

54. A Pathway to Fixing the Affordable Housing Crisis in Canada

DESCRIPTION

Affordable stable housing is an integral part of economic growth and a healthy social environment. Investment in affordable housing is often overlooked and absent from economic development plans and job proposals. To ensure long-term community sustainability the role of affordable housing in the shifting economy must be considered. Access to affordable housing is not caused by individual factors and decisions alone. Some people face disadvantages due to the structure of our systems in our society and the ways in which our systems operate. The responsibility of this development towards economic stability begins and should be led by the Federal Government as outlined in the continually evolving National Housing Strategy.

BACKGROUND

Housing affordability and the housing supply challenge has been top of mind coast to coast. Affordable housing can encompass many things but for the purpose of this document it is defined as government supported housing available for Canadians, who because of financial, social or other circumstances, cannot afford private market housing.

The housing and homelessness crisis in Canada are serious and widespread, covering each province and territory, hitting everyone from the middle class to our most vulnerable residents. Research is showing that high rents and working poverty are often thought of as urban issues, something that affects places like Toronto and Vancouver. However, the country is seeing that small, medium, and large populated areas are all facing this issue. In a provincial comparison it is shown the less populated and less urban Maritime provinces will be the hardest hit proportionally. ¹,

¹ Tranjan, Ricardo. "The Rent is Due Soon Financial Insecurity and COVID-19." Canadian Centre for Policy Alternatives. March 2020.

² Canadian Mortgage and Housing Corporation. "Overview of the Summer 2020 Housing Market Outlook Report". <https://www.cmhc-schl.gc.ca/en/blog/2020-housing-observer/overview-summer-2020-housing-market-outlook-report>. Accessed 20 January 2021.

In November 2017, the Federal Government launched a response to the crisis with the introduction of the National Housing Strategy. This created a platform for federal, provincial, and municipal governments to come together and discuss how to best improve housing outcomes for the people of Canada. Prior to 2017, Canada was the only G8 nation that lacked a National Housing Strategy. This was a welcome response by many throughout the country with numerous encouraging strategic steps.

Housing is considered 'affordable' when a household spends no more than 30% of its gross income on shelter. ², 161

Pre-pandemic approximately 3.3 million Canadian households (25.2%) spent 30% or more of their total income on shelter. In 2018, Statistics Canada reported that 628,700 Canadian households were registered as living in social and affordable housing. An additional 283,800 Canadian households had at least one family member on a waiting list for social and affordable housing. In March 2020, progress towards resolving the housing issue met a brick wall with the initial onset of the Covid-19 pandemic. Those from the middle class to our most vulnerable residents, who were experiencing a paycheck-to-paycheck reality, were not receiving normal income due to restrictions throughout the country.

As pressure mounts at the municipal level to create affordable housing many mid-size populations are facing the influx of migration due to lack of affordability in the larger centres. The mixture of business and social challenges such as building regulations, land use bylaws, social pressure and community tensions are at an all time high.

With the desire to achieve a national recovery, Canada must put into action a plan for growth with housing available for the workforce needed to achieve this growth. Workers need places to live, so demand for housing increases, thereby stimulating housing production. ³, Employment growth often translates into more housing needed– but does the relationship apply in reverse? Specifically does a lack of access to affordable housing lead to higher unemployment for those seeking work while simultaneously creating the appearance of labour shortages? Is the lack of affordable housing preventing talented people from entering our workforce? How do employers employ someone without a fixed address?

³ Saks, R. “Job Creation and housing construction: Constraints on metropolitan area employment growth. *Journal of Urban Economics*. Vol. 64. Issue 1. 2008.

⁴ Mueller, E and Tighe, R. “Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. *Journal of Planning and Literature*. Vol: 24. Issue 4. 2007.

⁵ Mueller, E and Tighe, R. “Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. *Journal of Planning and Literature*. Vol: 24. Issue 4. 2007.

Access to an affordable home means that Canadians will be healthier, more productive, and able to spend money in their local economies. Certainly, there is strong evidence that quality affordable housing also generates improved social outcomes for low-and-moderate income households. It stands to reason that good quality affordable housing yields positive health and education outcomes by lowering household stress, enabling the purchase of nutritious food, and supporting family stability. ⁴,

A healthy and educated workforce can attract employers and job-related investment in communities. For children living in inadequate or unaffordable housing, a secure home improves their likelihood of academic achievement and the completion of post secondary education. Moreover, post-secondary graduates earn nearly \$5000 more annually than those with a high school education – a number likely to increase as workers advance their careers. ⁵, The result of this increased earning potential is greater contributions to future economic growth. 162

Despite the benefits of affordable housing and job creation, according to the Community Housing Affordability Collective, many projects in Canada remain currently uncatalyzed because of access to low-cost financing. ⁶, Indeed, access to low-interest financing can mean the difference between a project idea and shovels in the ground. Reducing borrowing costs to buyers and assisting in developer financing could help to reduce the housing affordability gap. This could be accomplished by improving access to finance for low-income households by reducing the cost of mortgage funding and the risk of lending, as well as leveraging collective saving. Governments could help by cutting costs for developers by making affordable housing projects less risky and guaranteeing buyers or tenants for finished units.

⁶ Community Housing Affordability Collective. "Let's Make Housing Affordable in Calgary." <http://www.chacollective.com/>. Accessed 20 January 2021.

⁷ Calgary Housing Company. "Home is what we do." <https://calgaryhousingcompany.org/about/>. Accessed 20 January 2021.

In addition to new construction for affordable housing, existing community housing also faces significant sustainability challenges. 7 Conditions in the private housing market make challenges in community housing and homelessness prevention even worse. The conversation around “affordable housing” needs to be developed into a more specific language. There needs to be distinction between homelessness, non-market housing, and workforce housing and real estate development. There are people in our communities who are vital to economic growth but are unable to find housing on their own. Many people turn to community housing to find shelter and are met with long waitlists. There is a need to develop a mixture of market and non-market units to create affordability for those who unable to enter the real estate market.

The Lethbridge Chamber is a proponent of innovate solutions to address the housing supply and affordability crisis. Promising practices from jurisdictions within Canada and abroad should be balanced, identified, and considered. Any innovative housing policy options identified through this exercise must balance the needs of communities, while ensuring public safety. The sentiment “not in my backyard” often contributes to local opposition to new development which can lead to delays in approval timelines and slow down the construction of new builds. There is a role for the federal government to play to support provincial and municipal governments in gaining public acceptance for new affordable housing developments. Public education can change this culture and support new developments.

RECOMMENDATIONS

That the Government of Canada:

1. Collaborate with all levels of government to participate in a “yes in my backyard” strategy to change public attitudes against new housing developments or potential development of existing properties.
2. Research and share promising practices to make better use of existing homes, buildings, and neighbourhoods to increase supply of housing.
3. Reduce costs for developers through grants and / or tax incentives to make affordable housing projects more economically sound.
4. Provide incentives for private landlords to deliver below market housing to create balance in the market and non-market units. 163

ENDORSEMENTS

The Special Issues Committee abstains from endorsement of this resolution.

It is unclear what distortions to the housing market could be caused as a result of the recommendations in the resolution.

Submitted By: Lethbridge Chamber of Commerce

Co-sponsored by: Leduc, Nisku and Wetaskiwin Regional Chamber