The Hill Times Policy Briefing | January 31, 2024

AFFORDABLE HOUSING

Featuring...

NDP MP Lori Idlout

CSG Senator
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Canadian Rental Housing Providers
for Affordable Housing

Housing crisis requires innovation policy supports to boost construction potential, says housing expert

Canada will need about 3.5 million new housing units by 2030 to help achieve housing affordability for everyone living in Canada, according to the Canada Mortgage and Housing Corporation.

On Jan. 29, Housing Minister Sean Fraser announced that the Liberal government would offer low-interest loans in order to build more student housing both on and off campus this fall. *The Hill Times photograph by Andrew Meade*

BY JESSE CNOCKAERT

Liberal actions intended to address the critical shortage of homes across Canada have been "far more aggressive" in recent months, and the upcoming federal budget could be an opportunity to follow up with much-needed supports related to housing manufacturing, according to a housing expert who has the Liberal government's ear.

"It seems like every week there's a new press conference, a new [press] release, a new initiative by the housing minister. It's been fantastic to see," said Mike Moffatt, founding director of the Place Centre at the Smart Prosperity Institute. "I certainly think there's still more to do. I'm hopeful that we see more in the upcoming budget."

Canada's population is growing "far faster than our housing stock," which has resulted in a crisis-level lack of housing and unaffordable rent in large parts of the country, according to Moffatt, who is also an associate professor in business, economics, and public policy at Ivey Business School at Western University in London, Ont. Moffatt told *The Hill Times* the Liberal government and Housing Minister Sean Fraser (Central Nova, N.S.) have responded "very well" to the situation, adding that he's seen a real change in the speed of announcements from the federal government related to housing, although there's still a long way to go.

"There had been housing policies released before Fraser took that role [in July 2023], but the announcements weren't nearly as frequent. There weren't as many new initiatives, and there didn't seem to be that sense of urgency," he said. "The announcements that we've had, whether they be in the housing accelerator, the removal of the HST on purpose-built rentals … [are] all good things, [and] all move in the right direction."

The Canada Mortgage and Housing Corporation (CMHC) estimated in June 2022 that about 3.5 million new housing units will be needed by 2030 to help achieve housing affordability for everyone living in Canada, in addition to the 2.3 million units already projected based on current rates of construction. This projection was maintained by the CMHC in an updated report released on Sept. 13, 2023.

Recent government actions intended to tackle the housing crisis include an announcement on Jan. 29 of an offer of low-interest loans to post-secondary institutions in order to build more student housing both on and off campus this fall.

"By allowing post-secondary institutions to access low-cost loans in order to build more student housing, we will help more students find affordable places to live close to where they study, and help ensure there are more homes available for families and folks who live in the community nearby," said Fraser in a press release from Finance Canada.

The announcement fulfills a commitment in last November's fall economic statement, topping up the Apartment Construction Loan Program with an additional $15-billion and bringing the total available funding to $40-billion.

Western University professor Mike Moffatt says prior to the appointment of Housing Minister Sean Fraser, announcements related to housing were not as frequent, but things since are 'all moving in the right direction.' *Photograph courtesy of Mike Moffatt*

Tim Richter, president and CEO of Canadian Alliance to End Homelessness, says 'you can sort of see that the federal government's been out of housing for a long time,' because it's been a struggle for them to 'find their feet.' *Photograph courtesy of Tim Richter*

Ray Sullivan, executive director of the Canadian Housing and Renewal Association, says there is no solution to the housing crisis without creating non-market community housing. *Photograph courtesy of the CHRA*

Christina Santini, director of national affairs for the Canadian Federation of Independent Business, says 'we could actually try to see if we can maximize the utility of current housing stock by empowering individuals to maybe become landlords.' *Photograph courtesy of the CFIB*

Looking ahead to the federal budget expected to be released in the coming months, Moffatt argued there is a need for innovation policies to be rolled out. He said the work force related to housing is getting older and retiring, and more automation in the construction industry could be a way to pick up the slack.

"We're having trouble just keeping up with the wave of retirements, but we need to double or triple homebuilding. Unless we find ways to be more innovative and productive in doing so, we're just not going to have the skilled labour we need to do that," he said. "Instead of building roofing trusses on site by hand, have them built in a factory by robots that can work 24 hours a day, seven days a week, and then truck them on site. These things already happen. That's not a novel thing. We just need to get those to reach scale."

Moffatt argued the housing situation could be addressed through the introduction of tax incentives.

"We have a variety of incentives for everything from [electric vehicle] battery manufacturing to clean energy, but we don't have much in the way of innovation policies for factory-built homes or innovative housing technology," he said. "There's a number of policy initiatives to not only subsidize electric vehicle battery manufacturing, but also increase the uptake of clean technologies; things like accelerated capital cost allowance provisions. We can see those for housing manufacturing, whether it be panelization, entire factory-built homes, 3D printing, or so on. We have all of the technologies that we need to help reach scale. We do so in other manufacturing industries, so we could do so in housing manufacturing."

Moffatt was among the experts offering advice to Prime Minister Justin Trudeau (Papineau, Que.) and his cabinet at a Jan. 21-23 retreat, during which topics discussed included housing, the middle class, and Canada-United States relations, as previously reported in *The Hill Times*. Moffatt was also among those who spoke to cabinet ministers at their August 2023 retreat in Charlottetown, P.E.I.

