

# NATIONAL HOUSING STRATEGY

## LEFT BEHIND: SOCIAL HOUSING

FRAPRU - APRIL 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 several times. Following the April 7th budget, it can be described as a 10-year plan of around \$82 billion aimed at doubling the number of housing units, entirely eradicating chronic homelessness, and eliminating the housing needs of some 530 000 households.

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**, a cornerstone of the Strategy, probably not. Not only will this initiative be primarily use by private developers, it will for the most part encourage high-end construction, and thus likely drive local rents even higher. Following changes announced in the most recent budget, a minimum of 4 in 10 housing units must be made available at less than 80% of median market rent, but this requirement is only locked in for 10 years. Canada-wide, this currently means rent of less than \$838 per month. It would be much higher in cities such as Vancouver, Toronto and Calgary and a little less in Quebec. It's still far too expensive for low-income households worst affected by housing problems.

Most of the Strategy's other initiatives, such as the **National Housing Co-Investment Fund** and the new **Housing Accelerator Fund**, are aimed at private developers as much as the non-profit sector. This leaves little place for social housing, which alone can meet the most pressing needs in the long-term. The **Rapid Housing Initiative** is a notable exception. Following the 2022 budget, it grants a total of \$4 billion towards the construction of at least 16,250 housing units for people in situations of great vulnerability. However, it is only due to last until 2024, while the other initiatives are to wrap up four years later.

The last budget announced a new **co-op housing program**. This is good news, but for the moment the goal is only 6000 housing units; very little in comparison to need as well as community capacity.



# HOW MANY SOCIAL HOUSING UNITS FOR THE COST OF A SINGLE F-35?

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The main estimates released by the Treasury Board in March projected Canadian Mortgage and Housing Corporation expenditures as reaching \$3.55 billion in 2022-2023. The budget introduced by Liberal Finance Minister Chrystia Freeland on April 7th added a further \$1.75 billion, presumably for a total of \$5.30 billion. In 2015-2016, the final year of Stephen Harper's Conservative government, this figure was \$2.03 billion. The difference can be explained in part by the sharp increase of housing construction costs, but is mostly due to the impact of National Housing Strategy initiatives.

Despite the increase, the entire CMHC budget still represents only 1.3% of public expenditures by the government. In comparison, the Canadian Ministry of National Defence budget accounts for 6.5%. This doesn't even include the 88 fighter jets Ottawa recently announced it would buy for an estimated \$19 billion, over and above their long-term maintenance costs. In 2011, the Parliamentary Budget Officer evaluated maintenance costs at \$24 billion over 30 years for 65 planes. How many social housing units could the federal government fund with the cost of a single F-35? In 2011, FRAPRU estimated 6400.

## FUNDS WELL USED?

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The \$82 billion over ten years allocated to the National Housing Strategy may seem an astronomical sum. Less so when we realize that about 60% is made up of low-interest loans, existing expenditures, and contributions from provincial and territorial counterparts.

Our main question must be whether the federal government is actually using these funds well. Aren't its budgetary and fiscal housing expenditures diluted in a flood of projects, some of which completely miss the mark? Wouldn't it have been more useful to focus on programmes to help households with the greatest housing needs? Does the construction of housing that is expensive or only affordable to some tenants advance housing rights? Does support for buying property, strengthened in the last budget, really meet the needs of households with the greatest housing needs?

# EXISTING SOCIAL HOUSING

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Under the Conservative Party, Ottawa 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.

As for so-called affordable housing, rent is set in relation to local market rates for a fixed 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. In the latter case, common holdings against future crises are not increased. It may even contribute to inflationist and speculative logic which causes increasing levels of sub-standard housing.

# 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, indexed annually, 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, definitively, 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.