Centre for Equality Rights in Accommodation
Centre pour les droits à l'égalité au logement

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Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

RE: Housing Accelerator Fund

About CERA

The Centre for Equality Rights in Accommodation (CERA) is Canada's leading non-profit organization working to advance the right to housing and we've been doing so for 35 years. We advance the right to housing by serving renters to help them stay housed, providing education and training about housing rights, and advancing rights-based housing policy through research and policy advocacy.

Introduction

In 2017, the federal government adopted its National Housing Strategy (NHS). The strategy set out a new vision to increase access to affordable housing for Canadians, including targets to cut chronic homelessness by 50% and remove 530,000 families from core housing need.[1] The Canada Mortgage and Housing Corporation (CMHC) defines core housing need as a household living in housing that does not meet one or more standards of adequacy, suitability or affordability. People in core housing need have to spend 30% or more of their before-tax household income to access local housing that is adequate and suitable.[2] Research shows that, within Canada, certain groups systematically and disproportionately experience core housing need. For example, 36% of lone-parent families, 20% of Indigenous households, 16% of immigrant households and 15% of people with disabilities are in core housing need,[3] compared to the national average of 11.6%.[4] Notably, the experience of core housing need is also closely linked to income level and tenure type, with renters making up 66% of all those in core housing need and 96% of households in core housing need in the bottom 40% of household incomes.[5]

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[1] Guide Page-Strategy | CMHC (cmhc-schl.gc.ca)
[2] https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/core-housing-need/identifying-core-housing-need
[3] Analysis of Affordable Housing Supply Created By Unilateral National Housing Strategy Programs - Research Report (cmhc-schl.gc.ca)
[4] https://www150.statcan.gc.ca/n1/daily-quotidien/201002/dq201002a-eng.htm
[5] Analysis of Affordable Housing Supply Created By Unilateral National Housing Strategy Programs - Research Report (cmhc-schl.gc.ca)

The NHS also included a promise to enact national rights-based legislation recognizing housing as a human right. This promise was realized when the federal government adopted the National Housing Strategy Act (NHSA), in 2019, committing to the progressive realization of the right to housing as guaranteed under international law. While recognizing the right to housing was an important milestone, the effective implementation of the right requires that all levels of government collaborate and allocate the maximum available resources to advance the right to housing within the shortest possible timeframe, with priority given to those in greatest housing need.[6]

Through the NHS, the federal government launched several major programs to advance Canada's commitment to the right to housing by lifting households out of core housing need and homelessness, in collaboration with other levels of government. However, independent assessments have demonstrated that, to date, NHS programs have been largely ineffective in creating housing that is affordable to Canadians living in core housing need, including lower income renters and women-led households. [7] Notably, research also indicates that blanket efforts to increase housing supply, which do not impose specific conditionalities on the construction of affordable units, will fail to increase housing affordability overall, especially as Canadian cities are losing affordable housing stock far more quickly than new stock can be built.[8] In this context, it is clear that existing NHS programs will be unable to achieve the strategy's objectives of reducing the number of households in core housing need and reducing homelessness.

However, the newly announced Housing Accelerator Fund (HAF), may provide a valuable opportunity for the federal government to make meaningful progress in its commitments to the right to housing and increase affordable housing supply through targeted investments in municipalities. Administered by CMHC, under the framework of the NHS, the HAF commits to growing housing supply in urban areas across Canada, with a target of creating 100,000 new middle-class homes by 2026. By proactively embedding the objectives of the NHS and the principles of the right to housing in the structure and approach of the Housing Accelerator Fund, the federal government can put its commitment to the right to housing into action.

To this end, CERA is providing the below-outlined recommendations. We hope the Committee will consider these recommendations as you move forward in articulating the new HAF program.