Tim Richter, president and CEO of the Canadian Alliance to End Homelessness, also offered expert advice about housing during the both retreats. Richter told *The Hill Times* that the housing crisis in Canada has been on "a slow boil for 40 years," and the introduction of the National Housing Strategy in 2017 represented the federal government's first foray back into addressing housing in almost four decades.

"We should have seen, perhaps, some early indications of challenges starting in the '80's when the federal government really stopped incentivizing rental housing construction, and construction really, effectively, slowed almost as soon as that intervention stopped," he said. "You can sort of see that the federal government's been out of housing

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Affordable Housing Policy Briefing

Housing crisis requires innovation policy supports to boost construction potential, says housing expert

Housing, Infrastructure, and Communities Minister Sean Fraser, pictured left with Finance Minister Chrystia Freeland, holds up a post-war catalogue of small house designs at a Dec. 12, 2023, press conference announcing the government's plan to introduce a catalogue of home designs to help increase efficiency in home building. *The Hill Times photograph by Andrew Meade*

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for a long time, because … it's been kind of a struggle to, I think, find their feet and really figure out how best to tackle what is now a rapidly evolving challenge."

The National Housing Strategy is a 10-year plan supported by more than $82-billion intended to address housing needs in Canada.

Richter argued that the existing housing strategy "isn't scaled to the size of the problem," because the strategy's goal of building 160,000 new housing units by 2027-28 falls short of the housing units Canada has lost in recent years. Approximately 560,000 affordable housing units, or housing that costs less than $750 each month, were lost between 2011 and 2021, he said.

"There's a gap between what's defined as 'affordable' in federal programs and what's realistically affordable to those that need it. And as a result, a lot of what was funded through the national housing strategy wasn't affordable," said Richter. "The definition the CMHC would use for what's affordable is like 20 per cent of the market price. What we argued in our paper on improving national housing strategies is that affordability should be measured relative to income, versus relative to market."

Ray Sullivan, executive director of the Canadian Housing and Renewal Association, told *The Hill Times* that the federal government "missed a beat" over the last year when it comes to the housing crisis, and are now playing catch up.

"There's a high level of engagement, and they're taking it quite seriously. There were warning signs six months ago, [but] I don't think the signals were getting through," said Sullivan. "[Fraser's] level of engagement and focus on this is a big change over the past several months."

Sullivan said there is no solution to the housing crisis without creating non-market community housing, or public housing operated by a co-op or non-profit. Canada has one of the lowest percentages of community housing among the 38 member countries of the Organisation for Economic Co-operation and Development, according to Sullivan.

"There's a significant proportion of households in this country that are never going to be able to afford current market rents and market prices for new development, and there's no solution unless we have a solution for those families," he said. "We need to keep building the supply of community housing."

Sullivan said what he'd like to see from the federal government is a strategy to help non-profits buy existing market rental housing.

"We know what would happen if it went through a private market sale. There would be pressure, there'd be rent evictions, there'd be people who lose their homes, and those rents would start to double as soon as those units turn over," he said. "That's the loss of affordable housing we're seeing in the private market. So how do we stabilize those rents and protect those tenancies? We support non-profits and co-ops to take ownership and operation of those buildings and operate them as community housing instead."

Canada could also take action in the short term through measures to preserve the existing supply of affordable rental housing, according to Sullivan.

Christina Santini, director of national affairs for the Canadian Federation of Independent Business (CFIB), told *The Hill Times* that a possible way the federal government can help address the shortage of housing is by simplifying the permitting processes and reducing the red tape associated with home renovations, allowing homeowners to more easily rent their space.

"We could actually try to see if we can maximize the utility of current housing stock by empowering individuals to maybe become landlords or to create multiple units within their existing units," said Santini. "We know many municipalities are going towards revisiting zoning laws that are going to enable this further, but there's other barriers to address. It's not just about zoning. It's about the whole permitting process and the permitting costs, as well as many other requirements."

The CFIB noted in a Jan. 29 report that home renovation projects involve a permitting process that can add delays ranging from 24 hours to four months, as well as thousands of dollars added to overall project costs. For the report, the CFIB reviewed 12 municipalities and found that it would cost an average of $506.25 to go through the permitting process required to convert a powder room into a full bathroom.

"This year, we're throwing a challenge to all levels of government … to try to reduce that paper burden when individuals want to renovate or build an add-on that would contribute to Canada's housing stock," said Santini. "You don't have to only rely on large firms or developers to potentially be part of the solution."

Aled ab Iorwerth, deputy chief economist with CMHC, told *The Hill Times* that actions by the federal government in the last year intended to address housing have moved in the right direction.

"We've been advocating for a while that there needs to be more housing supply, and I think the federal government is now really focused on that," said ab Iorwerth. "This is the right approach, but it will take time to address affordability challenges."

According to ab Iorwerth, a factor in addressing housing is the need for faster approval and less burden on new construction at the local level.

