



Pre-Budget Consultations 2015  
Submission to the Finance Committee of the House of Commons

**Maintain Federal Support for Affordable Housing**

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Food banks across the country report year after year that the high cost of housing is the biggest reason why people are in need of food banks to make ends meet.

Food bank use itself is a symptom of the disconnect between the overall cost of living and a household's income throughout the year. For many, the main factor in this disconnect is the high cost of housing.

Across the country, a housing crisis is occurring. The supply of affordable housing (including social housing and low-cost rental housing) is diminishing while rents continue to increase; at the same time, incomes for the majority of Canadians have stagnated.

Nearly a third of all households in Canada are renters; 40% of these, or 1.6 million households, pay 30% or more of their income on rent.<sup>i</sup> Part of the reason for such high rents can be attributed to the fact that only 10% of all new developments built over the last 15 years have been for purpose-built rental units.<sup>ii</sup> Simply put, the demand for rental units is far outpacing the supply.

To add to this growing crisis, the Federal Social Housing Agreements that have been in place since the 1960s and 1970s are beginning to expire, and there is nothing planned to replace them.

The federal government is currently winding down its commitment towards the expiring Social Housing Agreements, from \$1.6 billion a year in 2014, to \$1.2 billion in 2020, to \$604 million in 2025, and so on until 2040; where by then, that investment will decline to zero.

Of the existing 544,000 households living in social housing units who are being supported by the federal government, it is estimated that two thirds will be at risk of losing their homes once the agreements expire, as housing providers will be unable to maintain these units without federal support.<sup>iii</sup>

While it is true that provincial/territorial and municipal governments are increasing their investments in affordable housing, they do not have the fiscal capacity to maintain current social housing levels, much less increase the number of available units.

The federal government must play a leading role in ensuring Canadians can keep up with skyrocketing housing costs. Provincial/territorial and municipal governments can't do it alone; they need the support of the federal government in increasing the long-term stock of affordable housing in Canada.

WE RECOMMEND:

**1- Social Housing Operating Fund**

That the federal government create an operating fund, in agreement with the provinces and territories, that would be made available to existing social housing providers to cover costs related to capital repairs, maintenance, replacement and retrofits so that tenants living in social housing can maintain their homes once the agreements expire.

**2- Increase the supply of private rental units**

That the federal government implement targeted tax reforms to support the development of rental housing in an effort to increase the supply of rental units and make housing more affordable. For example, allowing the rollover of capital gains that are re-invested in new purpose-built rental housing, and/or introducing direct fiscal incentives such as social housing tax credits for purpose-built social housing units.

**3- Assess the potential unintended consequences of the 'Housing First' approach**

That the federal government undertake an assessment of the forward-thinking Housing First approach to determine the consequences this federal policy change may have on affordable housing more broadly. We recommend that the federal government convene key stakeholders between all levels of government, as well as local charities, social workers and civil-society groups to identify, discuss and remedy any unintended negative consequences of the Housing First approach introduced by the federal government in 2013.

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<sup>i</sup> Statistics Canada [2013]. *National Household Survey 2011: Homeownership and shelter costs in Canada*. Ottawa: Government of Canada.

<sup>ii</sup> Federation of Canadian Municipalities [2012]. *The Housing Market and Canada's Economic Recovery*. Ottawa : FCM.

<sup>iii</sup> Ibid.