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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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• (1105)

[English]

The Chair (Mr. Robert Morrissey (Egmont, Lib.)): Committee members, I call this meeting to order.

Welcome to meeting number 122 of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

I will begin by reminding members to avoid audio feedback for the benefit and protection of our interpreters. Please follow the instructions you were given a while back. If you're not speaking, keep your mic shut off and located away from the boom. Also, avoid tapping the boom while you're speaking because it gives an echo or a noise to the interpreters. If you could follow that, please, it would be great.

Today's meeting is taking place in a hybrid format according to the rules adopted by the committee. This means that members and witnesses are appearing virtually and in the room.

I would advise those in the room to please wait until I recognize you by name. To do that, please raise your hand, and I will recognize you before giving you the floor. To those appearing virtually, please use the “raise hand” icon on your screen and wait until I recognize you.

As well, you have the option of choosing the official language of your choice. Use the interpretation services available from the headset in the room. If you're online, simply click on the globe icon on the bottom of your screen and choose the official language of your choice. If there is a breakdown or disruption in interpretation, please get my attention, and we will suspend while it is being corrected.

Those are the procedures of the committee today.

As you are aware, committee members, when the committee concluded its last meeting, it was in the process of votes in the House. I must remind members that members in the committee have the right to choose to participate in person in the chamber to vote. If they choose to do so, I will not resume the meeting until 10 minutes after the vote is completed in the House.

With that, we did not get to question the witnesses who were present. They all have been reinvited and although four did confirm, as of now, the clerk has advised me we only have two.

We have Abigail Bond, executive director, City of Toronto housing secretariat. We have Beau Jarvis, president and chief executive

officer of Wesgroup Properties. We're trying to connect with Mr. Marchand from the Ontario Aboriginal Housing Services. Those are the ones who indicated they would come back.

There are no opening statements because they were able to do that at the last meeting. We'll go directly to the questioning round in this first hour of the committee.

Mr. Aitchison, I have you listed as the first questioner today. You have the floor.

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

Thank you to the witnesses for coming back. We really appreciate that. I hope you enjoyed your summer as much as I did.

I want to start with Ms. Bond.

Ms. Bond, in your testimony, you spoke at length about the lack of investment in housing, particularly rental housing, and that the privately and publicly owned rental homes in the city, in Toronto, were mostly built 35 years ago. I'm wondering if we could get to that and what it costs to build in the city of Toronto. We know that housing starts have dropped about 10% this year over last year in the city of Toronto, while development charges have gone up about 42%.

I'm wondering if you could speak to the committee about the cost of local fees and charges. When they go up like that, what does that mean for the construction of new units?

Ms. Abigail Bond (Executive Director, Housing Secretariat, City of Toronto): Thank you for the question.

There are a number of things that are affecting the cost of building in the city of Toronto, including the increase in labour costs, inflation and land costs as well. You are right to identify that there are development charges.

[Translation]

Ms. Louise Chabot (Thérèse-De Blainville, BQ): Mr. Chair, I have a point of order. The interpreter says that the equipment used is not adequate for interpretation. There is no French interpretation at the moment.

[English]

The Chair: Excuse me. We'll suspend while we get this corrected.

• (1105) _____ (Pause) _____

• (1110)

The Chair: Mr. Marchand, you may want to get back to your seat because we're going directly to questions, and we will resume with Mr. Aitchison.

Mr. Aitchison, we'll start with a full six minutes for your line of questioning to the two witnesses who are now approved to participate.

Mr. Scott Aitchison: Thank you, Mr. Chair. I'm going to go to Mr. Jarvis.

Mr. Jarvis, thank you for coming back as well. We appreciate it.

Mr. Marchand, it's good to see you again as well.

I want to start with you, Mr. Jarvis, though. It's kind of in the same line of the questioning I was asking Ms. Bond of the City of Toronto about development charges and the costs and fees of government. In terms of the cost of getting homes built and the speed with which we build them, can you speak to the cost of government at all levels and what impact that has on the construction of housing units?

• (1115)

Mr. Beau Jarvis (President and Chief Executive Officer, Westgroup Properties): Yes, I can.

Thanks for having me back today, and thanks for the question.

It's having an extremely detrimental impact right now. There are many reports—including from CMHC and the Urban Development Institute, to name a couple—that have concluded that various forms of fees, levies and taxation from all levels of government are up to 30% of the cost of new housing. In some cases, this is now three times what the private sector is making in taking the risk and trying to build new housing. These new costs are absolutely stifling our industry right now. They are curbing new starts, which are notably down.

We are calling for an analysis of how government is taxing new housing. We're also calling for in-stream protection from new fees and charges. We don't understand. There's no business in the world where it would be acceptable to have fees and charges rising after you've made an investment decision based on all of the information when you make that decision, including what the taxation regime is, what the development fees are and community amenity contributions. It's something that has become increasingly alarming.