"We need co-operation and collaboration across all orders of government. We need to work with the private sector. The feds can't do this alone," he said. "As an example, a lot of the federal programs are concentrating on financing [and] helping in that regard. But we also need to have regulatory reform, faster approval or more efficient approval at the municipal level. The federal programs will generally kick in after approval has been obtained for a structure."

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The Hill Times

Canada housing statistics

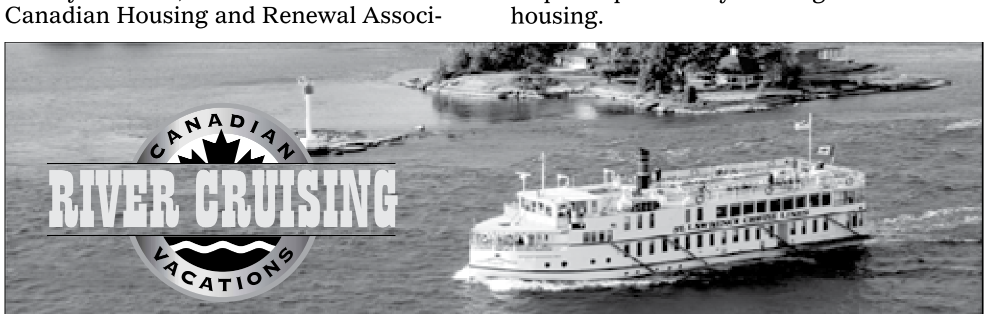
- The Canada Mortgage and Housing Corporation (CMHC) projects that Canada needs about 3.5 million additional housing units by 2030 to restore affordability. Housing demand is expected to vary across the country due to evolving economic and demographic conditions.
- Most of Canada's housing supply gaps are in Ontario and British Columbia, according to the CMHC. Quebec and Alberta are also projected to need more supply because of economic growth.
- In the first half of 2023, more than 290,000 mortgage borrowers renewed their mortgage with a chartered bank at a higher interest rate: from 5.45 per cent for a five-year fixed rate to 7.38 per cent for a variable rate.
- In 2024 and 2025, an estimated 2.2 million mortgages will be facing interest-rate shock, representing 45 per cent of all outstanding mortgages in Canada. Most of these borrowers contracted their fixed-rate mortgages at record-low interest rates and, most likely, at or near the peak of housing prices around 2020-21.
- The total amount of mortgage loans to be renewed during this period is more than $675-billion, which represents close to 40 per cent of the Canadian economy.

—Source: The Canada Mortgage and Housing Corporation

Canada home sales data for 2023

- National home sales jumped 8.7 per cent month-over-month in December 2023.
- On an annual basis, home sales totalled 443,511 units in 2023, a decline of 11.1 per cent from 2022. It was technically the lowest annual level for national sales activity since 2008, although it was very close to levels recorded in each of the five years following the 2008 financial crisis, as well as the first year the uninsured stress test was implemented in 2018.
- The number of newly listed homes dropped by 5.1 per cent on a month-over-month basis in December 2023, bringing them to the lowest level since June of that year.
- The actual (not seasonally adjusted) national average home price was $657,145 in December 2023, up 5.1 per cent from December 2022.

—Source: The Canadian Real Estate Association, Canadian Home Sales See Unexpected Surge to Close Out 2023, released on Jan. 15, 2024



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Nunavut's infrastructure and housing crises are closely linked and need a federal partner to step up

New houses create additional infrastructure burdens on communities that the federal government must help them to address.

NDP MP
Lori Idlout

Opinion

The experience of the High Arctic relocatees from northern Quebec and other parts of Nunavut to Grise Fiord and Resolute are the epitome of Canada's marginalization of Inuit. In the 1950s, about 100 families were promised abundance in hunting, security, and comfort in housing. When the families arrived, they felt abandoned and the lands were foreign.

The rest of the Nunavut communities suffered similar atrocities. Inuit were forced to settle, after having thrived in the Arctic by following the seasons and animals, and being guided by the stars, ice, and snow. Their dogs were slaughtered, children sent to residential schools, and houses built of plywood called matchboxes.

Marginalization continues to this day. Nunavummiut continue to be underserved and under-resourced. Decades of this underinvestment in housing and infrastructure has kept Nunavummiut in crisis.

I started 2024 hosting Minister of Housing, Infrastructure, and Communities Sean Fraser in his first visit to Nunavut. Together, we met with Nunavut's minister of housing, Nunavut Tunngavik Inc., Qikiqtani Inuit Association, the mayor of Iqaluit, and others so he could hear the realities I frequently speak about in the House of Commons. Mayor Solomon Awa expressed the demand clearly: to build houses, we need infrastructure. He said roads need to be built, power needs to be supplied, and water and sewage systems need to be installed. There are many infrastructure needs that must be built in order to meet the housing demands. Houses cannot be built if there are no roads, power poles, and infrastructure for water and sewage systems.

The City of Iqaluit has been in a water crisis for years. There is both too many people to serve, and aging infrastructure. The city was unable to develop or enable more lands because of the lack of infrastructure, and had been seeking funds without approval from the federal government. By the time I was elected in 2021, the NDP was able to use its power to secure more than $214-million to update the aging infrastructure.

