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Chair: Mr. Robert Morrissey

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

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• (0845)

[English]

The Chair (Mr. Robert Morrissey (Egmont, Lib.)): The clerk has advised me that we are ready to commence meeting 56 of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

I just want to advise committee members that this is the last meeting for our clerk who's been with us for a while, Danielle. I want to introduce the new clerk, David Chandonnet.

Voices: Hear, hear!

The Chair: Welcome, David.

Danielle, thank you so much for guiding a rookie chair through a process. Sometimes it was a little rocky, I'll admit. Thank you so much. I'm sure we'll see you again.

Today's meeting is taking place in a hybrid format, pursuant to House of Commons order of June 23, 2022. That means that there will be members appearing virtually and in the room.

For those members appearing virtually, please get my attention and wait until I recognize you before you speak. If there is an issue, use the "raise hand" icon on the bottom of your screen. Those in the room, simply raise your hand to get my attention.

You have the option of choosing the official language of your choice. If there is an issue with interpretation or translation, please get my attention and we'll suspend while it is being corrected.

As I indicated, please direct all comments through me, the chair.

In accordance with the routine motion, witnesses and those appearing virtually have been tested. My understanding is that the interpretation is good. If you are not using a House of Commons approved headset, I will not recognize you to participate verbally, although, if you are a member of the committee, you can still vote by giving me an indication.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, November 21, 2022, the committee will resume its study of the national housing strategy.

I would like to welcome our guest, Paul Mason, senior vice-president, client solutions at CMHC.

We also have Simon Lahoud, director, financing solutions; and Benjamin Williams, director, indigenous and the north housing solutions.

I have waived the five-minute opening statements because this is our second two-hour meeting. The president was in for the first meeting and gave a general overview.

I'm going to use my prerogative as chair, Mr. Mason. I have an opening question.

You would see in the last two meetings the high degree of frustration being demonstrated by members on all sides of this committee. It focuses on CMHC's ability to, in a timely fashion, get program funding out, primarily to not-for-profit organizations and small municipalities.

The president was in at an earlier meeting. In her opening comments, she made a statement that was a surprise to me. She said that CMHC has had to change over the past number of years. CMHC for a long period of time was primarily focused on delivering long-term lending.

• (0850)

It was a "lender", to use the term, and now CMHC has moved into the area of processing grants to various organizations on a wide spectrum of housing programs. Could you just briefly give the committee an overview of how CMHC is structured today versus how it was a number of years ago? Then we'll move into the questions round and you could follow up on any of your prepared comments as you respond to questions from committee members.

It struck me, because I assumed that CMHC was in the field of delivering these programs it now has for a long period of time, but it was my understanding when the president appeared that that's not the case.

Mr. Paul Mason (Senior Vice-President, Client Solutions, Canada Mortgage and Housing Corporation): Mr. Chair, thank you for having us here today. It's my pleasure to be here with two of my team members to answer your questions.

In reference to your question, it is true that when the national housing strategy was launched, CMHC had to ramp up our direct delivery capability, funding direct projects through an application-based process, which are the majority of the national housing strategy programs. That was not something that CMHC had been doing for a number of years. We had some legacy funding, and of course we have our commercial businesses, our mortgage insurance and our securitization, those commercial businesses.

At the beginning of the NHS, we actually had to ramp up that capability, and we definitely had some growing pains with that. I'll fully acknowledge that. As we started to implement these capabilities and the processes and so forth, we were, in some degree, learning as we went. Through that process, we consistently sought feedback from our clients, from proponents and from all sectors of the housing sector and we continuously tried to improve that.

It's something that we continue to do today. We consistently seek feedback—whether it's through our clients or through venues such as this committee to get feedback—and deal with issues as they arise. We have seen steady improvement in our processing times and have reduced them by over 50% over the last several years. We continually measure not just our clients' satisfaction but how difficult it is to work with us, as well as something that we call our “net promoter score”, which is, at its root, how likely someone is to recommend CMHC. We constantly look at those measures as well as the qualitative feedback we get from our clients, and we look to improve.

As Romy Bowers said when she was here, I think there's obviously still room for us to continue to improve, but we're quite happy with the progress to this point in terms of the number of commitments we've made and the funding we have committed. We've basically committed practically all the funding that's been allocated to us so far in the strategy, and that crosses the spectrum, including not-for-profits.

The Chair: Thank you, Mr. Mason. I'm sure that will be a theme followed throughout this meeting.

We'll now go to questions.

We'll open the floor to Mr. Aitchison for six minutes.

Mr. Scott Aitchison (Parry Sound—Muskoka, CPC): Thank you, Mr. Chair.

Gentlemen, thanks to all of you for being here.

The first thing I'd like to do—aside from thanking you for being here in person, which is very important, especially on a winter day—is ask if you would be able to table with the committee a list of every project funded, either with grants or loans, through the national housing strategy, broken down by the various different programs and by municipality generally. Is that a list you could give us?

Mr. Paul Mason: Yes, absolutely.

Mr. Scott Aitchison: Okay. I'm looking forward to that.

I'm glad the chair started this out with a discussion of the frustration that a lot of Canadians have had in trying to deal with this program. I read what you were going to say before the plan changed. I'm pleased to read that you have simplified the processes, because I'm sure that, as you can imagine, there are a lot of examples of that, particularly of community organizations that have just given up.

I can give you a couple of examples in my riding. Community Living South Muskoka had the land ready to go. It was zoned, the municipalities were all ready and everything was ready to go. They went through a couple of years with that process and then, when

they got to CMHC, they gave up. They sold the land. That was pretty tragic.

The minister was just in Sault Ste. Marie announcing funding for a really cool project that I think we should be doing literally across this country: the redevelopment of a Legion. Legions are facing their age as structures, and their organizations are changing, and these are great opportunities.

A former Liberal member of Parliament, Dennis Mills, has a project in Bala, Ontario, at the Legion property, a great huge chunk of land. The municipality has everything zoned and ready to go. He's not giving up, because he's like a dog with a bone. He will not give up, but he has given up on CMHC and this government for sure. He just doesn't get it. He doesn't understand why it's so difficult.

I recognize, of course, that you have to be careful with taxpayers' money. I started to look through just the national housing co-investment fund. I started to go through the checklists. Of course, there's the integrity declaration, the purpose of the funding, and if you're eligible, you have to go through that checklist. Then, of course, there's a lovely spreadsheet, where you see if it's feasible or not, and then there are the minimum environmental and accessibility instructions that seem to go above and beyond building codes.

I went to visit Covenant House in Vancouver. It's an amazing story and a fabulous facility that they have there. They built this new structure. I asked them, “Did you get any funding from CMHC?” They said, “Yes, we got \$12 million.” Isn't that incredible? Now, it's a \$100-million project, but that's great: They got \$12 million. It cost them a million dollars in consulting fees to work through the quagmire that is the process known as “the CMHC”. Community Living South Muskoka didn't have that kind of money to work through the quagmire, so they gave up and sold the land.

I want to know if you can tell us what you've done to simplify the process so that organizations that don't have Ryan Reynolds sponsoring them and raising awareness about the importance of the organization, or the resources to spend that kind of money on consulting fees and lobbyists.... What have you done to make it easier for those community organizations that are literally on the front lines of this issue and want to make the change that every community in our country needs?

● (0855)

Mr. Paul Mason: In response to the question, over the last year we implemented a new process in the co-investment fund, which is a contribution-only stream, where we turned around applications in as little as four weeks. Those were targeted specifically at the smaller not-for-profits to make it simpler. There was not a loan component associated with those, and we were granting up to \$125,000 a door for those particular ones. That was in recognition of the lessons learned around dealing with those organizations and dealing as well with the level of affordability. That's just one example.

I would say that another example is that we worked very closely to reduce the amount of paperwork and legal requirements to sign the final agreement, to improve it as a process.

Those are just two examples that we've looked at.

The third thing I would say is that we took the lessons learned from some programs and applied them to the rapid housing. That's an example of where we've taken our processes and really reduced them dramatically to enable ease of application.

Mr. Scott Aitchison: Can I quickly jump in there, then, based on what you said about some of these projects being turned around in four weeks? That sounds almost too good to be true. I'll take you at your word. I believe you.

In your list that you'll provide to this committee of all the projects, can you identify the timelines on each of those projects as well, from application point to delivery point?

Mr. Paul Mason: I think we should be able to, because we do—

Mr. Scott Aitchison: If you can, or at the very least, give me a list of the projects that you were able to turn around in four or five weeks.

Mr. Paul Mason: We do measure our turnaround times across all of our application processes, so we should be able to provide at least the overview of the turnaround times.

Mr. Scott Aitchison: Okay. That will be fantastic.