Recommendations

Definition of affordable housing should reflect realities on the ground

CERA recommends that the Housing Accelerator Fund adopt a definition of affordability that is tied to household income. This is consistent with the definition used by CMHC that housing is affordable if it

[6] https://www.equalityrights.org/resources/implementing-right-to-housing-responsibility-of-all-governments-in-canada

[7] Analysis of Affordable Housing Supply Created By Unilateral National Housing Strategy Programs - Research Report (cmhc-schl.gc.ca)

[8] CMHC Accelerator Fund (chec-ccrl.ca)

costs less than 30% of a household's before-tax income.[9] Tying housing affordability targets to household income will ensure that people can pay their rent and have enough money left to spend on other life necessities. This is in line with the human rights principle that housing costs should not compromise the enjoyment of other human rights, like the right to health, water and sanitation, food, or life. Although many jurisdictions and programs in Canada approach housing affordability in relation to market prices for rent or ownership, income-based definitions more accurately reflect realities on the ground, in particular as housing-related expenses continue to rise faster than salary and wage increases – in Canada and around the globe.[10]

Adopting an income-based definition of affordability will also allow the HAF to more effectively advance the federal government's target of lifting households out of core housing need. Current research indicates that the majority of households in housing need have low to moderate incomes and live in rental housing.[11] Therefore, CERA also encourages the Committee to prioritize the construction of rental housing that is affordable to households with lower incomes through the HAF program.

Ensure affordable housing remain affordable in perpetuity

CERA also recommends that the government include conditions on the duration of housing affordability in interventions supported by the HAF. Units created should remain affordable in perpetuity for rental housing.

Ensuring a guaranteed duration of affordability for rental units has both social and economic benefits. First, it will increase housing stability for renters by minimizing uncertainty about how long their homes will remain affordable. Second, requiring commitments to maintain affordability in perpetuity will allow the government to maximize the impact and sustainability of public investments made through the HAF. Doing so makes economic sense.

By proactively including the principle of affordability in the HAF program, HAF investments can push municipalities to adopt policies that ensure purpose-built rental housing remains affordable. In addition, building non-profit and public housing is often the most effective pathway to ensuring that rents remain affordable in the long term and provides deeply affordable housing options to households living on lower incomes. Therefore, the HAF should also be used to encourage municipalities to construct non-profit and public housing to support households whose housing needs will not be met by the private market alone.

Invest in diverse housing types

In order to ensure that HAF effectively addresses the needs of low- and moderate-income households, investments must be made in diverse housing types across the housing spectrum, in addition to single family homes and condominiums. Notably, CMHC finds that households with moderate incomes in core

[9] https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada
[10] https://www.torontomu.ca/content/dam/social-innovation/Programs/Affordable_Housing_Visual_Systems_Map_Oxford.pdf
[11] Analysis of Affordable Housing Supply Created By Unilateral National Housing Strategy Programs - Research Report (cmhc-schl.gc.ca)

housing need are most likely to be larger, lone-parent families.[12] As such, the HAF should prioritize the construction of non-profit and public housing, as well as affordable purpose-built rentals, including larger family-sized units, and support in-unit conversions that add affordable rental units to existing dwellings.[13] In line with the principles of the right to housing, it is crucial that the affordable housing built meets the standards of adequate housing in terms of size, as well as safety and maintenance.

This can be done by providing municipalities with incentive grants based on the number of units added that are below the average market rent price. The HAF can also be used to incentivize changes in municipal policies to allow for the development of deeply affordable housing, including non-profit and public housing. This can include municipal policies or initiatives to leverage free public land donated by the federal government or to decrease costs and relax planning requirements for developers of non-profit and public housing. It may also include implementing policies that require all developments to provide a percentage of affordable housing, either through direct builds or equivalent contributions.[14] Notably, provincial collaboration will also be required to ensure that housing providers have ongoing funding for operational costs.