When I visited Whale Cove, I met with then-mayor Percy Kabloona. He showed me his house, which had cracked in the middle, from one end to the other. The permafrost melting had shifted the house. Because of the lack of resources in the community, it would not be renovated for some time. They used duct tape. It was even worse at the airport—the floors, ceiling, walls, everything all around it was damaged beyond repair. Due to Whale Cove being mainly on bedrock, it makes building roads extremely difficult. Whale Cove either requires some form of rock crushing or bringing in material from other communities to enable the building of roads. It will require additional infrastructure investments.

All 25 Nunavut communities run on diesel for power and heat. It is expensive, and contributing to climate change. Since January, there have been power outages in at least seven communities. After power was recently lost in Pangnirtung, the outage lasted a further four days because bad weather delayed the arrival of the repair crew by plane. Transitioning away from diesel power is an important part of ensuring that Nunavummiut have reliable access to electricity.

The Kivalliq Hydro-Fibre Link is a project that would do just that, bringing renewable energy from northern Manitoba more than 1,200 kilometres to five communities in the Kivalliq region. It would also bring fast, reliable internet. Nunavut would, for the first time, be connected to the national electric grid. This would bring many opportunities to the region, and would certainly increase the capacity for homebuilding. I call on the federal government to invest in this important project.

The housing crisis raises many challenges. Nunavut's climate makes things even more difficult, as builders must grapple with a short building season and the need to bring in materials by sealift. It is important to recognize that the housing crisis will not simply be solved by building more homes. New houses create additional infrastructure burdens on communities that the federal government must help them to address. The infrastructure gap must be addressed. Major investments must be made, so Nunavummiut can contribute to Canada's economy.

Lori Idlout has served as the NDP MP for the riding of Nunavut since 2021. Before her election, Idlout practiced law in Iqaluit with her own firm, Qusagaq Law Office.

The Hill Times

Course correcting the housing crisis in Canada

Housing construction in a Claridge Homes development in Ottawa's Findlay Creek neighbourhood is pictured on Aug. 22, 2023. Despite the promise of more houses faster, housing starts overall were actually down seven per cent in 2023, and there was a shocking 25 per cent drop in construction of single-family homes, writes Sen. Pamela Wallin. *The Hill Times photograph by Andrew Meade*

Industry needs a predictable playing field, and Ottawa should take a more creative approach to both financing and regulation.

CSG Senator
Pamela Wallin

Opinion

As the cost of everything keeps rising and inflation edges up again, home ownership remains out of reach for many Canadians. Interest rates are holding for now, but they are still high and for those facing mortgage renewals this year, there will be some serious "payment shock" as their costs will double or triple.

The affordability/housing crisis has quite rightly seized top spot on the political agenda. It was predictable.

What could possibly go wrong given the relentless migration from rural to urban areas, a record immigration surge, strained and aging infrastructure, and the tattered social safety net? But let's focus on housing.

Under the stewardship of this government, we have seen promises and optimistic announcements, but there is little evidence that—despite the spending—we will be able to meet the gargantuan housing need which experts agree is as many as four million new homes in the next six years.

In fact, despite the promise of more houses faster, housing starts overall were actually down seven per cent in 2023. And there was a shocking 25 per cent drop in construction of single-family homes.

The recent Senate Banking Committee housing report heard from the industry leaders, and all agreed the housing crisis is just that—and growing. Interestingly, and in a way assuring, was that everyone who offered testimony suggested similar solutions. Cut the red tape. Regulatory regimes are confusing and contradictory and are making construction prohibitively expensive. Access to capital should be streamlined to ensure all different kinds of housing are funded, and that private investment is encouraged. And we need to get our heads around that fact that, going forward, not everyone will have access to a single-family home with a yard and a picket fence, especially in our growing cities where density will have to increase, and buildings will have to go ever higher.

And all witnesses made the point that despite record levels of people flowing into the country, we are not recruiting those with the skills needed to build the new "homes," and there is no real plan to put a roof over the heads of the next generation of Canadian kids or the newcomers.

The government ignored warnings two years ago from its own Immigration Department that the growing numbers of people arriving on our shores would exacerbate the housing affordability crisis.

The federal government has tremendous influence with the money it hands out to attach conditions for provinces or cities, such as tying public transit funding to housing densification plans, or waiving excessive development fees for multi-unit residential buildings that mitigate climate concerns. Municipal development charges can run as high as $148,000 for a three-bedroom apartment.

The Housing Accelerator Fund and the National Housing Strategy could help improve affordability if the dollars are targeted, and if we get the politics out of housing announcements. Money can't flow just to ridings where governments need to shore up support. Even the GST holiday for rental-home construction may have unintended consequences.

Industry needs a predictable playing field, and Ottawa should take a more creative approach to both financing and regulation, including for social housing to help those facing unconscionable rent hikes or persistent homelessness.

As the Canadian Credit Union Association's Michael Hatch testified: "Competition should be the principle that underscores all policy that comes out of Ottawa so that ultimately, we can all play our part in solving not just the housing crisis but the cost of living and affordability crisis that exists in this country as well."

The crisis playing out before us will affect generations of young Canadians and newcomers for decades if we don't course correct and get this right.

Pamela Wallin is a Canadian Senators Group Senator for Saskatchewan, and chair of the Senate Committee on Banking, Commerce, and the Economy.