I'm almost out of time here, so I'll leave it at that, because I want to come back to the actual headline number of \$82 billion—or \$89 billion, as we're never exactly sure where we are—and talk to you a bit more about that as well, but I think I'll have another round.

The Chair: Thank you, Mr. Aitchison.

Mr. Collins, you have six minutes, please.

Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.): Thanks, Mr. Chair.

Welcome, guests.

Through you, Mr. Chair, my first question would be around the federal housing advocate's recent recommendation. She talked about how we're at the five-year point with the national housing strategy. Her recommendation is that the government look at the strategy and possibly make some changes. Do you agree with the recommendation?

Obviously, a lot has changed since this was first released. We've gone through the pandemic. We've witnessed a wholesale change in terms of what's happening in the affordable housing sector as it relates to need. There's more need today than ever before. Do you agree with that recommendation? What changes might you recommend? Or are you going through an official process at CMHC based on her recommendation?

• (0900)

Mr. Paul Mason: We actually do an evaluation of our programs every three years as part of the national housing strategy, in addition to other feedback, such as the feedback you referenced. In addition to that, we're constantly adding new programs to the national housing strategy. It has not been a static strategy. We've added the

rapid housing initiative, as an example of that, as we've looked to speed up the delivery of deeper affordability, which the rapid housing program does deliver.

We're constantly looking at and assessing the performance of the existing programs in terms of their intent and in general whether the impact we're having is what was intended.

Mr. Chad Collins: If I could, Mr. Chair, speaking of deep affordability, I think that speaks to some of the issues that Scott raised earlier in terms of the grants and the application process.

Rapid housing, I think, is probably the most successful program of all of the national housing strategy programs that you've offered to date. As a former councillor and as someone who worked at CityHousing Hamilton, for us it was amazing, because there was deep affordability. The grant ratio, at least in our municipality, was about 75:25 or almost 80:20, if my memory serves me right. Through rounds one and two, you were providing \$300,000 for a unit when modular units were costing about \$350,000.

What I've witnessed now in round three is that the grant number has been reduced for most municipalities, at least in southern Ontario, and that's my only context in this regard. I'm not certain what you provided across the country.

In southern Ontario, for the grants on average, it looks like they've gone down to about \$265,000 a door, which is far less than the \$300,000 you provided through the first two rounds. The cost of the modular unit now is about \$550,000, or almost \$600,000. Tenders haven't come in yet, but it looks like the industry fee for modular units is in that range.

The dilemma that municipalities have, at least for those that are participating and have been granted the opportunity to apply, is that the grant portion has gone down substantially. We're now down to about 55% per door, and the cost of the units has almost doubled. Can you rationalize the decision-making process you made to determine that the grant numbers should be reduced in round three, when costs and expenses related to modular, and most are purchasing modular... How did you arrive at that decision?

Mr. Paul Mason: As we design the program, we always look at the depth of affordability that we're trying to achieve. In the case of rapid housing, we're trying to achieve close to what we would call "core housing need", which is 30% of income as an affordable unit. No more than 30% of income for that affordable unit is the deepest one that we offer. At the same time, we're also trying to create as many units as possible.

As we work with each of the municipalities, as well as through the projects that come in, we look to assess those projects that are most likely to achieve those outcomes and try to ensure that the money we spend goes as far as it can. I do acknowledge that over the last five years—going back to your first question around the overall NHS—we've seen a significant increase in the cost of construction across the board, as well as the cost of borrowing money due to inflation. It does put some strain on the number of units that can be delivered with the funding that is available.

Mr. Chad Collins: May I ask how you arrived at \$265,000 a door? You were at \$300,000 before. You obviously had an internal meeting with staff and your board about what kind of support you would provide. We see expenditures rising for everyone who is trying to get into the RHI round three, and you've decided, for whatever reason, to provide less support. Can I just understand the rationale?

I certainly understand the context in terms of how the program is created and what your intent is, but there are challenges for municipalities right now because they can barely afford to participate in the program when you're almost asking them to pay half the cost.

• (0905)

Mr. Paul Mason: When we design these programs, we work within our authorities in terms of what we're able to do. We do work internally but also with the government in terms of determining what the right level and authorities are within the program.

Mr. Chad Collins: How much time do I have left, Mr. Chair?

The Chair: Ten seconds.

Mr. Chad Collins: I'll save my question then for the next round.

Thank you.

[*Translation*]

The Chair: Ms. Chabot, you have the floor for six minutes.

Ms. Louise Chabot (Thérèse-De Blainville, BQ): Thank you, Mr. Chair.

I thank the witnesses for participating in these very important discussions on the National Housing Strategy. Let us remember that the goal of this strategy is to provide affordable housing to meet the growing need. There is talk of a housing crisis. I will not ask for a definition, but we know that demand is high and that, for many people, it is a challenge to find housing.

My first question is going to be about the definition of affordability. According to the National Housing Strategy, housing is affordable if a household pays less than 30% of its income on rent. However, there are other definitions of affordability, depending on the program. For example, the National Housing Co-Investment Fund, whose mission is to build, renovate or repair affordable and community-based housing, defines affordable housing as having a rent that is less than or equal to 80% of the median market rent. The Parliamentary Budget Officer says this creates confusion, as a household can still spend more than 30% of its income on such housing.

Why is it that all programs do not use the same definition of affordability to start with?

Mr. Paul Mason: Thank you for the question.

[*English*]

I would like to say that we at CMHC do believe there's one single definition of affordability, which is that is an individual spends less than 30% of their pre-tax income on lodging.

The NHS programs have different criteria associated with them, depending on the groups targeted and the policy intent of the program itself, as well as the level of grant contributions, which directly affects the level of affordability that could be achieved.

I would say that we do have one single definition of affordability, but there are different criteria depending on the different programs.

[*Translation*]

Ms. Louise Chabot: Having different criteria for different programs creates problems, even if you say there is only one definition of affordability in the entire strategy.

If you use different criteria, including the 30% of tenant income threshold, how can Canada Mortgage and Housing Corporation demonstrate concrete results on affordability?

We have read that housing in Montreal is considered affordable even if the rent is over \$2,000. Do you agree with that statement?

Mr. Paul Mason: Thank you again for the question.

[*English*]

Again, we have one single definition of affordability. However, we do have different criteria depending on the program.

We have actually pretty significantly exceeded those affordability requirements across the majority of our programs, including the national housing co-investment fund and the rental construction financing initiative. For example, under the national housing co-investment fund, we are achieving rents for affordability in the range of \$650 a month. It does vary across the country, but that's much lower than the minimum criteria that are established in the program. As applications come in, we prioritize those that achieve the greatest outcomes, particularly affordability, but others as well. We work very hard within those programs to exceed the criteria that were set.

• (0910)

[*Translation*]

Ms. Louise Chabot: We are halfway through the planned duration of the Strategy. From 2017 to 2022, that is now five years. At the halfway point, do you think it would be important to make adjustments or to make sure, as you say, that there is a single affordability criterion that is being used in the Strategy and that we should all focus on?

You say that is correct and that you are meeting the affordability targets. However, we have two reports from the Parliamentary Budget Officer, who says that this is causing problems. Even though there is only one definition of affordability, there are different criteria, which makes it difficult to really account for the number of units built that meet those criteria.

In addition, affordability needs to be sustainable. Maybe a unit is affordable in the first year, but then it becomes not affordable because of the numerous criteria.

Is having a single definition of affordability part of your thinking?

[English]

Mr. Paul Mason: As I indicated earlier, we do have an evaluation of our programs every three years. Right now, we are delivering those programs and the definitions as they are within our authorities.

As I said earlier, we are achieving much lower rents. For example, in Montreal, the average affordable rent right now coming out of the co-investment fund is \$513 a month. For us to achieve deeper levels of affordability, it's not simply about changing the criteria. It's also the structure of the program and the amount of grant contribution available to achieve those deeper levels of affordability.

Again, CMHC does conduct an evaluation of our programs every three years, and then recommendations flow out of that.

[Translation]

The Chair: Thank you, Ms. Chabot.

[English]

We'll go to Ms. Kwan for six minutes.

Ms. Jenny Kwan (Vancouver East, NDP): Thank you, Mr. Chair.

Thank you to the officials for being here today.

Just building on the affordability question, could officials table for the committee a breakdown of all the units that have been funded by CMHC, broken down by stream, then broken down by province and municipality and the rent for each of the projects to which funding has been allocated? There are issues of affordability. They vary from program to program, and while rent as 30% of total income is what CMHC has stated as affordability, its application is simply not there. We see that very much so on the ground.

When asked the question about affordability, CMHC has formally responded that, I'm sorry to say, they don't actually look at affordability. So if you do look at affordability, I would like to actually see the rent all the way from its inception for all of the units that have received CMHC program support.