We're looking at Metro Vancouver, which is our regional government here. They've increased their fees 1,900%. You probably saw the current federal housing minister Sean Fraser come out on Twitter against that. This was unprecedented and quite welcome in our industry. These fees are absolutely, totally killing development right now.

Mr. Scott Aitchison: Mr. Jarvis, how much do those fees in metro Vancouver add to the cost of every single unit you build?

Mr. Beau Jarvis: They will be rising to \$23,000 a unit on average. That's just one level of government.

What we do is borrow money to pay those fees at today's interest rate, carry that to the end of the project and end up trying to pass that cost on to the purchaser. Then the federal government comes and adds GST or HST to that cost, so the federal government is taxing other levels of government's taxes. This whole set-up is just entirely egregious.

We need to have an honest conversation about this. I think we've been talking about this now for almost a decade. It's great that it finally has the lens on it that it does, but what are we going to do about it?

Mr. Scott Aitchison: I know this might be difficult to quantify because not every application is the same.

When you start the process, you purchase a piece of land, then have to go through the municipal zoning and approvals process, which can often take five or six years. Can you quantify for the committee how much that adds to the cost of every single unit?

Mr. Beau Jarvis: Is that the processing time?

Mr. Scott Aitchison: Yes.

Mr. Beau Jarvis: It adds a ton of cost to the unit.

We buy land, and we take the risk on that. We borrow money to pay for that land and carry that land through that process. In this time, along that continuum, we pay various fees to the cities. We pay for consultants to develop drawings for us, including architects, structural engineers and landscape architects. All along that timeline, we are incurring carrying costs. The cost of time today is greater than it ever has been. Obviously, we're in a high interest rate environment. We're seeing those interest rates come down, but that carrying time is still absolutely contributing to the cost of new housing.

Mr. Scott Aitchison: Is it fair to say, then, that governments make more money on housing than anybody else in the mix?

Mr. Beau Jarvis: I would say it's absolutely fair to say that. That is an entirely accurate statement right now.

Mr. Scott Aitchison: Thank you very much.

Mr. Marchand, I don't have a lot of time—just about a minute—but I'm wondering if you could speak about that. I know the Ontario Aboriginal Housing Services has over 3,000 units.

How many of those units are you building now, under construction, and what's the greatest impediment to getting those units built?

• (1120)

Mr. Justin Marchand (Chief Executive Officer, Ontario Aboriginal Housing Services): Thank you, MP Aitchison.

Yes, we have about 1,700 units under various stages of construction.

In terms of timelines, it takes anywhere from three to eight years for the planning portion of development, and only about 12 to 18 months for construction. Probably 80% of the time is spent on planning and approvals. As we know, time is money—actual money—and that leads to higher rents or prices at the end of the day.

Mr. Scott Aitchison: Okay. I think I'm pretty much out of time.

I'll come back around, hopefully. Thanks very much.

The Chair: Thank you, Mr. Aitchison.

Next I have Mr. Fragiskatos for six minutes.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you very much, Chair.

It's good to be back in Ottawa with colleagues. I hope everybody had a good summer.

I'm going to begin with Mr. Marchand.

A major investment was recently announced, sir, in co-op housing, the largest investment the country has seen in the past 30 years. I wonder if you could talk about the importance of that, but more to the point, how you, with your background and with your expertise, would want to see that invested.

Mr. Justin Marchand: Unfortunately, truthfully, I'm not overly familiar with co-op housing, but I can comment on the urban, rural and northern indigenous housing plan that the previous housing minister put forward. His national housing council called on the federal government to invest over \$63 billion in urban, rural and northern indigenous housing. About \$300 million, or less than 0.5% of the need identified by the minister's housing council, was put forth two budgets ago, and I believe we're waiting for the rest of those funds to roll out.

There was also \$4 billion. That was part of the \$4-billion announcement two federal budgets ago. About 7% of that funding has been committed.

Mr. Peter Fragiskatos: Thank you very much.

Mr. Jarvis, I know that strategy is one that has the potential to be quite transformational, and a lot of work has been done on it, including from stakeholders such as yourself.

Can I ask you about public lands? The federal government recently announced a list of 56 lands that are owned by the federal government that have real potential for housing. Affordable housing in particular would be the focus. What do you think about that? How do you think public lands should be used?

Some have suggested they should be sold outright. The view of the government is, wherever possible, that those lands be leased in order to ensure affordable rates of rent. I'm wondering what you think.

Mr. Beau Jarvis: I'm just confirming this was a question for me.

Mr. Peter Fragiskatos: I'm sorry. It is for Mr. Marchand.

Mr. Justin Marchand: Okay. Thank you.

In terms of public lands, as an indigenous organization, we believe in planning seven generations out. The public lands that have been offered have been offered on a leasehold basis, which is quite

ironic, offering that to a number of non-profits but particularly to indigenous organizations. Ninety-nine years is not seven generations.