The Hill Times

Canada can't afford to waste any more time on housing affordability

Canadians expect governments to make smart investments, reduce administrative and regulatory burdens, and get units built in a manner that won't trump quality and quantity.

ISG Senator
Tony Loffreda

Opinion

Canada is in the middle of a housing affordability crisis, and, despite everyone's best intentions, various policy initiatives, and government investments, it seems the needle is not moving in the right direction—or at the very least, not moving fast enough. Canada must increase its housing stock by 5.2 million units in the next seven years to meet current and growing demand. This is a monumental task, and we have no time to waste.

And yet, it seems "wasting time" is synonymous with the building sector. Developers want to build, but permitting delays are hindering progress. Embarrassingly, Canada is infamously known for its long wait times for project approvals, whether it be major public infrastructure, apartment buildings, or residential communities.

Witnesses who appeared before our Senate Committee on Banking, Commerce, and the Economy last fall as part of our study on the housing sector agree. As we reported, "uncertain, misaligned, or overly burdensome regulatory environments often stall or prevent affordable housing projects from reaching completion."

Hopefully, the adoption of Bill C-56 last fall is a step in the right direction, but this bill alone will not address the systemic issues undermining the sector. This bill implements a temporary enhancement to the GST New Residential Rental Property Rebate in respect of new purpose-built rental housing like apartments, student housing, and senior residences, which should also help contend with increased costs and interest rates. I continue to believe that productivity and innovation must increase to offset these costs and improve affordability and accessibility.

Indeed, by eliminating taxes on new rentals, which some provincial governments have also done, developers should be incentivized to build units that otherwise would not have been built.

It would also be to our advantage, particularly in urban centres, if governments focused on and encouraged densification. As we submit in our committee report, the federal government should consider attaching conditions to municipal funding for public transit that would require housing densification near those projects.

When the then-minister of immigration appeared before the Senate in 2022, I raised this very issue with him, arguing that our immigration policy will be successful only if we provide the much-needed community infrastructure in and around new residential areas. We need all levels of government, along with stakeholders, to work on comprehensive community development plans that favour densification and address affordability. With the billions of public and private dollars being invested in housing and infrastructure, we can't afford to work in silos.

Canadians expect governments to make smart investments, properly monitor progress, reduce administrative and regulatory burdens, and get units built in an expeditious manner that won't trump quality and quantity.

Furthermore, while I appreciate Canada's immigration policy has been under scrutiny in recent months, as some argue the increasing number of newcomers is further exacerbating the housing crisis, I think we need to be careful in totally putting the blame on immigration.

I concede that high immigration levels are contributing to housing shortages and affordability challenges. Considering the current environment and pressure on our society, curtailing our immigration targets might be necessary at this time. However, I also believe that the government needs to rethink its immigration policy and start prioritizing tradespeople. This view was shared by several witnesses who appeared before our committee. We need to be targeted in our recruitment efforts to find people who can help build those units we so desperately need.

Beyond immigration, we also need to encourage our youth to consider a career in the trades. For decades, we have been promoting university degrees and graduate studies as a one-way ticket to professional success and financial stability, but we should also promote trades as a viable, much valued, and lucrative career choice among our high schoolers.

These two measures that could help address the shortage of skilled labour are included in our committee report. The government should take stock of our interim findings and give serious consideration to the 10 recommendations we outlined on ways of addressing housing affordability which fall under four major categories: alignment, innovation, people, and capital. I am confident the expert testimony we gathered could provide the governing Liberals with some policy inspiration for its upcoming budget.

Tony Loffreda is an Independent Senator for Quebec. He is deputy chair of the Senate's Committee on Banking, Commerce and the Economy, and a member of the National Finance Committee and the Committee on Internal Economy, Budgets and Administration. Before his appointment to the Senate, he was a senior executive at RBC.

The Hill Times

Why Canada must protect the existing affordable housing stock

Canada has among the lowest community housing stock of all G7 countries, yet the Liberals' National Housing Strategy aims to create a mere 5,000 community housing units per year.

NDP MP
Jenny Kwan

Opinion

Affordable housing across Canada is being lost at a seriously alarming rate; not to alien abduction, as the leader of the official opposition sarcastically wondered, but to housing profiteers who care most about their bottom line. These investor-landlords are looking to maximize their profits by buying older rental apartments and often displacing long-time tenants by renovicting or demo-evicting them to jack up rents.

Housing expert Steve Pomeroy has said that Canada lost more than 550,000 units of affordable housing between 2011 and 2021, which represents a loss of 11 units for each new affordable housing unit built. In cities like Vancouver and Toronto, the rate is even more drastic. Worse yet, Winnipeg and Hamilton, Ont., are losing 29 units of affordable housing for each new one. When Stephen Harper's Conservatives were in power (with Pierre Poilievre at the table), 800,000 affordable homes were lost as corporate landlords bought in bulk while renovicting or demo-evicting low-income tenants, and the Affordable Housing Initiative was axed. Prime Minister Justin Trudeau's Liberals have lost another 276,000 affordable homes to developers.

For more than three decades, successive Liberal and Conservative governments relied primarily on the private market to provide housing that people in the community need. This colossal failure has led us to Canada's current housing crisis.