The other thing I want to raise is on the co-investment fund. Eighty-seven per cent of the units that are receiving funding or under construction are in Ontario, despite Ontario representing only 39% of the population. Other provinces—Alberta, B.C., Quebec, Saskatchewan and Manitoba—are grossly under-represented. Why is there such a disparity?

Mr. Paul Mason: The national housing co-investment fund is an application-based process, so we don't have specific carve-outs or allocations based on region. We look at the applications coming in and we prioritize areas of greatest need and those of greatest outcomes within those applications.

What I would say is that across all of our programs, we are, to some degree, oversubscribed in terms of the number of applicants we have. In other words, we have more applicants coming in than we have funding to commit at this point, and we have been committing our full budgets as they are allocated to us.

Ms. Jenny Kwan: No doubt. What's interesting is that it sounds as though it is first come, first served.

There are 4,499 units pending in B.C. They have yet to receive funding. Could you advise and table for the committee the dates on which these projects applied for the co-investment fund? In fact, if we could get that information for all of the co-investment fund applications, per Mr. Aitchison's request, that would be helpful.

For these projects that are pending, for which funding has not rolled out, will the \$25,000-per-unit limitation apply to these pending projects?

• (0915)

Mr. Paul Mason: We disburse our funding as the construction progresses in our programs. Any project that was committed prior to any cap on the funding should not have that cap applied. Those should proceed as planned if they were already committed by CMHC. Once an agreement is signed, we disburse the funding in alignment with the construction schedule, which unfortunately can sometimes take time due to construction delays.

Ms. Jenny Kwan: Thank you.

It will also be useful, in the data that you will provide, to advise when the approval was provided for these projects, when did the money actually flow and the amount of dollars broken down on a unit basis, as opposed to the overall amount.

When did the cap come in, the \$25,000 cap?

Mr. Paul Mason: Last year, in the fourth quarter, we put the cap into place. We put it into place in order to preserve the amount of contributions we have and make that go as far as we can in terms of helping as many people as we possibly can.

We did this at the same that we had a contribution-only stream as well, which was not subject to that cap and could go up to \$125,000 a door for those particular projects.

Ms. Jenny Kwan: Maybe we can get the information on with the application. Are you saying that people now can actually apply for the \$125,000 contribution stream?

I got three letters from the minister, signed pretty well all on the same day, saying, one, that the co-investment fund had been depleted—go somewhere else. Another was telling another MP to go and apply for money under the co-investment fund. Then, in response to my letter, the minister said that the money will go only to projects that really essentially are shovel ready.

There are different applications depending on who asks the questions, I guess, but it would be really good to actually get the honest truth of what the state is of the co-investment fund. Can you advise the committee how much money is left in the co-investment fund?

Mr. Paul Mason: There is approximately \$150 million of contribution room left in the co-investment fund. That's for new construction. There's about \$900 million in contribution room left for the repair stream of the national co-investment fund. For each of the streams, we have a little over \$2 billion in loans left to be allocated.

Ms. Jenny Kwan: There are 115,000 units that have received a commitment from CMHC but have not received the money. For those 115,000 units, can you confirm that none of them will have the \$25,000 cap applied to them?

Mr. Paul Mason: I can confirm that any project that was committed to in advance of the cap would not be subjected to the cap.

The Chair: Thank you Ms. Kwan. Your time has concluded.

We have Ms. Ferreri for five minutes.

Ms. Michelle Ferreri (Peterborough—Kawartha, CPC): Let's see what I can do in five minutes.

Thank you so much.

The Chair: I'm sure you'll accomplish a lot.

Ms. Michelle Ferreri: Thank you so much for being here. I really appreciate it.

I'm wondering if I could start by really quickly talking about my own riding of Peterborough—Kawartha.

There is a major housing issue in my riding. Homelessness is obviously significantly on the rise. Two applications that came from our city in the last couple of years were denied, but they don't know why. Can you tell me as quickly as possible—because I have so many questions—what the process is? What do you do for follow-up? How can people figure out what they've done wrong and follow up on that application that was denied?

Mr. Paul Mason: We do have client service people across the country. We should be explaining why an application was denied. I'm happy to look into these specific circumstances, but we do have client service folks, who not only should be communicating this but also should be working with our clients in terms of the application process.

Ms. Michelle Ferreri: Thank you so much. I would love if you could follow up with that. Is it the responsibility of the city to follow up? Or will your client services do that?

● (0920)

Mr. Paul Mason: We should be proactively following up when an application is not approved and explaining why it isn't. In most cases, we actually go back and try to work with the client or the proponent to let them know what wasn't working and try to work with them to see if it can work.

Ms. Michelle Ferreri: If I may, we've heard about a lot of obstacles and a lot of negatives around CMHC. I know that you're trying to provide the best service possible. I guess what I'm asking about is in terms of coming back to that—service standards, rolling out the programming and helping those in need—as we do have a housing crisis.

Do you feel that you've been supported by the minister? Do you feel that you were given clear directions and clear communication on how the program should operate? Do you feel that you were sort of left to do it on your own? Or do you feel that there has been very good direction and management from the housing minister?

Mr. Paul Mason: I feel that our authorities, the direction of these programs and the definition of them are very clear.

As we operationalize them, there is some flexibility that CMHC has in how we implement the programs. The processes and so forth are put into place by us, but in keeping with our authorities and the intent of the program in delivering it, but also in being good stewards of the government's money.

Ms. Michelle Ferreri: Are you happy with how the minister is running the housing program? Answer yes or no.

Mr. Paul Mason: Yes.

Ms. Michelle Ferreri: Thank you.

The Parliamentary Budget Officer released an updated assessment yesterday on the national housing strategy.

I want to talk about this, if I can. Last night, I had a very emotional conversation with a man. His kids are adults and living at home. He's really scared. This is a conversation I have a lot with parents. They're really worried their children are never going to be able to afford homes. It's a genuine fear.

What are we going to do for our children?

I see a lot of things that have come out of this. It's \$7 billion more than CMHC had forecasted. There's no standard definition of affordability, which is a major issue, as we know. However, the thing that really jumped off the page of this assessment is that:

While federal investments in addressing affordable housing and homelessness have increased, so too has the cost of residential construction, reducing the real purchasing power of federal spending.

What I'm trying to tie in here, if I may, is we've been adamant about the carbon tax and inflation. I feel like this shows this vicious cycle.

You're at \$7 billion more than intended. If you continue to spend more and things keep going up, you're never going to meet that demand. We're caught in this vicious cycle. If the purchasing power doesn't have the power it needs and we have inflation constantly going up, but you're spending more and you're not getting more, how do you stop that? How do you reconcile being able to meet the demand and having that purchasing power?

Do you think carbon tax is an issue in all of this?

Mr. Paul Mason: I would have to defer, personally, on the carbon tax. It's not my area of expertise.

What I will say is that the increased cost of construction is definitely having an impact. We at CMHC have reported ourselves and analyzed that we need to build about 3.5 million more homes over and above what we were planning to build between now and 2030. There is definitely a supply-driven affordability issue in the country.

This is not an issue that can be solved alone, either by CMHC or by the federal government. I'd say it's a bit of a team sport. We have our role to play. I think if the programs were not operating, things would likely be worse, but it takes partnering with municipalities, with provinces and with the private sector in order to really drive up the supply in this country.

The Chair: Thank you, Ms. Ferreri.

Mr. Long, you have five minutes. The floor is yours.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Thank you, Chair.

Good morning to my colleagues.

Thank you to our CMHC witnesses. Thank you for what you do for Canadians.

Quickly on the carbon tax, I was thrilled to see Conservative Premier Blaine Higgs openly accept the federal backstop yesterday and openly acknowledge that it's the way people in New Brunswick will get support to help them fight inflation and other costs. I was happy to see that.

Going back to CMHC, Mr. Mason, I thank you for being forthright. I thank you for your answers so far.

I want to talk with you about how you ramped up. Certainly, we recognize that before 2017, there was little investment in housing. We also recognize that housing is provincial jurisdiction, but we recognize, as the federal government, that we need to step in. We have a role to play and we need to help.

Obviously, we rolled out the \$82-billion housing strategy. CEO and president Romy Bowers reminded us that, again, before 2017, CMHC really wasn't into dealing with proponents, non-profits and residential housing.

Can you talk to us very briefly about how [*Technical difficulty—Editor*]?

• (0925)

The Chair: Mr. Long, would you raise your boom and try it again?

Can you speak for a few moments?

Mr. Wayne Long: Testing, 1, 2, 3.

The Chair: We'll just suspend for a few moments.

• (0925)

(Pause)

• (0925)

The Chair: Excuse me, Mr. Long, we will have to come back to you at a later time, because the interpreters cannot translate your comments.

Which member of the government side would like to continue with the three minutes left?