In addition, federal infrastructure funding that is to be provided to municipalities under the HAF can include conditions for the adoption of inclusionary zoning regulations that would increase density and allow for the development of rental units affordable to moderate income households.[15]

Stack NHS programs

As noted, the majority of households in core housing need have low- to moderate incomes. Many are women-led families, Indigenous peoples, racialized communities or people with disabilities. Most of them are renters. To use HAF investment to encourage the development of housing that is affordable and adequate for households in the greatest housing need, CERA recommends that HAF investments are "stacked" with other NHS programs like the Rapid Housing Initiative, the Co-Investment Fund and the reformed Rental Construction Financing Initiative (as committed in the 2023 budget). These programs provide both grants and low-cost financing that could support the provision of deeper affordability and/or a greater number of affordable units. Additionally, we recommend that the HAF work with municipalities to leverage the NHS's Federal Lands Initiative to facilitate the acquisition of public lands – again as a means to supporting greater affordability.

These recommendations are aligned with the findings of research from Canada and internationally that articulate five key tools and mechanisms to reduce development costs and increase the viability of developing housing that is affordable to those living on lower incomes. These tools are as follows:

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[12] Core Housing Need Data — By the Numbers | CMHC (cmhc-schl.gc.ca)
[13] https://chec-ccrl.ca/wp-content/uploads/2022/02/Observations-and-suggestions-for-the-Housing-Accelerator-Fund-Jan-30.pdf
[14] https://montreal.ca/en/articles/diverse-metropolis-overview-law-7816#:~:text=Preserving%20the%20diverse%20character%20of,force%20on%20April%201%2C%202021.
[15] https://chec-ccrl.ca/wp-content/uploads/2022/02/Observations-and-suggestions-for-the-Housing-Accelerator-Fund-Jan-30.pdf

1. Facilitating and partnering with non-profit developers.[16]
2. Free leasing of public/surplus land, with support from the Federal Lands Initiative.[17]
3. Providing as-of-right approvals and relaxing other planning requirements (i.e. parking requirements, 'set backs', etc.) for non-profit and affordable housing developments.
4. Accessing low-cost financing (i.e. financing provided through other NHS program streams).
5. Developing at a large scale, including using modular and wood frame technologies.[18]

Meaningful engagement with communities and those in housing need

It is crucial that those who experience the greatest housing need, such as women-led families, women fleeing violence, people with disabilities, newcomers, Indigenous peoples, racialized communities as well as those living in remote communities, are given the opportunity to meaningfully engage in the decision-making process to develop the HAF.[19] Having those who are closest to the problem of inadequate and unaffordable housing meaningfully engaged in the process is one of the core principles of a human rights framework.

CERA recommends that the government engage with communities and stakeholders from the early design stage of the fund, prior to its implementation. This will ensure that the perspectives of those in greatest housing need are heard, and the HAF effectively addresses the housing needs of those most impacted by the housing affordability and inadequacy crisis. To ensure that meaningful input is gathered from these groups, engagement sessions must be made accessible to all communities involved.

Monitoring and evaluation

CERA recommends that the federal government undertake continuous monitoring and evaluation of the HAF to ensure that it employs a rights-based approach, and that it meets the goals of increasing affordable housing supply for low- to moderate -income households. In addition, the allocations made to municipalities under the HAF must be evaluated based on meeting clearly outlined targets and housing outcomes.

Annual reviews should be performed to monitor the number of affordable rental units that are approved and built, and the number of low to moderate income households removed from core housing need. The results should be evaluated, and the fund's investments refocused if it is found that the needs of households in greatest housing need are not met. These reviews should also be made available to the public to increase transparency in program delivery.

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[16] As has been done in the City of Victoria, BC: https://storeys.com/city-of-victoria-adopts-historic-process-accelerate-creation-affordable-housing/

[17] https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/federal-lands

[18] https://twitter.com/ubcHART/status/1541437556272705536?s=20&t=ujaxZajfpaAYsZEEppDAHw

[19] https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/placetocallhome/pdfs/canada-national-housing-strategy.pdf

We look forward to providing more of our housing expertise and welcome further discussion to ensure the federal housing initiatives are effective and rights-based.

Sincerely,

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