

POLICY OPTIONS SPECIAL DOSSIER

HOW DOES CANADA FIX THE HOUSING CRISIS?

DOSSIER SPÉCIAL D'OPTIONS POLITIQUES

COMMENT LE CANADA PEUT-IL RÉGLER SA CRISE DU LOGEMENT?

How can Canada fix the housing crisis? Across the country, rents have risen sharply and home prices have skyrocketed. The shortage of affordable accommodation is acute. It is causing generational conflict, straining the social fabric, and eroding the traditional welcoming stance Canadians have had toward immigration. The country needs to build homes now.

In this series, we explore the many facets of the crisis. Our authors examine philosophical questions about whether housing should be treated like a commodity or a social value, like universal health care. They tackle ground-level issues, like how citizens can stand against the NIMBY phenomenon that blocks construction in so many Canadian cities and towns. Is there a role for Ottawa to play the captain of a Team Canada strategy?

The country's political leadership does not offer enough incentives for the construction of truly affordable units that low-income renters can actually afford. Why? To fix the crisis faced by renters who live in substandard housing or government-assisted housing, leadership at the national, provincial and municipal level is required. And governments need to move fast.

In First Nations communities, an Indigenous-to-Indigenous housing finance model could get far more homes built in communities

where banks won't go and the federal government won't back loans. The role of immigration in housing shortages has come under the microscope. How much does it actually contribute to the problem?

A million Victory Houses were built in Toronto between 1946 and 1960 thanks to the Canada Mortgage and Housing Corporation. Could the CMHC again underpin this kind of grand strategy to finance social and affordable housing?

The federal government has announced a GST rebate on the construction of apartment units. Should the provinces follow with similar breaks on their provincial taxes? Quebec has decided it won't. It plans instead to invest in public housing, co-ops and not-for-profit housing. Which approach is more effective?

This series explores the fundamental flaws in the way the country treats the housing market. It also examines the effectiveness of government action. Most importantly, it proposes potential solutions to one of Canada's great current domestic challenges.



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Comment résoudre la crise du logement ? Dans tout le pays, les loyers ont fortement augmenté et les prix des maisons ont grimpé en flèche. La pénurie de logements abordables est grave. Elle est à l'origine de conflits générationnels, met à rude épreuve le tissu social et érode l'attitude traditionnellement accueillante des Canadiens à l'égard de l'immigration. Il faut construire des logements dès maintenant.

Dans cette série, nous explorons les nombreuses facettes de la crise. (Allez jeter un coup d'œil à la liste d'articles plus bas.) Nos auteurs se penchent sur des questions philosophiques : le logement doit-il être traité comme une marchandise ou comme une valeur sociale, au même titre que les soins de santé universels ? Ils abordent des questions de fond, comme la manière dont les citoyens peuvent s'opposer au phénomène du « pas dans ma cour » qui bloque la construction dans tant de villes et villages canadiens. Ottawa peut-il jouer le rôle de capitaine d'une stratégie pancanadienne ?

Les dirigeants politiques du pays n'offrent pas suffisamment d'incitations à la construction de logements véritablement abordables que les locataires à faibles revenus peuvent réellement s'offrir. Pourquoi ? Pour résoudre la crise à laquelle sont confrontés les locataires qui vivent dans des logements insalubres ou dans des logements subventionnés par l'État, il faut un leadership aux niveaux national, provincial et municipal. Et les gouvernements doivent agir rapidement.

Dans les communautés des Premières Nations, un modèle de financement du logement entre Autochtones pourrait permettre de construire beaucoup plus de logements dans des communautés où les banques ne vont pas et où le gouvernement fédéral n'assure pas les prêts. Le rôle de l'immigration dans la pénurie de logements a été examiné à la loupe. Dans quelle mesure contribue-t-elle réellement au problème ?

Un million de maisons ont été construites à Toronto entre 1946 et 1960 grâce à la Société canadienne d'hypothèques et de logement (SCHL). La SCHL pourrait-elle à nouveau soutenir ce type de grande stratégie de financement du logement social et abordable ?

Le gouvernement fédéral a annoncé un remboursement de la TPS sur la construction d'appartements. Les provinces devraient-elles suivre en accordant des réductions similaires sur leurs taxes provinciales ? Le Québec a décidé de ne pas le faire. Il prévoit plutôt d'investir dans le logement public, les coopératives et les logements sans but lucratif. Quelle approche est la plus efficace ?

Cette série explore les problèmes fondamentaux dans la manière dont nous traitons le marché du logement. Elle examine également l'efficacité de l'action gouvernementale. Plus important encore, elle propose des solutions potentielles à l'un des plus grands défis intérieurs actuels du Canada.