Mrs. Martinez Ferrada, you have the floor for three minutes.

[*Translation*]

Ms. Soraya Martinez Ferrada (Hochelaga, Lib.): Thank you, Mr. Chairman.

Mr. Mason, thank you for being here with your team.

There were some good questions asked this morning. As our chairman said at the beginning of the meeting, you feel and understand the frustration about the situation, which we agree is difficult. There are huge challenges, and the current context does not make this easy.

What more can you do to speed up the creation of the housing units we need across the country? How can the programs we have now be enhanced to help you implement the National Housing Strategy?

Mr. Paul Mason: Thank you for the question.

[*English*]

It's a great question. As I said earlier, we are constantly trying to improve our processes and speed up our processing, but what we've seen on the ground is that there have been a lot of delays on the construction side. Right now, about 20% of the projects that are funded have completed construction up to this point. That's a part of the process that is out of our control in terms of how quickly those can be built.

When we look at projects and applications that come in, as I said, we try to prioritize those that have the most in terms of their outcomes and those that look like they're viable and can be completed relatively quickly.

Those things help us move along the whole process end to end. I would say that, outside of the national housing strategy, it can take anywhere from eight to 10 years to get multi-unit housing developed.

The government is considering a housing accelerator fund right now, and the intent of that is to look to remove any barriers that may exist at the municipal level in terms of development. That's another area that I think can be helpful.

• (0930)

[*Translation*]

Ms. Soraya Martinez Ferrada: Thank you.

In her report, the Auditor General analyzed a portion of the National Housing Strategy program. Can you tell us about other programs that may not have been reported on by the Auditor General?

Also, I know that you have put in place a client service for non-profit organizations in particular. I would like you to tell us about this service and whether it is going well. Can you tell us about the results of that?

Mr. Paul Mason: Thank you for the question.

[*English*]

As I said earlier, we're taking feedback seriously from our clients and looking at, not just how we improve our processes, but also the types of resources that we have on the ground working with proponents and with clients to help them complete the application process. If an application comes in that isn't quite ready or isn't quite at the point where the project is viable, we have staff across the country who work with proponents to try to help make those projects viable.

We definitely want any project that we fund to have a high likelihood of success. We talk a lot about numbers, but, at the end of the day, this affects real people, and we want these projects to be successful on the ground.

When we look at the work we do, we take that feedback, build those relationships with those groups and work hard to deliver.

The Chair: Thank you.

[*Translation*]

Ms. Chabot, you have the floor for two and a half minutes.

Ms. Louise Chabot: Thank you, Mr. Chair.

Mr. Mason, this is all very interesting. You just said that without the National Housing Strategy, it would take 10 years. But it looks like it takes 10 years to have housing that meets affordability criteria. The issue of construction is being debated everywhere, but it is not being built unless there is demand. How can we speed up the process to get more affordable housing?

That is my concern. We are halfway through the strategy. I understand that every three years you reflect on the situation. From a strategic point of view, you ask what is going well, what is not going well and what could be improved so that things change?

Here is one program, for example. A decision was made to move forward with a third phase of the Rapid Housing Initiative. In general, this program has received good feedback from everyone for its agility and responsiveness.

In British Columbia, there are some interesting initiatives. I do not know if they all work. For example, a system has been put in place to allow non-profit organizations to purchase housing so that affordability is maintained, on a sustainable basis.

So there are many programs, some of which are more burdensome. New money has been added. Midway through the strategy, what recommendations would you make to at least give the impression, based on the numbers, that it is making a real difference to people looking for housing?

Mr. Paul Mason: Thank you for the question.

[*English*]

When we look at the success of the national housing strategy so far, we are getting very close, in terms of both repairs and new units, to the initial targets laid out in the national housing strategy.

The rapid housing program, which is in its third round, is delivering deep affordability as quickly as possible. We have streamlined both the application and the approval processes, as well as looking for proponents to commit to timelines. We have had lessons learned through that program, so we've allowed those timelines to increase a bit, realizing the challenges on the ground with construction and so forth, but it's still very rapid in comparison to normal housing development.

Again, the rapid housing I think is a good example of taking lessons learned from the first few years of the program and applying them to this new program.

• (0935)

The Chair: *Merci*, Madam Chabot. You'll be getting another round.

[*Translation*]

Ms. Louise Chabot: Do I have some time left?

I want to talk about...

[*English*]

The Chair: *Merci*, Madam Chabot.

Ms. Kwan, you have two and half minutes, please.

Ms. Jenny Kwan: With the 115,000 units that are still waiting for the funds to flow from the co-investment fund, are the remaining funds in the co-investment stream then spoken for?

Mr. Paul Mason: I think I would like to pass this question on to my colleague, Mr. Lahoud.

Mr. Simon Lahoud (Director, Financing Solutions, Canada Mortgage and Housing Corporation): Thank you very much, Mr. Chair.

For any projects that have funding committed to them, the funds are there for them. With regard to the spending, we actually advance funding as the projects build—

Ms. Jenny Kwan: I'm sorry. I'm going to cut this short because I have only two and half minutes.

My question is, are the remaining funds with the co-investment fund spoken for?

Mr. Simon Lahoud: The numbers that my colleague here had cited earlier are not spoken for. There is roughly \$2.5 billion in low-cost loans still available, as well as about \$150 million of contributions not yet spoken for.

Ms. Jenny Kwan: Thank you.

So for the information on one of the projects that is pretty much shovel ready, when we're told that it has been depleted, it is wrong information—all right. That's good to know.

The PBO issued a report yesterday to say that the government is not accounting for inflation with its programs. Does CMHC anticipate that projects will not become viable with the \$25,000 per unit cap?

Mr. Paul Mason: We are still receiving applications with the \$25,000 cap that are viable, so we are still processing applications even with that cap. Again, the intent of the cap is intended to—

Ms. Jenny Kwan: Thank you.

How many of the projects have withdrawn? Have any proponents or applicants withdrawn their application with the \$25,000 cap?

Mr. Paul Mason: We'll get back to you with that information.

Ms. Jenny Kwan: If we could get a breakdown with that information—if they have withdrawn, where they are and the units that are being proposed—that would be helpful.

I'd like to turn to the federal lands initiative. In 2021-22, \$50 million was committed to that initiative, but only \$5.5 million has been disbursed. That's 11%.

On the government's website, which I checked yesterday, it says there are no lands available. This is specifically dedicated to indigenous community projects.

Why is there such a slow rollout of this? Why does the website say that there's no land available?

Mr. Paul Mason: There are two parts to that question. The federal lands initiative is a \$200-million program over 10 years, and we've committed approximately half of that money to date. We work with other federal departments and Canada Lands to look for viable federal lands that can be made available for this program. As they become available, we post them on our website and housing providers can apply for those particular projects.

As plans are made available, we post them, and then they're offered for competition.

The Chair: Ms. Kwan, your time is up.

Ms. Jenny Kwan: I'm sorry, Mr. Chair. Can I ask if we can get the list of a breakdown of the projects?

The Chair: Could you provide the list, Mr. Mason?

Mr. Paul Mason: Excuse me. For clarification, Mr. Chair, it's the list of...

Ms. Jenny Kwan: Federal lands initiative projects, where they are and the breakdown.

The Chair: Thank you, Ms. Kwan and Mr. Mason.

Madame Falk, you have five minutes, please.

Mrs. Rosemarie Falk (Battlefords—Lloydminster, CPC): Thank you, Chair.

A document entitled “Annex C” that was provided to our committee following CMHC's appearance on December 5 indicates that a total of 627 applications were started for various program streams, but not completed.

Does CMHC track why these applications were not completed?

Mr. Paul Mason: As applications come in, we assess and seek feedback from our clients, especially when those drop off. When we talk about surveying our clients, we also survey those who are unsuccessful in our applications.

● (0940)

Mrs. Rosemarie Falk: How many of those applications were not completed because the process was overly cumbersome?

Mr. Paul Mason: I don't have that exact breakdown. What I can tell you is that projects and applications are abandoned for a whole host of reasons. It could be changing circumstances on behalf of the proponent. It could be difficulty—

Mrs. Rosemarie Falk: Are you able to table that information with this committee?

Mr. Paul Mason: We can certainly table the list of applications that were withdrawn. We don't always know the reason they're withdrawn. We will endeavour to provide as much of that information as we can.

Mrs. Rosemarie Falk: Not knowing the reason...is that because those applying don't reveal that, or CMHC doesn't ask them?

Mr. Paul Mason: It could be that the proponent does not let us know the specifics of the application and why it's been withdrawn.

Mrs. Rosemarie Falk: Okay.

Has CMHC identified parts of the application process that can be streamlined or simplified?

