

# NATIONAL HOUSING STRATEGY

## LEFT BEHIND: SOCIAL HOUSING

FRAPRU - SPRING 2022

The National Housing Strategy will soon be five years old. First announced with great fanfare on 22 November 2017, Canadian Housing Day, it has since been beefed up and the Canadian Mortgage and Housing Corporation (CMHC) now describes it as a “10-year, \$72+ billion plan” aimed at “entirely eliminating chronic homelessness in Canada as well as removing as many as 530 000 households from housing need.”

And in reality? Is the Strategy able to respond to the current housing crises: serious deterioration of the homelessness situation; scarcity of rental housing; sky-high rent; and the rise of phenomena such as ‘renovictions’, evictions and speculation? Will it really be able to “further the realization of the right to adequate housing” as the law adopted in 2019 requires?

Judging from the **Rental Construction Financing Initiative**, probably not. This initiative, likely to be almost entirely used by private developers, requires that at least 20% of housing constructed be affordable over ten years. That is, rent for these units must be less than 30% of the median total income of families living in the area. In most urban centres in Canada, this could put rent at somewhere between \$2000 and \$2500 per month. The Strategy’s other big initiative is the **National Housing Co-Investment Fund**, which provides grants and low-interest loans to build or renovate housing on condition that at least 30% be affordable over 20 years. In this case, rent should be less than 80% of the median market rent - still far too expensive for low-income households. And these initiatives represent two of the cornerstones of the Strategy.

The Strategy makes little direct provision for social housing. The only real exception is the **Rapid Housing Initiative** announced in 2020. Initially provided with a \$1 billion budget, it was allocated an additional \$1.5 billion; in total, this should allow for at least 10 250 housing units for people in highly vulnerable circumstances. However, unless something changes, this is a short-term programme only, created for the specific pandemic context. The **Federal Lands Initiative**, with a \$250 million budget, could also support social housing but, as of 31 March 2021, barely 10 lots had been transferred in all of Canada, allowing for the creation of 1 600 housing units. That’s pretty meager.



# BARELY 1% OF BUDGETARY EXPENDITURE!

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Because of the National Housing Strategy, the annual budget of the Canadian Mortgage and Housing Corporation (CMHC) will hit an average of \$3.3 billion between 2018-2019 and 2027-2028. That's 42% more than the previous ten years, when it was \$2.3 billion. However, taking the Housing Construction Price Index into account, the Parliamentary Budget Officer estimates that the "real purchasing power" of CMHC's expenditures will only increase by 11.5%.<sup>1</sup>

Meanwhile, Employment and Social Development Canada's (ESDC) budget for fighting homelessness has risen to \$357 million per year, in this case representing an increase of 203% compared to the last decade.

Despite these increases, the percentage that the federal government allocates for housing and fighting homelessness remains extremely low as a percentage of its entire budget. In fact, from 2018-2019 to 2021-2022, it was only 1%; an average of \$3.1 billion per year, while total budgetary expenditures figured at \$304.9 billion. We can bet that this won't change in the final years of the Strategy - unless Ottawa considerably increases the amounts allocated.

## THE STRATEGY'S \$72 BILLION

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According to the Parliamentary Budget Officer, out of the \$72 billion headlined by the Trudeau government for its National Housing Strategy, only 32% represents "new expenditures". The rest consists of loans (42%), existing expenditures (16%), and contributions from provincial and territorial counterparts (10%).<sup>2</sup>

Of the \$24.4 billion "new expenditures" over 10 years, \$6.7 billion will go to the **National Housing Co-Investment Fund** and the **Rental Housing Construction Financing Initiative**. Unless there are new announcements, the Rapid Housing Initiative, reserved for the non-profit sector, will cost the federal government \$2.5 billion. The **Canada Housing Benefit**, which helps provinces and territories provide financial aid to some households spending too great a proportion of their income on rent, will cost \$2.3 billion.

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1. Office of the Parliamentary Budget Officer, *Federal Program Spending on Housing Affordability* in 2021, 10 August 2021, p.13.

2. *Ibid*, p. 10.

# EXISTING SOCIAL HOUSING

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Under the Conservative Party, the federal government flatly refused to recognize its responsibility towards existing social housing and the low-income tenants who live in it. When Justin Trudeau's Liberal government took power, it showed a certain openness, but was reluctant to really pursue it. It is thus a huge victory that the Strategy provides \$6.4 billion over ten years for this purpose.

Of this total amount, \$625 million will go to the **Federal Community Housing Initiative**. This will allow low-income tenants living in cooperatives and non-profit organizations, whose long-term funding agreements signed with the federal government prior to 1994 have expired, to continue to receive financial aid from Ottawa, at least until March 2028.

The Strategy also provides \$5.8 billion for the **Canadian Community Housing Initiative**, mainly for provinces and territories to renovate, improve and modernize their social housing stock. But, even if provinces and territories were to match this amount, it is doubtful it would be enough to truly revamp the aging and long-neglected social housing stock.

It's even more doubtful because, between 2018-2019 and 2027-2028, Ottawa will spend \$5.5 billion less than the previous ten years on social housing funding agreements signed in the past. The end of the federal Investment in Affordable Housing (IAH) will deprive provinces and territories of a total of \$2.6 billion in ten years; this is money that was often used for social housing.

# SOCIAL HOUSING AND AFFORDABLE HOUSING

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Why does FRAPRU insist on the importance of social housing (non-profit, cooperative or public housing)? The answer is that this kind of housing is non-profit and collectively owned, which ensures sustainability as well as affordability over the long-term, particularly because lower-income tenants generally pay rent fixed in proportion to their income.

The definition of so-called affordable housing varies from one programme to another and from one location to another. Rent is fixed according to the local market or to the median income of households in the area, for a set period of time. In the National Strategy, it may be 10, 20 or 25 years, depending on the initiative. Moreover, affordable housing may be provided by both the non-profit sector and for-profit, private developers. If it is for-profit, private property, it does not contribute to collective holdings against future crises.

# LE FRAPRU

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The Front d'action Populaire en réaménagement urbain (FRAPRU) is a group with some 145 organizations active in the various regions of Quebec, including 30 that are at the heart of its decisions and actions. For 43 years, it has mainly worked on issues related to housing. In the early 1990s, it was at the forefront of the fight against federal withdrawal financing new social housing. Subsequently, it was very involved in sufficient reinvestment by Ottawa in this area. In the decade of 2010, it was also committed in the fight to protect existing social housing and low-income tenants who remain there. It joined its voice with organizations claiming the legal recognition of the right to housing and the adoption of a Canadian housing strategy based on human rights.

This leaflet follows the booklet « Evolution of federal housing intervention », published in spring 2021. Available online (in French only): <https://www.frapru.qc.ca/evolution-interventions-federales>

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## DEMANDS

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- **That Ottawa invests \$3 billion per year into developing new social housing (non-profit, cooperative or public housing)**, notably by extending, improving and broadening the Rapid Housing Initiative and/or increasing transfers to provinces, on condition that they develop new social housing;
- That the federal government significantly increases the sums granted to provinces and territories for renovating, improving and modernizing social housing that it helped create in the past; and
- That Ottawa immediately commits to continuing, in the longer term, its subsidies for low-income tenants living in cooperative and non-profit housing for which it is responsible and that it provides sufficient budget to rehabilitate this significant housing stock.