

2024 Federal Pre-Budget Consultation

Submission to the Department of Finance

February 9, 2024

Summary of Recommendations

1. Increase investments to create and preserve affordable housing options.
2. Increase Canada Housing Benefit levels.
3. Leverage government assets and programs to expand and preserve deeply affordable housing.
4. Renew, expand, and enhance the Reaching Home program.
5. Renew, expand, and enhance the Rapid Housing Initiative.
6. Promote the construction of affordable purpose-built rentals.
7. Increase investments in and support the co-development of an Urban, Rural, and Northern (URN) Indigenous Housing Strategy.
8. Curb the growing financialization of housing.
9. Support the implementation of the right to housing in Canada.

About CCHR

The Canadian Centre for Housing Rights (CCHR) is Canada's leading registered charitable organization working to advance the right to adequate housing. For over 35 years, we have worked tirelessly at the intersection of human rights and housing, providing free services to renters facing evictions and human rights violations to remain housed, providing education and training about housing rights across Canada, and advancing rights-based housing policy through research, policy development, advocacy, and law reform.

Introduction

The lack of affordable rental housing and the sharp rise in rents have become key issues across Canada. New [data](#) from the Canada Mortgage and Housing Corporation (CMHC) shows that rent growth exceeded wage growth by a wide margin in 2023, with rents increasing by a historic eight per cent across the country. The data also demonstrates the loss of affordability between tenancies, noting rent increased by 24.1 per cent for two-bedroom units that experienced turnover, compared to a 5.1 per cent increase for units without turnover. At the same time, rental vacancy rates declined to a record low of 1.5 per cent, well below the three per cent rate considered “healthy.”

To be affordable, housing should cost no more than 30 per cent of a household's income before taxes. However, the stock of affordable units is dwindling across the country. In Toronto, Ottawa and Vancouver, there were functionally no available units affordable to the lowest income households. In cities like Edmonton, Calgary and Montreal, less than 20 per cent of units were affordable for households with the lowest incomes.

With rents growing faster than incomes, high inflation and the escalating cost of necessities like food and transportation, many households are struggling to pay their rent. Nationally, the share of renter households in arrears increased from 6.5 per cent in 2022 to 7.8 per cent in 2023. As a result, more people are facing economic evictions into homelessness, or are forced into involuntary displacement to areas far from jobs, public services and their communities. The rental housing crisis is affecting people living in both urban and rural areas and continues to disproportionately impact Indigenous Peoples, Black households, racialized communities, young adults, single households, lone-parent households, newcomers, people with disabilities and people living on fixed incomes.

For its part, Canada is moving in the right direction to address these systemic issues by committing to progressively realize the right to housing for everyone in Canada. This commitment to ensure accessible, adequate, secure and affordable housing is reflected in the National Housing Strategy Act (NHSA) and the National Housing Strategy (NHS). However, studies have shown that only a fraction of units built under the NHS are reaching those in greatest housing need. For instance, [only three per cent](#) of units created under one of the largest NHS programs, the Rental Construction Finance Initiative, are suitable and affordable for low-income households. In addition, the [National Housing Council](#) concluded that Canada is losing affordable housing faster than the NHS is producing it.

The most recent Fall Economic Statement (FES) included some promising housing commitments, such as \$1 billion to build 7,000 public, non-profit and co-operative homes over the next five years, which are essential to provide deep, long-term housing affordability for households in greatest need. Other FES initiatives included regulations to address the impact of commercial short-term rentals, which are a major cause of the loss of affordable rental homes and [contribute to rising rents](#).

However, these announcements fell short of what is needed to address the housing crisis in Canada. Investment in public and non-profit housing continues to be insufficient. A [recent study](#) showed that Canada needs to build 1 million new public, non-profit and co-operative rental homes to meet its current and projected housing needs, while advocates [called](#) on the government to create a minimum of 50,000 new subsidized social housing units each year for 10 years. Yet, the government continues to focus on increasing housing supply without ensuring affordability for households in need. In contrast to the \$1 billion for non-market housing, the FES also included \$15 billion for rental housing construction without any affordability requirements. The FES also introduced new eviction protection measures for homeowners, while failing to introduce any initiatives to protect security of tenure for renters.