Mr. Paul Mason: Yes, there are a number of areas in the application process that we have streamlined, and we have done this consistently over the last several years, to remove elements that are either cumbersome or too complicated for proponents. We've done that a number of times over the last several years, and we constantly look at our processes and ensure that they're robust, but that they're not unnecessary steps.

Mrs. Rosemarie Falk: The national housing co-investment fund has the highest number of applications that were withdrawn. What reason is there for a higher number of withdrawn applications for this specific program?

Mr. Paul Mason: I'd like to ask my colleague Mr. Lahoud to answer this question.

Mr. Simon Lahoud: The majority of files that are withdrawn, either by the proponents or by us, are generally withdrawn because of viability reasons. There is either a funding gap in the project, or the project is not viable, based on the rents and the cost of construction.

Mrs. Rosemarie Falk: What is the delay in that? We heard during questioning earlier in this meeting about the delay that CMHC has had. There's the affordability, the cost of living and these taxes that keep increasing on the goods and services that Canadians are needing and utilizing. Does the delay at CMHC at all affect that?

Mr. Simon Lahoud: Generally speaking, when we evaluate a project we provide a conditional commitment, if it's a viable project, within 100 days. Once a project receives a conditional commitment, we work with our clients to move them to a state where they are ready for funding.

Mrs. Rosemarie Falk: But 100 days is a long time, isn't it?

Mr. Simon Lahoud: If we are looking at contribution-only files, these are done within 30 days. For files where there is a loan component, we work with our clients very closely to try to give them that answer as quickly as possible. Currently we do that within 100 days.

Mrs. Rosemarie Falk: In the remarks that were provided to us for this meeting, it's mentioned that CMHC regularly surveys clients for feedback and that client satisfaction was at 82% last year. Does CMHC measure client satisfaction with every individual or organization that interacts with CMHC?

Mr. Paul Mason: Yes. We survey all our clients, including those who were not successful. This is not just a statistic of those who were successful in getting funding—

Mrs. Rosemarie Falk: Sorry, but 82% is quite high. With the number of problems that we have heard about at this committee, and specifically at this meeting and the previous meeting with CMHC, I have a really hard time believing that clients are 82% satisfied with the services they're receiving from CMHC.

Mr. Paul Mason: What I can tell you is that we survey all our clients and we do it in an unbiased way. We send out surveys to all our clients and ask for feedback.

• (0945)

The Chair: Thank you.

I'll now return to Mr. Long to see if his audio is able to be efficiently translated.

Mr. Long, you have the floor for five minutes.

Mr. Wayne Long: Thank you, Chair.

I certainly don't want to test the interpreters, but hopefully things are better.

The Chair: Mr. Long, unfortunately, the interpreters are advising me that they cannot translate your audio.

I will now go to Mr. Collins for five minutes.

Mr. Chad Collins: Thanks, Mr. Chair.

I'd like to follow up on the federal lands initiative. In the early days after my election, I asked about the process, and it seems like a very complicated one in terms of having to go through different ministries to make the lands available in order to even get an application into CMHC to apply for the resources.

Can I ask you for your professional advice as it relates to improving that program? You are one part of what many would consider a long process. What changes do you believe we need to make internally to make lands available in order for them to become eligible for the federal lands initiative money?

Mr. Paul Mason: We're actually quite happy with the progress on the federal lands at this point. As I said, we've committed over half the money, and it looks like we're likely going to exceed our unit targets through that program. In the program, we rely on other departments to make lands available. That is the element we need in order to execute on our part of this. Anything that can make that easier would make more lands available.

As I said, it looks like we're going to fully commit the money that we have, so it's not that we're lacking lands to be made available to achieve our targets in that program.

Mr. Chad Collins: My next question is around the accelerator fund. Everyone's anxious to see what that involves. Of course, this committee undertook a study on the accelerator fund. We heard lots of expert advice. I had the opportunity, when Ms. Bowers was here, to raise that with her in terms of some of the recommendations.

One key recommendation that flowed through that report was an acquisition fund for municipalities. In some of the witness testimony that we heard during the committee study, there was some consternation around what the housing industry looks like right now. Most municipalities will start to receive fewer applications from a development perspective, so I think the thought process was.... You're investing in technology to increase applications and supply, obviously. You may be supporting staff to assist municipalities in processing those applications, but if developers across the country are by and large scaling back their applications, it's hard to count net new units when the trend is going in the opposite direction.

Can I get your advice on that? Will you take that into consideration when you unveil the program at some point in time?

You're supplying resources to an area where you may not see the results that you want. I think it was 25,000 units a year for four years.

Mr. Paul Mason: It would be a little premature for me to comment specifically on the requirements of the housing accelerator fund.

I can tell you that the intent is to work with municipalities to speed up development and increase the supply of housing being delivered in those communities. That may look different from jurisdiction to jurisdiction depending on the municipality. Some of the work we would do there is to assess what would be the right level of development that we would expect in these different municipalities.

The program isn't fully defined or approved yet, so it's a bit difficult for me to comment on the specific requirements. The ultimate intent is to remove barriers that may exist for development in municipalities.

Mr. Chad Collins: Will you be giving serious consideration to an acquisition strategy as part of that program development?

I ask that because I think it was the top recommendation from all stakeholders in the study. Of course, those stakeholders are the ones you're going to serve in that program. They were municipalities, not-for-profits and others associated with development files at municipalities.

Mr. Paul Mason: We'd be happy to consider any program of that nature from an implementation perspective, if that was the case.

British Columbia has recently introduced a program like that at the provincial level.

• (0950)

Mr. Chad Collins: My next question is related to real estate investment trusts. You may be aware that we're undertaking a financialization of housing initiative, probably within a month's time.

Real estate investment trusts have played an increasingly large role in the rental housing market across the country. In some markets, they're more prevalent than others. Certainly in large municipalities across the country, we see REITs all over the place. I happen to reside in a REIT here. It's a hotel that's been converted into rental, which I think is great. I honestly believe that there is room for REITs in the rental market. They can play a role in assisting just as the private sector does in many areas.

However, there's definitely been an impact in terms of rent increases as a result of their presence in the market. That is having a negative impact on tenants. I won't go through those issues because I think you're very well aware of what they are.

Can I ask what kind of support you've provided to REITs through the national housing strategy? In all the programs that you offer, have REITs received assistance from you in the form of loans or grants?

Mr. Paul Mason: I believe REITs account for about 10% to 15% of the total housing market in this country. I can tell you that 98% of the money provided through the national housing co-investment fund has gone to either not-for-profits or other levels of government.

The Chair: Thank you, Mr. Collins.

Mrs. Gray, you have the floor for five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for being here today.

I'm trying to better understand the governance structure of CMHC. Is it a fair assessment to say that the government may come up with funding and housing initiatives, as you've talked about today, and then it comes to CMHC to administer and come up with the staffing, resources, policies and processes to deliver and operationalize that initiative?

Would that be a fair assessment?

Mr. Paul Mason: Yes, that is fair.

I apologize if I missed the first part of that comment. We work with the government and provide advice, and then we implement and administer the programs as given to us through the authorities of central agencies.

Mrs. Tracy Gray: Thank you.

Your board of directors would sign off on those internal policies and processes to implement those government initiatives. Would that be correct?

Mr. Paul Mason: We have a pretty significant governance process within CMHC. The board does not necessarily sign off on all

of the policies and procedures that happen at the program level. It provides oversight for the overall corporation.

Mrs. Tracy Gray: Like any board of directors, would the CMHC board of directors have knowledge and information on the operation of those program initiatives at the board level, before they're rolled out?

Mr. Paul Mason: We do report on the progress and achievement of those initiatives to our board, yes.

Mrs. Tracy Gray: It appears that your board of directors, like all of your employees, have to follow a code of conduct, which CMHC calls the conflict of interest and post-employment policy. Would that be correct?

Mr. Paul Mason: The only reason I hesitate in answering the question is because it's not really my expertise in terms of the terms of reference and the policies of our board. I believe that is the case.

Mrs. Tracy Gray: Does CMHC have any additional policies in place for board members regarding real or perceived conflict of interest in addition to the conflict of interest in post-employment policy of CMHC?

Mr. Paul Mason: We ensure that there's always separation between our board and any activities that we do on the ground.

Mrs. Tracy Gray: That's good. Thank you.

Many of your board members also serve in leading roles with other housing or housing adjacent organizations or developments. Is that correct?

Mr. Paul Mason: Our board members come from a variety of industries and organizations.

Mrs. Tracy Gray: This is a yes or no question. Have board members recused themselves from any discussions on implementing or delivering government housing strategies that may have real or perceived conflict of interest based on the housing organization the board member may be involved in?

Mr. Paul Mason: I am not necessarily part of those proceedings within the board itself. It would be difficult for me to comment specifically on that.