It's also, as I said, a very ironic thing to do from a very practical perspective and from a financing perspective. The last thing we want to do is set up future generations for failure. We also want to set up future generations for opportunity.

What I mean by that is this. Let's say if they were on fee simple lands, using that British legal terminology, after about 15 to 20 years of paying down a mortgage, there would be substantial equity in that development and non-profits would be able to access that equity. Either with or without government funds, or with very minimal government funds, we would be able to self-service new units after just one generation. If the federal government is beholden to a leasehold situation, we will not be able to access that equity, and that equity will sit dead, not allowing us to add future units.

I would suggest that the federal government look at a transfer of land, in particular to indigenous non-profit groups. That will set us up for the best opportunity to improve self-reliance over time and allow us to use Canada's financial institutions as a tool to help us do that in a way that is not always using government funds, frankly.

• (1125)

Mr. Peter Fragiskatos: Thank you.

I have about a minute and a half left.

Mr. Jarvis, you know that the federal government some time ago now went forward with lifting GST from the construction costs for purpose-built rentals. Some have suggested—not outright, but omission is a suggestion of a particular type—that they would reintroduce the GST. What would be the effect of that on building?

Mr. Beau Jarvis: First of all, GST should be removed on all housing. We shouldn't be charging that tax there. As I said earlier, you're charging GST on other levels of governments' taxes.

The removal of GST on purpose-built rental was an extremely positive step in the right direction. Unfortunately, you missed including the exemption of GST on existing projects that have been struggling through the pandemic and the financial crisis to get delivered, and most of the capital is trapped in those projects. We advocated for this in a significant way, and it was missed, so this benefit really isn't coming to fruition until three to four years from now, when projects are complete.

Again, it is absolutely a step in the right direction, and if it was reinstated, it would be absolutely detrimental to the development, construction and delivery of new purpose-built rental housing.

The Chair: Thank you, Mr. Fragiskatos.

Now we have Madame Chabot for six minutes.

[*Translation*]

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

Thank you to the witnesses for being here. As we know, their participation in our committee ended abruptly last June. We now have a chance to ask them questions about the thorny issue of housing.

Mr. Marchand, in your testimony about the communities you represent, you referred to two very important reports. One of them, “Indigenous Housing: The Direction Home”, was produced by our own committee. The report aimed to establish a national urban, rural and northern indigenous housing strategy, with projects led by and for indigenous people.

In fact, the Canada Mortgage and Housing Corporation, or CMHC, was to report to us on the progress of this strategy for indigenous communities.

To your knowledge, does the strategy that was to be implemented meet the current needs of your communities?

[*English*]

Mr. Justin Marchand: No, that strategy is not meeting the needs of our communities. As I mentioned earlier, the previous housing minister’s national housing council identified a \$63-billion need, and \$300 million of that has been committed—actually \$285.1 million, because CMHC took \$18.5 million off the top of that and we’re not sure for what—so it’s less than 0.5% of the identified need.

I’ll speak to numbers in Ontario. Fewer than 3% of the population are indigenous people, yet in southern Ontario 20% to 30% of those experiencing homelessness are indigenous. In northern Ontario, that climbs to 90% to plus 99% of people experiencing homelessness, yet the pro rata share of existing federal housing investments is almost negligible compared to that total investment.

It behooves me to ask why. In the very first part of that national housing strategy, Prime Minister Trudeau said that there is no relationship more important than our relationship with indigenous people, yet it took seven years after the beginning of that strategy to even acknowledge one of the highest-need demographics out there, that being the 86% of indigenous people who live off reserve. That direction has been extremely slow and extremely painful, while we continue to see people on the street—and overwhelmingly those people are indigenous.

• (1130)

[*Translation*]

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

I’m going to use the six minutes I have to ask you another question.

Like you, I find the situation deplorable. Our committee felt that our “Indigenous Housing: The Direction Home” was a flagship report that strongly supported the reality of urban, rural and northern indigenous people. Please know that you can count on us, or at least me, to get a follow-up.

In your testimony, you also said that, under the rapid housing initiative, or RHI, of the 10,000 units in the first two rounds, only 12 had been allocated to indigenous providers.

What’s the explanation for that?

[*English*]

Mr. Justin Marchand: That’s a good question, but probably one that you’ll have to ask CMHC. We explained to them on multiple occasions why that rapid housing initiative would be exclusionary to urban indigenous housing providers, and it very much was. I just want to be clear that there were 12 units that were provided to urban indigenous housing providers. There were other units that were funded on reserve, but as I mentioned, 86% of indigenous people live in urban and rural areas. They are looking for employment, education, safe drinking water and opportunities for their children, but overwhelmingly, that population is disproportionately represented in need in a number of different metrics besides homelessness.