Recommendations

We urge the federal government to prioritize the following investments in its 2024 budget:

1. Increase investments to create and preserve affordable housing options

Decades of public divestment from housing has led to significant gaps in the supply of deeply affordable housing options across Canada. While social housing waitlists grow, the private market is not producing suitable, affordable alternatives. New housing builds in the private

sector are generally only accessible to higher income households, and at the same time, drive up rent prices for low- to moderate-income households. In addition, the chronic state of disrepair of Canada's aging public housing stock has left many low-income renters living in unhealthy and unsafe living conditions. In the absence of affordable alternatives, renters have no option but to remain in inadequate conditions.

Public, non-profit and cooperative housing have a critical role to play in alleviating the housing affordability challenges faced by lower-income people by providing long-term, truly affordable housing options. Building on its recent \$1 billion commitment through the Affordable Housing Fund, the government must prioritize and increase investments in social and non-market housing options through the NHS to provide housing that is truly affordable for low- to moderate-income households. The Fund should also be expanded to support provincial and municipal governments' efforts to repair and revitalize public housing projects and improve the structural integrity and habitability of those homes.

The federal government should also work to grow the community housing sector by financing community housing operations over the long term. This will not only increase housing options for equity-denied communities but will also ensure the sector's sustainability. The government should also streamline funding application processes so that housing providers can focus on critical service delivery instead of administration.

2. Increase Canada Housing Benefit levels

If faced with income loss or other critical disruptions, many Canadian renters with unaffordable rents would not be able to maintain their housing. Supporting renters to stabilize their housing will ensure that they have access to secure homes. The Canada Housing Benefit (CHB) was launched in 2020 to support households experiencing housing need. However, benefit levels have proven to be insufficient, with CHB recipients [reporting](#) that they continue to live in unaffordable and inadequate homes.

As rents continue to increase to unaffordable levels, the CHB should be expanded to adequately meet the growing needs of lower-income households. We welcome the government's recent announcement to add \$99 million to the CHB, and call for ongoing, adequate funding to meet the target of supporting 300,000 low-income households. The government should also work with provinces and territories to ensure that households in need, including those receiving social assistance, have access to the benefit.

3. Leverage government assets and programs to expand and preserve deeply affordable housing

Responding effectively to the housing crisis will require building the right type of housing supply, as well as preserving existing affordable housing stock. However, the high cost of land is a barrier to the creation of new affordable supply, especially for non-profit housing providers. Many municipalities are interested in protecting existing affordable housing through acquisition programs that support the non-profit sector to secure at-risk rental housing and transform it into permanent affordable housing, but have limited revenue tools to support such capital-intensive programs.

The federal government has a wide portfolio of land and immovable assets that can be leveraged to stimulate the supply of affordable housing for the long term. It can do so by enhancing existing programs such as the Federal Lands Initiative, including by prioritizing the non-profit sector to ensure that public lands and funds are creating the deepest level of affordability. The government should also scale up support for municipal rental acquisition programs, including through the Housing Accelerator Fund. Additionally, a federal investment stream could help municipal initiatives to convert underused or commercial assets to increase the supply of deeply affordable housing.

4. Renew, expand, and enhance the Reaching Home program

In the recent FES, no new funding was announced for the Reaching Home program. Reaching Home is a community-based program with the goal of preventing and reducing homelessness across Canada. It provides funding to urban, Indigenous, rural, and remote communities to help address local homelessness needs and has played an important role in preventing and reducing homelessness.

As rents continue to rise to unaffordable and unattainable levels for people experiencing homelessness and housing precarity, it is critical to sustain and grow Reaching Home. To build on its success, the program should be expanded to respond to the needs of people experiencing hidden homelessness - people who are staying temporarily with family and friends, couch surfing, or forced to live in unsafe situations. Those experiencing hidden homelessness are often women, girls and gender-diverse people. An expansion of Reaching Home to include more diverse experiences of homelessness would ensure that all people experiencing homelessness have access to the services and housing that they need.

