcome certain hurdles. A National Housing Strategy should include a clear goal of ending homelessness and providing secure housing options for the most vulnerable. This includes investment alongside provincial and local governments in the support services (beyond financial support) that people might need in order to successfully have stable tenancies.

How to move forward

The federal government’s renewed engagement in housing comes at a time when advocates from across the housing sector are looking for strong, active leadership. It will take collective effort from all levels of government and the public and private housing sectors to deliver effective solutions.

Canada needs federal leadership on clear targets and measures of accountability to drive change and ensure continued, long-term progress. For instance, ending homelessness by 2026 is a meaningful and achievable target that could marshal energy and resources towards an important goal. These targets need to be supported by a commitment to data and measurement.

The desire for the National Housing Strategy to meet the needs of all people in Canada means that it is essential to engage directly with communities at all stages of the process. That includes people with lived experience of, for example, housing insecurity, homelessness, or gender-based violence. Engaging people with diverse housing needs in the development of the strategy and related policy and investment solutions will strengthen the outcomes.

The federal government’s re-engagement of provinces and territories on the National Housing Strategy and more broadly through the Federal-Provincial-Territorial table is timely and will be essential to take action on the current housing crisis. Our current housing challenges require responsibility and action from all levels of government, bringing to bear the collective set of policy and financial tools at our disposal. This will require a new set of arrangements between federal, provincial, territorial, municipal and First Nations governments.

Building these partnerships and solutions will be complex – but not nearly as complex and costly as the challenges we will face if we fail to respond to Canada’s housing needs. A new National Housing Strategy built on a foundation of affordability, quality, and security is essential for supporting the well-being of everyone in Canada, building inclusive and vibrant communities and ensuring a strong national economy.

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