Mrs. Tracy Gray: I do look forward to CMHC tabling all of the funding that has been given out to all organizations as part of the national housing strategy, which was asked for earlier in this meeting. I look forward to going through that.

For example, one of your board members is the CEO of an organization that was allocated funding from CMHC for a housing project in Vancouver. Did this board member recuse herself from any decisions that may have led in any way to this funding?

• (0955)

Mr. Paul Mason: We ensure that our staff on the ground are not working with our board members when it comes to any applications.

Mrs. Tracy Gray: Did that same board member recuse herself from decisions regarding implementation or administration of the rapid housing initiative, where money went to a project by the organization she's the CEO of in Surrey, B.C.? It's a project that garnered media attention and was visited by many Liberal MPs, including the Liberal deputy leader Chrystia Freeland.

Mr. Paul Mason: I apologize, but I missed the question.

Mrs. Tracy Gray: The question was whether or not the board member would have removed herself during any discussions on the rapid housing initiative that would have been discussed at the board level?

Mr. Paul Mason: That would be my understanding, yes.

Mrs. Tracy Gray: Can you table for this committee the minutes from all CMHC board meetings from January 1, 2016 to December 31, 2022?

Mr. Paul Mason: Yes, I suppose so. I don't think the board minutes are confidential.

I apologize, Mr. Chair. This is a bit out of my area of expertise.

The Chair: Obviously, Mr. Mason, you would consult on whatever you can do—

Mr. Paul Mason: I'll consult with our team.

The Chair: —and respond to the committee in a format that you are allowed to, based on the legislation governing you.

Thank you, Ms. Gray. Your time has expired.

Thank you, Mr. Mason.

We'll now go to Madam Martinez Ferrada for five minutes.

[*Translation*]

Ms. Soraya Martinez Ferrada: Thank you, Mr. Chair.

[*English*]

I only have the English words for the acronym. I'm sorry. It's the urban and northern programs around housing. Can you give us an update on how you're doing on that program?

[*Translation*]

Mr. Paul Mason: Thank you for the question.

I will ask my colleague Benjamin Williams to answer.

[*English*]

Mr. Benjamin Williams (Director, Indigenous and the North Housing Solutions, Canada Mortgage and Housing Corporation): Budget 2022 announced \$300 million for the development and implementation of an urban, rural and northern indigenous housing strategy. CMHC will be delivering \$18.5 million of that \$300 million through indigenous organizations for the engagement consultation process. The launch of that was announced this week.

Ms. Soraya Martinez Ferrada: Thank you for that.

I want to also give you the opportunity to give us an update on what you've learned about the rapid housing rounds one and two and how you are looking forward to round three coming up. I'd just like your thoughts on rapid housing.

Mr. Paul Mason: I think the two biggest learnings coming out of the first two rounds of rapid housing were giving a longer window to intake applications—so we've extended the window—and to also increase slightly the time allowed for the completion of the housing projects. Obviously we want to approve projects that are ready to go, but we realized that with some challenges in construction delays, the time requirements were a little too short.

Those are probably the two biggest improvements we've made in the program.

Ms. Soraya Martinez Ferrada: Thank you.

What about agreements with provinces? How do you track those in terms of results and the bilateral agreements we have with the provinces?

Mr. Paul Mason: As part of the bilateral agreements, the provinces are required to report on their progress through the bilateral agreements. We have a team within CMHC that works with them to standardize the reporting and ensure the reporting is delivered in a timely fashion.

Ms. Soraya Martinez Ferrada: Okay.

You're going to table in writing the projects you have, but I think the question around affordability is a really big one. What numbers can you give us in terms of how many units you've created in terms of affordable units and in being clear on that? I think there's a misunderstanding around each program and the results in terms of affordability. If you could table those numbers, I think they would be useful for the members of the committee, and again, in terms of affordability, they're the numbers around what you mean by "affordability".

How many non-profit organizations are you supporting and accompanying in making sure that they can present projects in the different programs you have? Maybe you could give us an update on those people who work at CMHC and work with these non-profits. For instance, in Quebec for non-profit organizations, we have the technical resources that have worked with non-profits to do housing, but you don't have that in other provinces, so what is the role of CMHC? How can you work with non-profits to make sure they actually tap into those projects?

● (1000)

Mr. Paul Mason: We are happy to table the number of units per program that we've committed and those that are considered affordable under the criteria of that program, but we can also provide—in particular, for our two largest programs around construction financing initiatives and the national housing co-investment fund—the average rents we're achieving through those programs and also, in relation to the minimum criteria, by how much we're exceeding those. We can do that.

As it relates to our staff on the ground, our staff play a very important role in working with the not-for-profits, both to help them navigate the application process and to provide feedback on the applications and help work with them. If a project comes into us that we don't feel is going to be viable, they work with them to determine what changes can possibly be made to the project for it to be viable and funded through our programs.

Ms. Soraya Martinez Ferrada: Maybe you can also share the numbers around the objectives through the clientele, because I know that you were targeting, for instance, women, accessibility... I know there are numbers there that maybe you can share with the members of the committee too.

Mr. Paul Mason: Yes, and thank you for the question. It's a very good point to note that it's not simply affordability.

We do have requirements around climate compatibility and accessibility and, as an example, targets around the amount of funding that goes towards women and children. We can provide those breakdowns. I can tell you right now that the per cent of our total funding that has been allocated to serve the needs of women and children is around 30%.

[Translation]

The Chair: Thank you, Ms. Martinez Ferrada.

Ms. Chabot, you have the floor for two and a half minutes.

Ms. Louise Chabot: Thank you, Mr. Chair.

Mr. Mason, at the beginning of the meeting you said that you would be able to give us detailed figures so that we could see where the different programs were. I would like to make a comment, which is not a question. We received additional notes following your appearance, in which there were tables and figures, but I must tell you that it was hard to understand. For Quebec, figures were given such as 160, 22, 169, 14, 79. As for the 30% threshold, it said "not applicable". In any case, I did not understand anything and I do not know where such data leads us. It could be more precise.

I am going to ask a question now about Canada's Homelessness Strategy, which is the Reaching Home program. It is a great program, and all the organizations are praising it. However, in reality, it is painful to see that we need such a program, which seeks to help the most vulnerable find safe and affordable housing, and which also seeks to reduce homelessness by 50%. In 2022, due to a post-pandemic phenomenon, there was an increase in homelessness, mental health problems, and so on.

The 2022 report of the Auditor General of Canada was quite critical of this program. There is an inability to really track whether the housing created under the program meets the needs. The Canada Mortgage and Housing Corporation says it will implement the Auditor General's recommendations.

However, aside from those recommendations, where are the changes? How are you going to follow up concretely on the data collection? That seems to us to be of major importance.

[English]

Mr. Paul Mason: We did accept the findings of the Auditor General's report and we have already started to implement some of the key recommendations. In fact, some of those recommendations

were being implemented even prior to the completion of the report, including the reporting on who's living in the units we're providing, as well as how Infrastructure Canada and CMHC work together.

Infrastructure Canada is delivering the main program that targets chronic homelessness, called Reaching Home, but it does fall under the umbrella of the overall national housing strategy.

• (1005)

[Translation]

Ms. Louise Chabot: Are you telling me that there have been concrete changes?

You say you accepted recommendations. Are there any changes? Are we able to know now in a concrete way how we can follow up on this program? Will you be able to tell us how many vulnerable people can receive help from the programs? I am also thinking of people with disabilities and women living alone.

Are you now in a position to give us details on the real effects of these measures, or do you not know? If people do not know and are unable to measure that, it gives the impression that the National Housing Strategy is not working, whether it is true or not.

The Chair: Thank you, Ms. Chabot.

[English]

Mr. Mason, could you respond in writing to Madam Chabot's question?

I will now go to Ms. Kwan for two and a half minutes.

Ms. Jenny Kwan: On the REITs question, could the officials provide a breakdown of CMHC's support for REITs and other corporate landlords for all initiatives within CMHC and broken down by year and by jurisdiction?

Mr. Paul Mason: Yes, I can confirm that REITs do not receive funding through our national housing strategy programs.

Ms. Jenny Kwan: They certainly receive insurance support and so on. That's the nature of that, although you did mention that in the co-investment fund, a small percentage went to REITs, which is shocking to me if that's the case.

I would like to get all of the information on how CMHC supports REITs and corporate landlords.

Mr. Paul Mason: I can confirm that REITs are not receiving funding through the co-investment program.

Ms. Jenny Kwan: Okay, great.

If I could get all the information, though, with all the other programs CMHC provides to REITs, from the inception, that would be helpful.

On the issue around inflationary costs, for committed projects under the co-investment fund to which funds have not yet flowed, and with the costs of construction increasing and mortgage rates increasing, is there a place for those committed projects if people find themselves in a situation where they cannot meet costs because of the inflationary costs?

