

## BCMC principles for a National Housing Strategy

### **Principle #1: Secure the future of affordable housing through a dedicated funding carve-out within the federal Social Infrastructure Program in Budget 2017.**

Meaningful progress on housing affordability will require substantial new federal investment. Furthermore, the timeline for investment is urgent.

Canada now has a moral imperative to protect our existing stock of 600,000 social housing units. These homes are a lifeline for people with disabilities, newcomers, low-income seniors and many of Canada's most vulnerable. As federal operating agreements for these homes expire each year, tens of thousands face uncertainty and even the prospect of being thrown to the streets.

These homes need to be kept safe, affordable and available to those in need. The federal government should also work with cities to ensure plans to protect social housing make sense on the ground. Local governments play a central role in social housing, often as the sole shareholder of a housing provider.

*To address this imminent threat, Budget 2017 should commit to setting aside \$12.6 billion of the Social Infrastructure Fund for housing in Phase 2. This will address the immediate decline in federal funding due to expiring social housing operating agreements. This will also form the core of the investment required to enact the remaining principles outlined in this document.*

Canadians have given your government a strong mandate to invest in social infrastructure. This is a historic opportunity to dedicate funding on the scale that is needed to tackle the housing crisis.

### **Principle #2: Increase construction and support operation of new social and affordable housing.**

With the quality and affordability of existing social housing secured, long-term and significant capital funding for the construction and operation of new social and affordable housing should be created. This recognizes that a portion of the population cannot afford housing in the private market.

Many past social housing programs required all units to be deeply subsidized, resulting in a scenario where housing providers will always be financially dependent on government money. Learning from past experience, new programs should be designed differently.

There should be more flexibility to suit local realities and harness local solutions. Efforts should be made to leverage the expertise of existing social and affordable housing providers, or groups of providers. Federal surplus lands should be used, where possible, to reduce costs and deepen affordability. To link investment to need, local governments should be included in project selection for new social housing.

The federal government should also provide distinct support for Indigenous social housing providers, recognizing the specific needs of the populations they serve and existing limitations resulting from earlier program designs.

**Principle #3: End homelessness.**

While we have made progress in preventing and reducing homelessness, much more now needs to be done. As of 2014, the average occupancy rate at Canada's emergency shelters had risen to over 90 percent—an increase of almost 10 percentage points since 2005.

The Homelessness Partnering Strategy (HPS) is an example of federal investment effectively enabling local innovation to address a multi-faceted and complex issue. Eighty percent of HPS funding is directed at Canada's biggest cities, reflecting where the needs are greatest.

For the first time since its inception, HPS received a boost in Budget 2016, for two years. Given significant needs in specific cities, Canada's mayors are calling for a doubling of overall HPS investment through to 2025—to \$350 million annually—directed at cities where homelessness is most acute.

The overall structure of HPS should be retained, but with more local flexibility around funding decisions. Local communities should be able to decide whether they wish to fund programs that use a Housing First approach. Overly restricting the types of programs that local communities can fund with HPS dollars constrains the innovation that Canada needs to promote.

**Principle #4: Spark construction and growth in the rental sector.**

For growing numbers of Canadians, the cost of buying a home has become prohibitive. All orders of government must work with the housing sector to foster a balanced mix of housing options that meet the financial realities of a changing population.

Those who need quality, lower-cost rental housing include young people struggling with student debt and a mobile labour market, new immigrants who are needed to fill labour gaps, and a growing cohort of seniors expected to downsize in retirement. This need for affordable rentals is outpacing construction, fueling anemic vacancy rates in cities like Vancouver (0.8%) and Toronto (1.6%).

A National Housing Strategy should include incentives to preserve and expand rental housing for moderate-income earners. An example is tax credits for selling relatively affordable assets to eligible non-profit providers and those who agree to hold rents at average market prices for a set period. The Affordable Rental Housing Financing Initiative, established in Budget 2016, should be extended to support not just new construction but rental repairs as well. A portable housing allowance program should be established to further enhance housing affordability, based on local needs.

Incentives and other measures to spur new market rental are also critical. We have recommended removing the GST from costs of developing new rental housing. Energy retrofit programs can lower utility costs for low and moderate-income earners while increasing the asset for the landlord and creating environmental benefits. Connecting the Budget 2016 commitment to utilize federal surplus land for affordable housing to rental incentive initiatives would also allow for considerable affordability to be achieved.

**Principle #5: Innovate for sustainable solutions.**

Your government values innovation, and there are ways to do better. This starts with building on funding committed in Budget 2016 for an Affordable Rental Housing Innovation Fund. Investment should be targeted to cities with the greatest housing challenges, as evidenced by households in core housing need and rates of homelessness, so they can support local innovations to test out new housing solutions based on local needs and priorities.

These innovative solutions—complementing the broader investment in new affordable and social housing—could include shared equity approaches, secondary/garden suite incentives, co-housing and land trusts, with their proven record of meeting housing needs.

In the past, the capacity and creativity of social housing providers has been constrained by onerous operating agreement terms and conditions. Funding agreements must be flexible enough to suit local realities and harness local solutions that work.

**Principle #6: Launch Indigenous and Northern housing funds.**

Canadians and new immigrants will continue to gravitate to urban centres. By 2050, 90 percent of Canadians will live in urban areas, and this trend will extend to Canada's Indigenous community. A recent study on emergency housing shelter use found that Indigenous people were 10 times more likely to use a shelter than non-Indigenous Canadians.

The federal government should distinctly and robustly fund the housing needs of Indigenous people living on and off reserve, though these principles only reflect off-reserve needs, which overlap with municipal jurisdiction. A separate Indigenous Housing Fund can be funded from many of our earlier recommendations, but delivered distinctly and in ways that enable decision-making by the Indigenous housing sector. In Toronto alone, there are some 1,000 Indigenous families, couples and individuals waiting for Indigenous affordable housing.

At the same time, while not a big city issue, Canada's big city mayors recognize the significant and specific needs of housing in the North. We equally support a distinct fund for Northern housing.

**Principle #7: Review the mandate of the Canada Mortgage and Housing Corporation.**

The National Housing Strategy should include an examination of CMHC's mandate regarding housing policy within the federal system and the role of other federal departments in delivering on the objectives of the strategy. This review should determine how the federal government can be positioned to lead and implement the National Housing Strategy to ensure it delivers on one of the most ambitious projects in its history. A specific timeline should be set for this review.