[*Translation*]

Ms. Louise Chabot: Many witnesses who have come to share their recommendations have told us that, in order to eliminate both homelessness and the housing crisis, we need to invest enough to increase the number of social and community housing units by 30%.

Do you agree with that, Mr. Marchand?

[*English*]

Mr. Justin Marchand: Actually, in 2023, last spring—and by the way, we absolutely believe that this is going to have to be a multi-stakeholder approach, including private investment, as the federal government is not going to be able to do this on its own—Scotiabank issued a report that indicated Canada is at the bottom of G7 countries in terms of a pro rata share of social housing. Canada will need to double the amount of social housing to over 400,000 units just to be average.

I find it very disturbing that other countries, including the United States, invest more dollars in the populations that are being left behind than Canada.

The Chair: Thank you, Mr. Marchand.

Mr. Justin Marchand: For Scotiabank to set a goal or make a suggestion for Canada to be “just average” does not seem particularly inspirational, but here we are, at the bottom of the G7 in yet another measurement.

The Chair: Thank you, Madame Chabot.

Ms. Zarrillo, you have six minutes, please.

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you, Mr. Chair.

I thank Mr. Marchand for his most important testimony today. My questions will also all be directed to Mr. Marchand because the testimony that he is bringing forth today is the most important testimony I've heard in this study so far.

I'll make a note before I ask Mr. Marchand some questions: Shame on the Liberal government. Shame on the Liberals for coming to this committee and trying to take a victory lap on their investments when we can see that they're holding back money that's already been allocated for indigenous housing. They're holding it back. We heard testimony today that less than 10%, around 5% of that money, is going out.

My own colleague Jenny Kwan was working on this file. I mean, this “for indigenous, by indigenous” money needs to go out the door. As I sit in committee today, I say to the Liberals, as they sit there, smug—

• (1135)

Mr. Michael Coteau (Don Valley East, Lib.): No one is smug.

Ms. Bonita Zarrillo: —making comments about how awesome they are, that the money needs to go out the door.

I have the floor. Thank you so much.

Now they're offended. They feel insulted.

Mr. Michael Coteau: I'm not offended. Who's smug?

Ms. Bonita Zarrillo: Guess what. Housing was mentioned 299 times in the murdered and missing indigenous women and girls report, and the federal government is trying to come to this committee and take a victory lap on the little amount—the dribbles of money—that has come out.

I apologize, Mr. Marchand. I really appreciate your testimony today. In your opening remarks you discussed the hollowing out of federal investments and the lack of proactive commitment to an urban indigenous housing policy. This may be a difficult question, but I'll ask you this: How has racism against indigenous people affected the federal investments by the Liberal government and the Conservative government before them?

Mr. Justin Marchand: I think perhaps the way to answer that question is by speaking to the data and to the need.

As I mentioned, if you look at the people experiencing homelessness in southern Ontario, 20% to 22%—at the low end—of the people experiencing homelessness are indigenous. If we're quoting an \$80-billion or a \$90-billion housing strategy and we've committed \$300 million to that strategy, that's less than 0.2% of resources being allocated, at the low end, to a population of people that represents 20% to 22% of the homelessness.

If you look in centres like Winnipeg, Vancouver, northern Ontario and various other parts, it's easy to get to two-thirds or to 90% of the people experiencing homelessness being indigenous. Even among those who are currently housed, the need among indigenous people is twice that of the mainstream.

According to the government's own stats, about 13% to 14% of people experiencing housing needs are... I'm sorry; that's the population of people experiencing housing need in the mainstream. In-

igenous people have twice the incidence of need, yet here we are with a 0.2% allocation.

The resources unfortunately are disproportionately allocated to need, or they're not allocated to need at all. I don't understand why that's the case. To me, if there was any group or population of people that was in need, you would allocate your resources there, particularly in an era of truth and reconciliation and the missing and murdered indigenous women and girls report that you mentioned.

We know housing is both a preventative measure and a solution to ending violence, yet we aren't allocating existing resources, never mind what's actually needed above and beyond that. For some odd reason, we don't allocate resources according to need. It befuddles me.

Ms. Bonita Zarrillo: Thank you so much, Mr. Marchand.

I did want to reflect on your testimony. You talked about the murdered and missing indigenous women and girls inquiry where housing was mentioned 299 times and 10 of those calls for justice referred to housing.

Can you tell me how many of those 10 references to housing in the calls for justice have been completed by either a Liberal or even a Conservative government?

Mr. Justin Marchand: It was this federal government that put the national housing strategy in place and that supported the murdered and missing indigenous women and girls report.

I am not aware of any specific housing allocation to specifically address housing needs for indigenous women and girls in a meaningful way. Here again it's an opportunity to reverse that very real reality for our urban, rural and northern communities. We know that if people don't have safe, affordable housing, they will be put or put themselves in very tenuous situations or they will continue to be in tenuous situations.