Right now, Canada has among the lowest community housing stock of all G7 countries, yet the Liberals' National Housing Strategy aims to create a mere 5,000 community housing units per year. This woefully inadequate target is completely out of touch with reality and crushes any possibility of meaningfully addressing the housing crisis.

Meanwhile, a broad spectrum of voices has come together to call on the Liberals to at least double Canada's community housing stock. One key initiative that the Liberals must act on is to invest in a national acquisition program that would increase community housing while protecting the vanishing affordable rental supply. The federal housing advocate, the Federation of Canadian Municipalities, national housing groups, and even the House Human Resources, Skills, and Social Development Committee have been calling for a non-profit acquisition fund as a key strategy.

As people get priced out of the market, homeless encampments grow across the country, and shelters are beyond capacity. Urgent action is needed now more than ever.

Communities from coast to coast to coast are desperate for real leadership. The Liberals can start with enhancing effective existing programs by investing annually in the Rapid Housing Initiative (RHI), injecting resources for grants to the co-investment program, and refocusing their housing strategy with real affordability as a must.

The creation of an acquisition fund that gives land trusts, co-operatives, and non-profit housing providers the financial backing they need to compete in the private market is equally urgent. The fact that the 2023 fall economic statement failed to acknowledge this—despite the NDP's call to action—reflects how out of touch the Liberals are.

Make no mistake: an acquisition program will prevent predatory investors and corporate landlords from intensifying homelessness through displacing people to maximize profit. To protect existing low-cost housing is to protect inclusivity, equity, and justice in our communities.

Numerous other countries, as well as Canadian cities and provinces, have already created acquisition programs to preserve existing affordable housing and keep rents low. The Liberals should support and incentivize the provinces and territories with matching funds.

It is time for the Liberals to implement the NDP's proposal for a non-profit acquisition fund, make the RHI a long-term annual program, commit to at least doubling Canada's community housing stock, and put affordability front and centre.

Beyond good social policy, investing in affordable housing is not just a responsible economic policy, but a necessary one. A report from last November entitled *The Impact of Community Housing on Productivity* finds that increasing the community housing stock by just 1.5 per cent would contribute as much as an additional $136-billion to Canada's GDP. The Bank of Canada governor has also said investing directly in housing is not only anti-inflationary spending, but could also even lower inflation.

Canadians need the federal government to: a) ensure housing is treated as a basic human right and not a commodity; b) stop the loss of existing affordable housing; c) invest in the development of new community housing; and d) protect renters from reno/demo-evictions and out-of-control rent hikes.

Jenny Kwan is the Member of Parliament for Vancouver East, B.C., and the NDP critic for housing and immigration.

The Hill Times

Resolving the housing crisis: governments and stakeholder collaboration is key

Collaboration leads to the identification and implementation of best practices, and serves as an effective instrument for non-inflationary economic growth.

PSG Senator Diane Bellemare

Opinion

The construction sector's labour shortage is an undeniable problem, and may also be the best place to start, since it takes a workforce to build housing, writes Sen. Diane Bellemare. *Photograph courtesy of Pexels*

Canada is struggling with an unprecedented housing crisis. The most recent estimate by the Canada Mortgage and Housing Corporation informs us that, "Canada needs about 3.5 million additional housing units by 2030 to restore affordability." In other words, three times the current rate of housing construction is needed to meet Canada's affordability target by 2030. At the current rate of progress, the crisis is not about to end soon.

What role should the federal government play in this crisis? Putting more money into taxpayers' pockets is not a panacea. In fact, that approach could fuel inflation in the housing sector. Neither grant programs, tax incentives, micro steps, nor postwar-era project revivals are enough. We need to stimulate innovation in the housing sector and address labour shortages, a major challenge in the construction sector. The innovation in question must be economic, technological, and administrative, but also social, given the many stakeholders involved.

Canada's response to the housing crisis requires a contribution by multiple stakeholders accountable to different jurisdictions, as well as a multi-faceted strategy. A roadmap cannot be developed in a vacuum, in ministerial back rooms. A standing round-table made up of stakeholder groups and provincial representatives is the only answer. The federal government must take the lead in establishing this kind of consensus-building forum. So far, it seems that no minister or agency has been assigned such a mandate.

The construction sector's labour shortage is an undeniable problem. It may also be the best place to start since it takes a workforce to build housing. Money is not the only issue. Recruiting workers and developing their skills takes time. Attracting and retaining a new workforce in trades confronting a labour shortage has become a colossal challenge because the problem is not limited to the trades alone. Training centres are also struggling to recruit instructors. It is also becoming increasingly difficult to find and to spare the journeymen needed to support apprentices.

What can the Government of Canada do? First of all, the sector needs a permanent consultative institution involving the provinces and other economic stakeholders. Institutions like this exist in a number of other countries. Why not create one in Canada?

The Employment Insurance program—which the contributions of workers and companies fund to the tune of more than $27-billion—remains a pivotal force in Canada's human resource management, especially in seasonal employment sectors like construction. Employment Insurance also plays a key role in funding workforce training and apprentice income support. Why then, in Canada, does Employment Insurance fall entirely under the political control of government? When it was introduced through a constitutional amendment in 1940, there was a clear understanding that the program's effectiveness depended on the involvement of employee and business representatives.