5. Renew, expand, and enhance the Rapid Housing Initiative

As with Reaching Home, no new funding was announced for the Rapid Housing Initiative (RHI) in the recent FES. Among the NHS programs, the RHI has the most meaningful affordability requirements and targets to create housing for those in greatest need. For instance, all the units created under the program must be affordable for at least 20 years. Since its launch in 2022, it has already been effective in responding to the urgent needs of unhoused people. Given the dramatic increase in rents and lack of affordable housing options, it is critical to sustain and grow this program. To build on its success, the government should renew the RHI and make it a permanent funding stream, which could include leveraging other NHS programs to sustain its operations.

6. Promote the construction of affordable purpose-built rental homes

In December 2023, the federal government introduced a measure to remove the Goods and Services Tax (GST) on new rental construction. While this might contribute to increasing overall housing supply, additional measures should be taken to ensure that public investments produce affordable rentals instead of luxury units that are out of reach for low- and moderate-income households. Introducing stringent affordability conditions to the recently announced \$15 billion Apartment Construction Loan Program will ensure that affordable private market rentals are built. Furthermore, the federal government can use these conditions to ensure that the purpose-built rentals constructed under this program are affordable for as long as possible.

7. Increase Investments in and support the co-development of an Urban, Rural, and Northern (URN) Indigenous Housing Strategy

Indigenous Peoples continue to be disproportionately impacted by the inadequate housing and homelessness crisis. In its 2023 budget, the federal government announced \$4 billion over seven years to implement an Urban, Rural and Northern (URN) Indigenous Housing Strategy, co-developed with Indigenous partners, and an additional \$300 million to launch it. In January 2024, the government launched a request for proposals to establish an Indigenous-led National Indigenous Housing Centre. While these are welcome developments, they pale in comparison to the resources needed to address the depth of housing need facing URN Indigenous communities. Estimates range from [\\$4.3 billion to \\$5.6 billion](#) per year over 10 years to meet URN Indigenous housing needs. In addition to increased government investments in the URN Indigenous Housing Strategy, Indigenous communities and experts are calling for funding to support Indigenous organizations and communities to participate in the co-development and implementation of the strategy.

8. Curb the growing financialization of housing

Financialized actors and institutions have had a growing detrimental impact on housing security and affordability across Canada. The growing treatment of housing as a vehicle to accumulate wealth has worsened socioeconomic inequities. The tactics used by financialized landlords to maximize profits also threaten tenants' security of tenure. In 2023, the National Housing Council launched Canada's first Review Panel to examine the impacts of the financialization of purpose-built rental housing, which is an important first step. As we await the recommendations that come out of that process, the federal government must take steps to respond to the growing speculative forces in housing and the increased role that financialized actors play in reducing peoples' access to secure, adequate and affordable homes. Systemic responses are needed, such as introducing a targeted capital gains tax and removing tax exemptions for financialized actors, such as Real Estate Investment Trusts (REITS), to discourage speculation in the housing market. Revenues collected from these tax reforms should be directed towards programs that fund the preservation and creation of affordable housing stock.

9. Support the implementation of the right to housing in Canada

The federal government should continue to support programs and bodies that advance the right to housing in Canada, such as the Office of the Federal Housing Advocate and the National Housing Council. It should also fund and build the collective capacity of renters to make submissions to these bodies and [claim their right to housing](#). It is crucial for renters to be able to utilize these access-to-justice mechanisms to have their voices heard and help drive community-based solutions to systemic housing issues. The renters who are most impacted by systemic housing issues are members of equity-denied groups that are under-resourced. They need funding to be able to adequately exercise their rights, participate in these processes and engage in developing solutions.

The National Housing Strategy was an important first step towards addressing Canada's housing crisis. However, the dramatic increase in rents and lack of affordable housing options are pushing more and more households into housing precarity and homelessness, and ultimately preventing the government from fulfilling its obligation to progressively realize the right to adequate housing. The nine above recommendations are vital to support the housing needs of lower-income households across the country. We encourage the federal government to consider its financial commitments in light of the needs of those most impacted by the affordable housing crisis and ensure that the freedom, dignity and sense of security of all people across Canada are protected.

We thank you in advance for considering our recommendations. We welcome the opportunity to provide our housing expertise and look forward to further discussions to ensure all people in Canada can live in secure and affordable homes.

Sincerely,



Dale Whitmore
Director of Policy and Law Reform
Canadian Centre for Housing Rights (CCHR)