We know that it is much more cost-effective to help people from a preventative viewpoint, rather than a reactive viewpoint. If we can provide—

• (1140)

The Chair: Mr. Marchand, your time is up. Thank you.

Thank you, Ms. Zarrillo.

Mrs. Gray, you have five minutes.

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

Thank you to all the witnesses for being here today. My first questions are for Mr. Jarvis.

In your opening statement, you mentioned that even though Canada is in the midst of a housing crisis, large home developers are building much more housing now outside of Canada and that is driving home builders out of Canada.

Is this due to higher construction costs, which include the lower Canadian dollar and high lumber costs due to Canada not negotiating a softwood lumber agreement and increasing carbon taxes on transportation; higher government taxation; more government bureaucracy and red tape; or all of the above?

Mr. Beau Jarvis: I'd say it's a little bit more complicated than that. It's kind of all of the above, but in general I think that the narrative in this country.... First of all, I think that we need to understand the fact that 95% of all housing, including much of the non-market portfolio of housing in our country, is delivered by the private sector, including private capital, and there's this general narrative that this is wrong or that developers are evil.

It demonstrates to me that there's a complete lack of understanding by our government, our policy-makers and our politicians as to how housing is delivered in Canada. We can have a separate conversation about how appropriate that is or not, but that's how it is today and we're in the midst of a housing crisis.

You ask why large Canadian home builders, in the midst of a housing crisis in our country, are building more housing in other countries or in the United States than they are in Canada. The answer is simple. They don't feel very invited here. The risk-reward conversation has completely flipped. We are not attracting capital. We are not an attractive place to do business. Building housing is one of the riskiest businesses on the planet, and the risk-reward has completely flipped.

I point you to the national housing council, a pretty important body. On their website, it says, "Shaping the future of housing in Canada through inclusion and participation".

Among the members of the council, there's not one single private sector developer, notwithstanding that 95% of housing is built by the private sector. It says, "The strength of the Council comes from its members' diversity, experience, and expertise", and this is the same council that put out a report that is titled "The Financialization of Purpose-Built Rental Housing".

One of their key recommendations was that transactions involving the purchase or refinancing of existing purpose-built rental between private sector entities should not be eligible for federal funding, lending or support, which is entirely contradictory to what CMHC is doing right now with the RCFI and ACLP program, which has stimulated the most amount of purpose-built rental supply, including non-market, in the last several decades.

This demonstrates to me that nobody knows what's going on here.

Thank you. I'm sorry—

Mrs. Tracy Gray: Thank you very much. I really appreciate that. I want to get through a few more questions here.

To you as well, are the Liberal capital gains tax increases going to make investment in building houses go down?

Mr. Beau Jarvis: Absolutely, yes. We are already seeing land transactions slow down as a result of the increased capital gains tax.

I use the example of the little strip mall that everybody is familiar with on the corner where a transit station was landed nearby,

and it's now a high-density housing site. That family's owned that strip mall for 30 years. They were already struggling with the capital gains equation when selling that land for redevelopment. Now it's a non-starter. We're seeing it happen already. Concerning the capital gains tax, there was no consideration given to the impact of housing or the cost of land for housing in that whole policy framework.

Mrs. Tracy Gray: How many housing units do you think Canada will be losing out on as a result?

Mr. Beau Jarvis: It's tough to say. That's a very difficult question to answer because there are so many things that are currently going on that are slowing the delivery of housing.

Mrs. Tracy Gray: Thank you very much.

I'd like to ask a few questions here of Mr. Marchand.

I want to ask you about funding that may come through the federal government's housing agency, the CMHC. I've heard that in order to access funding through the federal government's housing agency, organizations have to build far in excess of the standard building code, and this can add thousands if not tens of thousands, to any project.

Have you experienced this, and if so, do you have any sense as to how much cost this would add per square foot, per unit or per project?

• (1145)

Mr. Justin Marchand: That's absolutely true. Not having a number in front of me, I would estimate that it would add in the neighbourhood of, at the low end, probably 7% to 8% of the total cost and, on the upper end, if you were going to a net-zero standard, it could be up to 15% plus per unit.

Mrs. Tracy Gray: Wow. Thank you very much for that.

The Chair: Thank you, Mr. Marchand.

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

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

Mr. Marchand, welcome back to the committee.

I was in the riding in March for a funding announcement for the Biindigen Well-Being Centre. That's in my riding, and I think your organization may be attached to that. I think that the new units will be part of what you manage. I think you're at 2,500 or 2,600 units that you manage across the province in terms of social housing. Is that correct?

Mr. Justin Marchand: It's 3,100 units in total.

Mr. Chad Collins: There you go; I stand corrected.

I was going to ask Ms. Bond this question, and I was intending to ask you as well.