Large business and labour associations unanimously support the idea of creating an advisory council within the Canada Employment Insurance Commission precisely to ensure that the program better serves the needs of today's workforce and adapts to current and future imperatives.

Collaboration between governments and stakeholders is an important collective tool that the federal government needs to establish and support. Collaboration leads to the identification and implementation of best practices, and serves as an effective instrument for non-inflationary economic growth. If the federal government's intervention is strictly limited to financially supporting basic needs, such as housing, its policy could become an exercise in futility.

Diane Bellemare is a Quebec Senator, a member of the Progressive Senate Group, and an economist.

The Hill Times

Maximizing federal assets to address the housing crisis

Over the next five years, the Canada Lands Company is aiming to enable the construction of more than 26,400 new homes, with a minimum affordable housing target of 20 per cent across all projects.

Stéphan Déry

Opinion

Housing affordability and access have captured the attention of Canadians and our politicians. Many Canadians are struggling to secure housing due to limited access, persistent inflation, elevated interest rates, and steep rental costs. Addressing this issue is crucial, especially considering our projected population growth. The Canada Mortgage and Housing Corporation (CMHC) estimates that Canada is on track to deliver 2.3 million housing units between 2021 and 2030. However, the country needs 5.8 million units by 2030 to meet population projections and restore affordability.

Elected officials have been compelled to think creatively to address both housing supply and affordability. While increasing construction is essential, exploring new, more-efficient processes to redevelop or renovate existing public assets, and expedite the disposal of surplus and underutilized properties is also crucial.

For nearly 30 years, Canada Lands Company has been reintegrating former government properties for new and revitalized communities. As a self-financing federal Crown corporation with a commercial mandate, we collaborate with the Government of Canada to acquire properties declared surplus at market value. We then proceed to develop and sell lands to builders, or we retain and manage certain real estate properties, delivering far-reaching benefits to Canadians and local economies. We facilitate both affordable and market housing. Between 2016 and March 2024, we will have enabled the construction of more than 13,000 new homes on previously underused federal properties, including more than 1,100 affordable homes. In the next five years, we plan to more than double that number of housing units, and achieve more than 5,000 units of affordable housing.

Arriving at a solution to Canada's current housing situation is not a simple feat. However, there is an opportunity for us to collaborate with the federal government to create more efficient processes that expedite the timeline from identifying surplus and underutilized federal property to enabling housing.

The disposal of the federal government's properties can be a lengthy, complex process. It takes a number of years to transition a surplus property to disposal for new purposes. This process involves engagement with Indigenous communities, to whom the federal government must fulfill its duty-to-consult obligations. Establishing a dedicated team of specialists would accelerate the disposal of properties within the Government of Canada's portfolio as it would bring collective expertise and responsibilities from across the federal government in areas such as duty to consult, interests of official languages minority groups, housing, heritage, and disposal. The specialized team could comprise departments such as Public Services and Procurement Canada (PSPC), Crown-Indigenous Relations, Indigenous Services Canada, CMHC, and Canada Lands Company, as well as departments with surplus and underutilized properties. Currently, PSPC is making good progress in this area.

Other potential ways that the federal government can enable housing faster are through bundling sales of multiple properties, which would streamline due diligence and approval processes; and initiating the disposal process early, even while buildings are still in use, thus expediting due diligence activities that add months to the disposal process.

By increasing or eliminating the approval thresholds for disposal of federal properties to Canada Lands Company, given our mandate and role in the repurposing surplus and underutilized federal properties, it would reduce disposal timelines, thereby enabling the construction of more housing for Canadians faster. The

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Affordable Housing Policy Briefing

Road to Budget 2024 must be paved with bold, long-term housing fixes for all Canadians

One way to preserve and expand the inventory of affordable housing is through the creation of a federal housing acquisition fund.

Sam Kolias, Jonathan Li & Philip Fraser

Opinion

The government's upcoming budget—and the months leading up to it—present a historic opportunity when it comes to housing.

Big moves are underway to kickstart the construction of purpose-built rentals in Canada, from eliminating the GST on rental construction, to shifting the narrative around manufactured homes. It's now time to build on the momentum with a 10-year policy and investment plan.

As Finance Minister Chrystia Freeland prepares the 2024 federal budget, she has the chance to carve out a path towards both concrete results in the short term and permanent, transformative solutions for the long term.

Canadians face twin housing crises: supply and affordability. Canada has the fewest homes per capita in the G7. The Canada Mortgage and Housing Corporation has called for 5.8 million homes to be built by 2030 in order to restore housing affordability in Canada. In order to meet this call to action, Canada faces the need for a minimum of $3-trillion of investment by 2030.

The most affordable housing is the housing that is already built. New construction is necessary to deliver more housing supply, but it can be two to three times the cost of acquiring existing properties.

One way to preserve and expand the inventory of affordable housing is through the creation of a housing acquisition fund. A federal fund could help non-profits, charities, and community land trusts to buy existing apartment rental properties, maintaining rents at or below market prices permanently. There's a reason why this concept has already drawn broad support from housing sector organizations, the federal NDP, and provinces such as British Columbia: it works.