Is there another pocket that they can turn to?

Mr. Paul Mason: After we've committed to any of our programs, we work closely with our clients to ensure that the project is viable, including whether there are impacts of cost escalations. We continue to work with them to see if we can make the project viable. Sometimes that means an adjustment in the contribution level.

Again, we're managing within the envelope of funding that we have within those programs.

Ms. Jenny Kwan: Can you table for the committee how many projects have become not viable and will not proceed as a result of inflationary costs, and the timeline in which they've been stuck in the processing period with CMHC? Give a yes or no.

I then want to get some information on the RCFI. Can we get an update on what's happening with the RCFI initiative?

Mr. Paul Mason: I will take that question back. It might be difficult to determine categorically which ones [*Inaudible—Editor*], but we will endeavour to provide that information.

The Chair: Thank you very much, Ms. Kwan.

Ms. Jenny Kwan: I'm sorry. On the RCFI, where is it?

Mr. Paul Mason: The RCFI, as well, is exceeding its current unit targets at this point in time, as well as the depth of affordability that we're achieving through the RCFI. If I recall, the RCFI is primarily a supply-driven initiative.

Having said that, the minimum requirements for affordability are currently being exceeded through that program as well.

• (1010)

The Chair: Thank you.

We'll now go to Mr. Aitchison for five minutes, please.

Mr. Scott Aitchison: Thank you, Mr. Chair.

Gentlemen, thank you. I'm sure this has been one of your more enjoyable mornings. I appreciate the answers you've given us on a difficult file. I think we've all acknowledged that this is a challenging time.

I also think it's important to acknowledge what you've pointed out about CMHC not being alone in this space. It is one of the players that requires other agencies within the federal government, provinces, municipalities and the private sector. Housing is an "all hands on deck" situation.

However, you've acknowledged the need for CMHC to dramatically improve its processes, to speed things up and to streamline the

process. That's great. It's an important thing. Obviously, you know that had to happen. I appreciate that you're doing that.

You've also acknowledged that inflation is eating away at every dollar invested. We are, therefore, ultimately producing fewer units than we had hoped. CMHC has also pointed out that we probably need about 3.5 million more units than would, I guess as of right now, be built over the next little while. I think that is a total of 5.8 million units over the next 10 years.

The need is clearly quite dramatic in terms of housing units. Of course, we've also heard all the reports about the very beginning of the housing spectrum. Whether it's homeless shelters and beds, the number of people who are not necessarily underhoused, like we're dealing with a lot here...but the people who are literally homeless is growing in this country. Tent cities are growing. The number of homeless people who have died in the city of Toronto has doubled over the last couple of years.

I appreciate that it's not CMHC's job solely to fix this, but one of the things the AG said in her report was that there was no real champion for all of this. I'm not about to suggest that it's your job, Mr. Mason, to be the champion. You are a cog in this wheel. There's no question about that.

This is an epic situation. We've described it as a crisis around this table. Housing providers describe it as a crisis.

Would you agree that Canada is facing a housing crisis right now?

Mr. Paul Mason: As we at CMHC have said in the past, we believe there's an affordability crisis within Canada that is driven primarily by supply. We feel that there are a lot of different aspects to housing in this country, but the one common denominator and underlying driver is supply. If there's one single thing we could do, it would be to increase the density and supply of housing in this country.

As you pointed out, our research suggests that we need to build 3.5 million more houses or homes before 2030. That won't be achieved through simply government funding. It will require the private sector and other orders of government and us to work together. I think the biggest gain we can make is by working together to try to solve this problem collectively.

Mr. Scott Aitchison: Again, you may not have this right off the top of your head here, but would you be willing to provide us with some suggestions for things that we could be doing or provide comment on some of the ideas that some of us have come up with? For example, I think the federal lands initiative was a pretty small piece of the national housing strategy when you look at the overall strategy, but I think there's potential there. I think with the federal government, it's not always buildings, necessarily, because sometimes commercial buildings don't make sense to turn into residential buildings, but what about vacant land? When I was mayor of Huntsville, for example, we gave land away to Habitat for Humanity and to private developers with agreements that they would have a certain number of units within the complex that were affordable, based on the CMHC definition.

What other things should we be doing at the national level to put the feet to the fire of municipalities that are delaying rezoning processes and to pull out all the stops at the federal level so that we give up more land and make more land available? What other things would you suggest?

You have about 20 seconds to answer that.

Mr. Paul Mason: One program that we haven't talked about at all today is the innovation fund. It's one of those programs that are intended to drive innovations in the housing sector, whether it's construction or financing or any other. I think there's a great opportunity there. We just launched another stream of that. I think that's really important.

When you talk about working with municipalities and provinces, we feel that's really important. I would characterize it as working together and looking at ways that we can collectively...not just in-cent differences in municipalities but also how our programs can work together. There are provincial and municipal programs in housing as well. At CMHC we're constantly looking for ways to work with municipalities and provinces to better align the programs that we have.

• (1015)

Mr. Scott Aitchison: Thanks very much.

The Chair: We'll go to Mr. Collins, after which we'll end with three minutes for each party, as the clerk has identified.

Mr. Collins, you have five minutes.

Mr. Chad Collins: Thanks, Mr. Chair.

I have a question around the whole issue of supply. I certainly understand, and most of your targets all reference supply, but I'm a little bit concerned that we're missing the word "affordable" with regard to supply.

You have affordability targets in many of the programs. We know, as was just referenced, that the private sector will take care of a lot of those supply issues by itself. We do need to provide some incentives for those things to happen, and maybe a lot quicker than they're happening now. How do we change your directive as it relates to the affordability issue?

I just find that with some of your responses today, we're missing the word affordability. We've seen some critiques and constructive criticism of some of the programs in the past in terms of building into those programs an element of affordability. How does that narrative change? Do you need a directive from the government that we have to do more from an affordability perspective and that it's beyond that 80% of AMR but something much lower than that? How does that happen?

Help me with that, please.

Mr. Paul Mason: I apologize if I haven't used "affordability" enough, because it's absolutely crucial. While supply overall is important at all levels, we can't lose our focus on affordability.

Each of our programs plays at a different...I would say along the housing continuum. Some, as you say, are more supply-driven. In fact, before the rental construction financing initiative, it had an impact on the increase to purpose-built rental. It's not only how much

housing or the affordability but also the type of housing. Purpose-built rental has a really important role to play and not just building single-family homes or condominiums.

We operate within our authorities. When it comes to the depth of affordability, ultimately that's dependent on the amount of contributions that can be put into a program like the rapid housing initiative. It's the contributions that help housing providers provide affordable rents, because it minimizes the equity they have to put into the program.

I would say that would be the biggest thing. Other than just changing the definition or the requirement around affordability, it can be around the amount of contributions that we're putting into these programs.

Mr. Chad Collins: Mr. Chair, that's the only question I have. I'm going to cede the rest of my time to my friend, Mike.

The Chair: You have two minutes.

Mr. Mike Morrice (Kitchener Centre, GP): Thanks, Mr. Collins.

I'll start by sharing that my frustration here today is based on the number of people experiencing homelessness in my community. It's tripled in the last three years to over 1,000 people. While that's not solely CMHC's fault, I have several local non-profit housing providers in my community telling me that CMHC is the single-largest challenge for them in getting more units built.

They're letting me know that funding is not being provided at agreed-upon levels, that loan insurance for mortgages is three times as long as industry standards, and that the process to engage is far too long and expensive.

Your website—and as we've heard today—says, "We are driven by one goal: housing affordability for all." In my community, that is not what non-profit providers are experiencing.

I'm very disappointed that your answer to Mr. Collins with respect to real estate investment trusts was not simply zero dollars. The fact that real estate investment trusts are receiving funds ahead of non-profit builders....

If I can get in two questions, the first is this: Why is any real estate investment trust receiving any money from CMHC ahead of a non-profit provider?

You have 15 seconds.

• (1020)

Mr. Paul Mason: Real estate investment trusts are not receiving funding in our national housing strategy programs at all, let alone ahead of not-for-profits.

Mr. Mike Morrice: Okay, great. I think your answer to Mr. Collins earlier seemed to suggest differently.

My last question is simply, can I receive all documents that the committee is receiving, Mr. Chair? Is that possible?

The Chair: Yes, I'm sure members would share their documents with you. They come to the committee, so ultimately, they're public.

As chair, I don't have a problem. It's the committee's prerogative, but I'm sure we can accommodate you, Mr. Morrice.

Mr. Mike Morrice: I appreciate that. Thank you.

The Chair: You had a short question. Is that it?

Mr. Mike Morrice: I have one last one, then.

On the question earlier from Mr. Collins, why did CMHC decide to reduce the RHI amount per door? Why was that decision made?