In terms of supportive housing, my community tomorrow will talk about what they're doing with encampments locally. Earlier you referenced housing with supports. I think that is the path forward for many of the challenges that we're facing with our housing crisis, including encampments and those who are living rough. It's not a strictly transactional relationship anymore. When I lived in the social housing units that are directly behind your Biindigen development, I would walk with my mother to the local office for our social housing provider, and she'd provide the cheque. That was our relationship, unless we had a small problem in our unit.

Those times have changed, and landlords are almost social workers for many of their tenants who have life challenges. Your organization, I know, provides those tenant supports to tenants who need them. I raised Biindigen because it is a very unique facility in that it provides health supports. It will provide housing on site for people who are on our social housing wait-list. I think it highlights the intersection between supports that tenants need, not just in my riding of Hamilton East—Stoney Creek but across the country.

I was hoping you could share with us how programs such as the one we've invested in and the project that we've invested in need to support those two areas, knowing that housing providers, especially non-profit affordable housing providers, sometimes struggle with providing those special supports their tenants need.

Mr. Justin Marchand: Sure. Thank you for that question.

Speaking for those who have the most acute needs, in Ontario there's anywhere from 100,000 to 200,000 people every night who experience homelessness. I'm going to speak to it more from a financial perspective, which may seem odd, than a person perspective. I would think that people could understand the need to have a house. It's the foundation, pun intended, if you will, of Maslow's hierarchy of needs: food, clothing and shelter. Not everyone has that.

From a financial perspective, it is far more costly to deal with homelessness in a reactive manner by using our frontline heroes like paramedics, police officers and firefighters. They're not equipped to deal with homelessness. Our doctors and nurses have people visiting emergency rooms 200-plus times a year. That's an expensive and inappropriate use of services.

The solution to homelessness is housing. We need to build a lot more housing of all kinds. It's not just for those who are homeless. There's a huge number of people who are low to middle income who cannot afford, for many of the reasons mentioned today, housing of any type. Market rentals are out of reach for low- and middle-income people. The cost of inflation, for the reasons that my colleague Mr. Jarvis noted, is very real and impacts the price of housing for the people who want to purchase housing in the market.

• (1150)

Mr. Chad Collins: Many of our programs support not just housing but wraparound services for those people who are either living rough or otherwise. Reaching Home is a great example. We provide that on a portfolio approach. Our encampment fund we've announced will be cost shared by the provinces and territories.

As someone who is helping people sometimes with addictions and mental health issues, can you talk about why our housing investments, and I mentioned a couple of them, more so than ever need to include some of those other services and not just the traditional bricks and mortar that governments have provided in the past?

Mr. Justin Marchand: Yes, absolutely.

Homelessness is sometimes, but not always, a symptom of other issues or other causes. I say that while also noting that vacancy rates are at an all-time low. You may not have mental health and addiction issues, but you simply cannot find a place to rent or buy.

Those additional supports that you mentioned are absolutely needed. People do fall on hard times sometimes. Sometimes we need to make sure they get the appropriate support to help lift themselves back up again. Often it does not necessarily mean needing a police officer, a paramedic or a doctor at an emergency room to help them with certain needs they might have at a particular point in time in their lives.

We need more than just the bricks and mortar, absolutely.

The Chair: Thank you, Mr. Collins.

[*Translation*]

Ms. Chabot, over to you for two and a half minutes.

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

Mr. Marchand, the definition of “affordable housing” is often raised. There is a major distinction to be made between affordable housing and social housing. The term “affordable” has all kinds of definitions, whereas we know that housing is a right.

In your opinion, what definition of “affordable housing” should appear in the federal housing programs?

[*English*]

Mr. Justin Marchand: That's an interesting question. All housing is affordable to somebody. Otherwise, it wouldn't be sold and it wouldn't be purchased.

I'm going to come back and speak to those people and families with the highest need, and I'm going to refer back to that Scotiabank report. By the way, it hasn't just been Scotiabank. When you have executives from our biggest banks saying to Canada that you need to take care of everyone and you need to double the amount of social housing, or deep core housing, just to get to the G7 average, that means going from 220,000 units of deep core housing to 440,000 units of deep core housing, which will be built and can be financed, by the way, by our private sector partners. It will all be built by our private sector partners. There's an opportunity for it to be financed by our private sector, supported by government and managed by non-profits like ourselves.

We do need that team Canada approach, but we need to double the amount of deep core housing and build another 220,000 units just to get to the average. We need more housing and it needs to be focused based on the needs of the people who are without.

[Translation]

The Chair: You have 30 seconds left, Ms. Chabot.

Ms. Louise Chabot: Most people say that affordability should be defined not by the median income of a community, but by personal income. Do you agree with that, Mr. Marchand?

[English]

Mr. Justin Marchand: Yes, that has very much been the 60-year definition of deep core housing in Canada, and it's one that's being used by our big banks. This is a cross-sector, cross-political acknowledgement that there is a segment of our population.... It is market economics 101 that not everyone is served by the market.