A recent example of a not-for-profit working with a publicly traded real estate investment trust (REIT) to help increase and protect affordable housing is Minto Apartment REIT's transaction with the Ottawa Community Housing Corporation. This sale added more than 300 units to the Ottawa Community Housing stock, preserving affordable housing for hundreds of Canadians.

This can be done across the country in communities that need it most. An investment of, say, $1-billion could quickly add 10,000 affordable units to our national supply.

The government should also consider a targeted plan to address the dire lack of shelter for the most vulnerable in our society. The National Housing Strategy Act that passed five years ago was founded on the declaration that housing is a fundamental human right essential to the well-being and dignity of a person. It made a commitment to build sustainable and inclusive communities, and improve housing outcomes for Canadians.

To complement affordable housing initiatives, the government should fund a new homelessness prevention and housing benefit that has been proposed by the Canadian Alliance to End Homelessness. At a time when high rental costs and inflationary pressures are causing many people to worry about how they'll make their rent, this benefit would bridge the gap between income and the actual cost of housing.

Adopting these measures would offer immediate relief to hundreds of thousands of people who are now experiencing homelessness or at risk of it. At the same time, the government must urgently take steps to spur the construction of purpose-built rental housing.

Housing construction in Canada has and will continue to be done by the private sector. As the finance minister and Housing Minister Sean Fraser have said, the math has to work for developers to move new projects ahead. Fostering a positive climate for developers and investors is also critical.

The entire REIT sector has more than 230,000 housing units of development potential; roughly equivalent to one year of housing starts for all of Canada. To generate the capital that's required to kickstart more construction, the federal government must develop a stable and predictable regulatory and investment environment.

Eliminating the GST on rental housing construction was a good first step, but much more is needed to accelerate new builds at the pace that is necessary to catch up to—and keep up with—Canada's rapid population growth.

Canada's five largest publicly traded residential REITs—responsible for 120,000 tenure-stable, purpose-built rental homes where more than half are affordable across Canada—have formed Canadian Rental Housing Providers for Affordable Housing to collaborate on innovative solutions.

We urge the federal government to lead the charge, using every tool at its disposal: using infrastructure funding and tax incentives to give not-for-profit housing providers a buying advantage, and new financing and funding models to align housing policies with our national ambitions. We look forward to seeing these meaningful measures adopted by the government.

It will take bold decisions, taken with urgency, on the road to Budget 2024 to shift Canada's legacy and course on housing for the next decade and beyond.

Canadians deserve a home that suits their needs, where they want to live, at a price they can afford. Let's work together to deliver it.

Sam Kolias is chairman and chief executive officer of Boardwalk REIT. Jonathan Li is chief executive officer at Minto Apartment REIT. Philip Fraser is president and chief executive officer, trustee, of Killam Apartment REIT.

Canadian Rental Housing Providers for Affordable Housing (ForAffordable.ca) was formed in 2022 by Canada's five publicly traded residential rental REITs: CAPREIT, Boardwalk REIT, Killam Apartment REIT, InterRent REIT, and Minto Apartment REIT. Mark Kenney is the CEO of Canadian Apartment Properties Real Estate Investment Trust, and Brad Cutsey is president and CEO of InterRent REIT.

The Hill Times

Maximizing federal assets to address the housing crisis

Straightforward modifications to the federal government's disposal of federal assets and the Canada Lands Company's delivery processes would help the country reach its housing targets faster, writes Stéphan Déry. *The Hill Times photograph by Andrew Meade*

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federal government is considering these changes.

Process is one part of the equation, but so is price. Another potential strategy is for the government to transfer properties at a nominal value to Canada Lands, which would better enable the construction of affordable housing as savings would be transferred directly to developers. This strategy could support an increase in the proportion of affordable housing in our communities beyond 20 per cent to meet demands.

As a land developer, our work involves analyzing the redevelopment potential of lands, working with the public and the municipality to prepare new plans and obtain development approvals, and installing site improvements before sales, leasing, and construction can begin. We are examining our processes to identify opportunities to initiate our engagement and planning with the public and municipalities earlier in the pre-disposal period, and tackling stages of permitting concurrently as much as possible to expedite approvals by municipalities. We are also exploring the potential for new efficiencies when we are working with municipalities on more than one federal asset to accelerate the timeline involved in creating housing.

Over the next five years, using the assets within our current portfolio, we are aiming to enable the construction of more than 26,400 new homes, with a minimum affordable housing target of 20 per cent across all projects. As more government properties are disposed of more quickly, these numbers can be multiplied to enable much-needed housing across the country.

There is no doubt about the potential for federal assets to be better leveraged to meet Canada's housing needs. As Canada continues its efforts to tackle this national challenge, straightforward modifications to the federal government's disposal and our delivery processes would help the country get there faster. Canada Lands is ready to support the government to meet this challenge by enabling the construction of more market and affordable housing to meet Canada's growth.

Stéphan Déry is the president and CEO of Canada Lands Company, and is a chartered professional accountant with a master's degree in public administration. He previously served as assistant deputy minister of real property services at Public Services and Procurement Canada.

The Hill Times