Mr. Paul Mason: With the rapid housing, we're trying to achieve as many units as possible through the program. We allocated the money based on the total number of units we're trying to achieve.

The Chair: Thank you, Mr. Morrice and Mr. Collins.

We'll have Mr. Aitchison for two and a half minutes. I've had to cut it back. That's what each of you will get.

Mr. Scott Aitchison: Thank you, Mr. Chair.

I have a very specific question now about the process, which is obviously more in your department.

I've anecdotally heard examples of groups or organizations that have gotten through the painful process, gotten the funding agreement—it was a loan or whatever it might be. Then, of course, this year has been a difficult year for interest rates.

They got the approval at the beginning of the year. By the time they were able to get everything ready with shovels in the ground and the money starting to flow, the interest rate changed. CMHC committed the funds, but the interest rate was not committed at the time of commitment. The change in the interest rate at the beginning of the flowing of funds was enough of a change that the project didn't make sense any more.

It's a very specific example, but have you addressed that situation? I assume CMHC has some capacity to play with interest rates a little bit more than a bank might.

Mr. Paul Mason: The way that our lending works is we do Crown borrowing. We borrow from the government and then lend to our clients. We don't fix those interest rates. We borrow the funds.

There have been circumstances where we've borrowed those funds in advance in order to fix those interest rates, but that does carry some risk for both CMHC and the proponent if the deal doesn't happen.

Again, we've been in unprecedented—

Mr. Scott Aitchison: I'm sorry to cut you off, Paul, but does it?

If that project doesn't happen, there have to be 10 more in the queue waiting. It's not like you're going to be left holding borrowed money that you can't loan, I'd have to think.

Mr. Paul Mason: I'm going to defer to Mr. Lahoud on this question, as he deals with this on a day-to-day basis.

Mr. Simon Lahoud: Absolutely. Thank you for the question.

I would say that between 2020 and early 2022 we had lots of cases where rates had gone up and made a lot of the projects unviable. We actually stepped up and provided more funding in terms of contributions to make those projects work.

That being said, we only fix the rate when we advance funds, because we're providing a 10-year loan. As soon as construction starts we fix the rates and start disbursing funds. If we fix them any time before, there is a risk that the project won't go through and that the non-profit would now be borrowing funds that they can't pay back. We actually wait until construction happens.

Mr. Scott Aitchison: Okay, thank you. I think I'm out of time, but I will say, whoever does your polling and your analysis of satisfaction, I'd like to use them myself in my own career.

The Chair: Thank you, Mr. Aitchison.

We have Mr. Collins for two and a half minutes.

Mr. Chad Collins: Thank you.

For lots of affordable housing providers, and I'm now wearing my old hat as president of CityHousing Hamilton, our main two issues that we had as a priority were fixing old units—many of them 50 or 60 years old—and building new, to get people off the affordable housing wait-list. What I've found in dealing with the programs here is that the per-door costs that you're investing in many of the program areas are very high. Rapid housing is an example of that. It's a great program, because you had provided a tremendous amount of grant money, but the unit costs are about \$600,000. Your return—our collective return on our investment—is very expensive, if I use that as an example.

Toronto city housing has hundreds of vacant units that are in the 50- to 60-year-old category. They're uninhabitable, so they sit. Many of them have sat for years.

Hamilton has the same inventory. I'm sure all my colleagues around the table have an inventory like that. The cost to get people living in those units again is probably in the \$100,000-to-\$200,000 range. You're talking about leaky foundations; every time it rains, the basement fills up. You need an overhaul of the unit from a basement perspective, if I use that as an example.

Your return on your investment in terms of getting people off the wait-list and into these houses is at a much lower cost point than what we're collectively paying for rapid housing units. Do you ever take those things into consideration?

There are probably thousands of these units across the country. I know they would be eligible for co-investment funding, but if you were to provide a grant to municipalities and not-for-profits, those units could be fixed within six months. We avoid the two-year application process. We avoid the whole issue of trying to find a lender and a percentage point on borrowing that works for everyone. You essentially just find, if you can, people in the construction industry to do that work. Those units become fixed almost immediately.

I would just ask, as you review your policies every three years, as you said you would, if you could think about that. On a per-unit basis, you would do more in funding those projects than any other stream that you have provided since the development of the national housing strategy.

I leave that with you.

• (1025)

Mr. Paul Mason: In fact, we did recently make offers to a number of municipalities through the co-investment contribution specifically for that purpose. As you are aware, the rapid housing is specifically for the development of new units, but through the co-investment, we've worked on some offers to municipalities. There has been a very popular take-up to do exactly that, and fix some of those units that are under their management.

The Chair: Thank you, Mr. Collins.

[Translation]

Ms. Chabot, you have the floor for two and a half minutes.

Ms. Louise Chabot: Thank you.

Mr. Mason, I am going to ask a question about our ability to have more housing. The Prohibition on the Purchase of Residential Property by Non-Canadians Act came into effect on January 1, 2023. I believe you were involved in the development of the regulation. Correct me if you were not, but I know that it is the responsibility of the Canada Mortgage and Housing Corporation to provide data.

From our side, we think it is a sound idea to try to keep non-Canadians from speculating here. However, there are permanent residents who contribute and want to buy a home, but they cannot, even though they are not necessarily speculators. This is a problem.

Having been involved in the development of the regulations, do you think there could be a legislative change to so that the definition of speculator does not include so many people?

Mr. Paul Mason: Thank you for the question.

[English]

With regard to the foreign buyer ban I believe there are exceptions in the legislation for permanent residents of Canada.

[Translation]

Ms. Louise Chabot: You say you believe there are exceptions. So that would need to be checked. If you could give us a written clarification, that would be interesting.

This committee did a very interesting study on the new Housing Acceleration Fund, and we made several recommendations in response to the testimonies we heard. I will summarize them: that the money flows quickly; that the fund is available in addition to other programs; that there is a data collection mechanism to track the fund; and that the fund is primarily dedicated to the construction, acquisition and renovation of units.

Do you intend to take these recommendations into account? How do you intend to follow up? What monitoring tools does Canada Mortgage and Housing Corporation have in place to assess the progress of the Fund's objectives?

• (1030)

The Chair: Thank you, Ms. Chabot.

[English]

You will have to respond to that, Mr. Mason, in writing to the committee per her request.

Ms. Kwan, you have two and a half minutes to end this part.

Ms. Jenny Kwan: I want to follow up on my last question on the RCFI, where the response was to say that the program was oversubscribed. Is that under the new program?

Mr. Paul Mason: The requirements under the rental construction financing initiative have not yet changed.

Ms. Jenny Kwan: Your reference was on the previous program, notwithstanding the fact that under that program, the rent was actually quite non-affordable, somewhere between 30% to 120% above market. So the new program that was part of the agreement with the NDP has not yet been launched. Thank you for that. It's good to know.

On the issue of the funding CHMC receives for indigenous women and girls, and this is in particular to the \$420 million that was allocated to build transitional homes and shelters for indigenous women and girls, why haven't any of those dollars flowed?

Mr. Paul Mason: I will ask my colleague, Ben Williams, to add onto this, but what I can tell you is that we've committed approximately \$90 million for 22 projects to date in that stream. I would ask my colleague to comment further.

Mr. Benjamin Williams: Yes, in 2021, \$421 million was announced for the shelter initiative. We had two windows for applications in 2022. As my colleague, Mr. Mason, just said, 22 projects have been selected for approximately \$90 million. As with our other programs, funding flows with construction. Although committed, now we're waiting for some of the documents to come in to be able to start flowing those advances and we expect that in the coming months.

Ms. Jenny Kwan: I just want to point out that as each year passes and the money doesn't get to the ground to build housing, people are dying. I'm just saying that on the record. It's the process within CMHC that's not moving it forward, that's why the programs are not launched. If you talk to the non-profits on the ground, they say that they are ready but they are still waiting for CMHC approval so they can get the money and get the projects off the ground.

I can't emphasize enough how frustrating it is continually. I want to ask this question—

The Chair: Thank you, Ms. Kwan, your time is exhausted.

That concludes this portion of the committee's study.

I want to thank the witnesses for appearing this morning from CMHC. You can see it is a subject matter that is a top priority amongst all members of this committee. We thank you for the informative session we had. We will suspend for a moment while we move in camera to do drafting instructions of the report.

Ms. Kwan, do you have a point of order?

Ms. Jenny Kwan: I just want to express my thanks to the officials. I think this round of questioning from officials was more forthcoming than any other rounds we've had with both the Minister and with the head of CMHC. I just want to say thank you and express my appreciation to the staff who appeared today.

The Chair: Thank you.

With that, we will suspend for a moment.

I'm looking forward to all of those detailed answers that we've made note of.

[Proceedings continue in camera]

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