As Mr. Jarvis indicated, absolutely, the majority of our housing in Canada is provided by the market, and we should absolutely not tax that. We should be out of the way. If we want more of something, we shouldn't add more taxes to it. The market will continue to provide the majority of housing to Canadians, but the market, by definition, does not serve everyone, and [Inaudible—Editor] by our big banks as well.

• (1155)

The Chair: Thank you, Mr. Marchand and Madame Chabot.

Ms. Zarrillo, you have two and a half minutes, please.

Ms. Bonita Zarrillo: Thank you, Mr. Chair.

My questions are going to be for Mr. Marchand.

Mr. Marchand, almost 10 years ago, Shannon Daub, who co-authored the report “Red Women Rising”, came to see the indigenous relations committee at Metro Vancouver. I remember her saying in her presentation that no woman should be homeless on her own land. The report says, “Nothing changes because our lives are not valued and because people think violence against us is 'normal' and 'how it is'.”

You said in your initial statement that, “Federally, there is no long-term plan to address the end of operating agreements” and that, as a result, “we are witnessing the expected displacement of residents” from their once-stable subsidized housing. I added that piece about “stable” and “subsidized,” because that's what the oper-

ating agreements held for. You also mentioned “an increase in homelessness and growing encampments.”

We all knew the operating agreements were coming up for expiration. We all know how long they are and how soon they're coming up for expiration. How did the federal government's walking away from those operating agreements impact indigenous women, and how can the government avoid repeating this in the future?

Mr. Justin Marchand: Those programs that you referred to were built by the private sector, financed by the private sector, underwritten by CMHC as a mortgage insurer—because that's what they are and frankly in my opinion should be—and managed by the non-profit sector. Those 30-, 35-, 40-year agreements have come to an end and are coming to an end, and it will create more homelessness.

In Ontario, over 35% of urban indigenous deep core housing units have been lost. That means over 2,100 people will end up showing up on the street. The other 65% of those units are at the tail end of their operating agreements with no firm plan in place other than potential year-to-year rent supplements, which is actually not what's needed. It's a band-aid solution in the middle of a housing crisis, and it's decreasing the available supply of the housing that's needed for those most in need.

The Chair: Thank you, Mr. Marchand.

I will go to the official opposition for five minutes, and then we will conclude.

Mrs. Tracy Gray: Thank you, Mr. Chair.

Mr. Marchand, I'll go back to you. I've also heard that, even though a project meets all requirements, has a building permit and maybe even an occupancy permit, the federal government's housing agency then requires an organization to hire a quantity surveyor and/or an energy consultant to test door seals, for example, on already met building code doors. These can cost thousands more, often in smaller and rural communities as well, who don't have consultants readily available in their communities. This will bring in extra costs that are added on for them.

Have you experienced something similar? If so, how much more would this add per project in your estimation?

Mr. Justin Marchand: Just that one example that you mentioned we've seen add up to six months on top of an already three-to eight-year schedule. Depending on when that six months happens, it might mean that we miss a construction season, which is a full year. In terms of cost, I'm going to say on a typical 40-unit development it might be \$100,000 to \$250,000, which is a third of a unit. When you start multiplying that over the number of units that we're trying to build, it does mean less supply being built.

• (1200)

Mrs. Tracy Gray: When you're looking at the numbers you gave earlier with respect to the addition of over and above building code requirements, plus these additional consultants who are needed to come in and are being required by the government's housing agency, we're talking, on a project, based on what you're saying, hundreds of thousands and many per cent well over... You said 15% and then now adding this on would even be higher. It is adding to the cost and potentially the delays that are coming from the government's housing agency.

It sounds like you're rowing in one direction trying to get affordable housing out the door and being built, yet the government is rowing in the opposite direction. Is that what it seems like?

Mr. Justin Marchand: Yes, absolutely. If it makes financial sense to spend more money on building higher-efficiency units over the long term, whether it's private market or non-profit, private builders and private financing will be available to finance those initiatives. It doesn't have to come at the force of government for that to happen.

Mrs. Tracy Gray: Thank you, Mr. Chair.

I'm going to turn over the rest of my time to Mr. Aitchison.

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

Thank you to my colleague.

Mr. Jarvis, I'd like to turn back to you. In your presentation, you talked a lot about the importance of increasing densities in urban centres in and around transit, for example, and that, of course, it's among the more expensive ways to build and places to build, yet we need to do it. There are an awful lot of impediments to doing that, whether it's local park charges and fees, or the federal government and their taxation policies.

Can you give us a minute and a half of all the things that we should be doing to incentivize the construction of higher-density residential in existing urban areas and why that's important?

Mr. Beau Jarvis: Sure. I think there's generally been a down-loading of land use regulations to local municipal governments, and for good reason. The constituents are local and the politicians are local. I think the issue is that transit funding and infrastructure funding often come from more senior levels of government. There's been a lack of connection with that investment in transit infrastructure in particular and housing outcomes. If we're going to be investing in transit infrastructure in urban centres and putting large transit stations in, that is absolutely, from a sustainability perspective, where housing should go.

To make it easier, I think we need to start using metrics to identify outcomes. The Province of British Columbia is actually going in the right direction there. They're forcing municipalities to create housing needs reports. They will then be following up with municipalities to identify outcomes. I think we absolutely have to be using metrics. We have not been doing that.

The other thing is the low-hanging fruit here for all governments. We are calling for a policy moratorium. Right now we're building a building under code A, we're designing a new building under code B and policy-makers are making up code C, all at the same time.

We can't operate that way. We have to stop the policy. Just give us some breathing room. We need to figure out taxation. We need to figure out policy. We need a moratorium on both. That is how we're going to get housing built.

The private sector doesn't need to be subsidized, and it doesn't need to be incentivized. It needs to be enabled. We just need to build housing for Canadians.

The Chair: Thank you, Mr. Aitchison and Mr. Jarvis.

Next is Mr. Long. Then we'll conclude this section.

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

Good afternoon to our witnesses.

It's good to see all my colleagues across the horseshoe.

I have just a few comments. We as a government have leaned in and put our shoulder to the wheel on housing. I sometimes step back and marvel at the criticism we take on something that really is provincial jurisdiction. Certainly in the Maritimes, I have Conservative premiers in Prince Edward Island, New Brunswick and Nova Scotia. Clearly, there's Premier Ford in Ontario. There are Conservative premiers really across the Prairies and the west. I'll say again that it is a provincial jurisdiction.

I'm particularly proud of the programs we have put forth as a government. Are they perfect? No. Could they be tweaked and be better? Sure. But do you know what? We did step up. We stepped in when leadership was needed on the housing file right across the country. Whether it's the rapid housing initiative, the old coinvestment initiative or different CMHC loan programs, you know, let's put it on the record that the Conservative Party voted against each and every one of those programs. They also recently voted against the urban, rural and northern indigenous housing strategy. They voted against that program.

Sure we can take criticism and constructive feedback, but when we're criticized at times for trying to lean in and help, I think it's unfair and unwarranted. I remember back in 2015 when the NDP, with their leader Thomas Mulcair, promised balanced budgets. I remember that he put forth in their election platform \$250 million for housing across the country. I mean, \$250 million wouldn't build housing in half a city.

Again, we can take criticism, but I think we also deserve a lot of credit for our initiatives and leadership on housing across this country.

I would like to turn my time over to MP Morrice.

Thank you.

• (1205)

The Chair: Thank you, MP Long.

MP Morrice, you have two minutes and 20 seconds.

Mr. Mike Morrice (Kitchener Centre, GP): Thank you.

Thank you, MP Long. I appreciate the chance to participate in the conversation.

Mr. Marchand, I really appreciated your speaking to the reality with respect to where we stand on social housing around the world and the fact that we're at the bottom of the G7 right now. Even if we doubled it, we'd still just be middle of the pack.

I have a question with respect to a proposal I heard this summer from Habitat for Humanity. They noted that builders of purpose-built rental housing have HST/GST waived, but those who are building non-profit, affordable ownership don't. I wonder if this might also help groups like the K-W Urban Native Wigwam Project in my community, which you might be familiar with, who are also building indigenous housing.

Can you comment or give your thoughts on the possibility of the federal government applying the same waiving of HST for non-profit, affordable home ownership as well?

Mr. Justin Marchand: Yes, thank you for that. That's been a bit of a sore point as well. As non-profits, we still pay a portion of the HST on new homes. As a rough estimate, I can tell you that on a \$400,000 build, for example, we will pay about \$5,600 in HST on each unit on a build. That is not refundable.

Mr. Mike Morrice: Thanks for that one.

Mr. Justin Marchand: Therefore, on a 40-unit development, there will be one unit that we can't build because we're paying the government HST on an affordable housing development.

Mr. Mike Morrice: Thanks for that, Mr. Marchand.

In my case, in my community, it was Habitat that could have built an extra 45 affordable townhouses if they didn't have to pay HST. The federal government could recover that cost if the real estate investment trust didn't have its tax break. You could find the revenue through the tax breaks that REIT gets in order to help yourself and others build these affordable units.

Thanks for that.

Thank you, Chair.

The Chair: Thank you, Mr. Morrice.

That concludes the first hour.

I want to thank you, witnesses, for taking your time to appear before HUMA and to address the issues on this file that are important for you.

With that, I'm going to adjourn this section of the meeting.

The meeting is suspended for a five-minute health break, and then we'll resume in camera.

[Proceedings continue in camera]

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