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Why bricks and mortar alone won't solve the housing crisis

The focus on adjusting the rental vacancy rate ignore the deeper issue of how we commodify housing instead of recognizing its social value.



JUSTE RAJAONSON

Housing is a foundational pillar of society. It represents not just a home but a living space and a fundamental element of a city's physical, social and economic fabric. Yet most of the proposed solutions to Canada's housing crisis rely on a simple economic principle: matching housing supply with demand to stabilize the market.

Recent policy strategies aim to adjust the rental vacancy rate in Canada from the current 1.9 per cent to a desired three or four per cent. But with this tight focus, we might be addressing merely the surface issues of the crisis.

The deeper problem lies in the tendency of modern society and policies to treat homes primarily as tradable commodities similar to stocks or goods, rather than recognizing their social value as vital living spaces that enable cities and businesses to thrive.

Housing's social value surpasses its market value, with direct implications for access to services and employment locations, the stability of the urban population, urban attractiveness, physical and mental health, as well as the competitiveness of local businesses.

The mercantile view of property has eroded the social value of real estate, transforming what was once a dream into a mere investment tool: buy, renovate, set rent according to the investment, and compete to attract wealthier households.

To help solve this crisis, we need to redefine the social value of housing and see it as an essential social service.

THE PROPOSED SOLUTIONS

In September, the federal government rolled out a GST exemption for new rental construction, complementing the ambitious \$82-billion national housing strategy introduced in 2018, championing affordable housing, home renovations, and supporting research and the community housing sector. Ontario, Quebec, and British Columbia are launching diverse strategies, from financial incentives to specific construction targets. Meanwhile, Toronto, Vancouver, and Montreal are overhauling their zoning laws and amplifying social housing initiatives, collaborating closely with local community organizations.

THE CONSEQUENCES OF THE MERCANTILE VISION OF PROPERTY

First, beyond an absolute housing shortage, we especially see a relative shortage of options matching most local workers' incomes. For example, in Montreal, recent vacancy rates have hit one per cent for affordable apartments for the 40 per cent of least-wealthy tenant households, those with an income under \$43,000.

In contrast, apartments affordable for households earning between \$63,000 and \$97,000 a year had a vacancy rate of 5.4 per cent. In other words, competition for housing is fiercer for households most exposed to the crisis.

Second, property prices have risen and turned many people into long-term renters, pushing away the dream of homeownership. This has put extra pressure on the available rental housing stock, particularly for newcomers to the market such as students and new residents.

FOUR STEPS TO RELIEVING THE CANADIAN HOUSING CRISIS

WHY IS HOUSING CHEAPER IN QUEBEC THAN IN ONTARIO?

THE RISE OF FINANCIAL LANDLORDS HAS TURNED RENTAL APARTMENTS INTO A VEHICLE FOR PROFIT

Additionally, the gap between rents for vacant and occupied housing slows turnover. It prevents, for example, workers from moving closer to their workplace or new families from having a larger living space.

In Toronto, in the same building, the average rent for two-bedroom apartments in 2021 was 29 per cent higher for units that had changed tenants than for those where the tenants remained the same.

Third, the consequences are more severe for socially and economically vulnerable populations because they are forced to choose housing based not on their needs but on their financial capacity. This reality has reduced the quality of life, added longer commutes to potential workplaces and increased transportation costs.

Finally, local economic development is threatened as housing becomes a pressing concern for modern businesses: A growing mismatch arises because affordable housing, based on offered salaries, is often distant from business operating locations.

High rents relative to salaries impede local business competitiveness amid a labour shortage, endangering labour productivity due to employees' financial stress and lengthening commutes.

Furthermore, it hinders regional innovation by discouraging potential entrepreneurs from setting up and pushing talent toward more affordable regions. Businesses aren't blameless in this situation; real wage growth has slowed since the 1970s. Given their role, businesses are uniquely positioned to be part of the solution.

PATHS TO SOLUTIONS

So, how do we redefine the social value of housing and address this crisis? Housing must first and foremost be viewed as an essential social service, not just a building to shelter people or a mere commodity.

Four potential solutions can complement the current government measures.

First, we need to adjust rents according to local economic realities. The idea is to establish an acceptable rent range based on what local incomes can support and the wages that businesses are prepared to offer, especially for those at the lower end of the pay scale. Landlords exceeding this range could be subject to fiscal measures, the revenues from which could support more affordable housing. Such a calculation might seem complex, but it's not unfeasible. A good starting point would be introducing a rent registry, as proposed by 14 city and town mayors in Quebec.

Second, we need to make allies of employers. Most tenants and homeowners are active in the job market. Since access to housing, in relation to salaries, is a key factor in attracting and retaining talent, employers could provide housing bonuses to employees with modest incomes. For those who work remotely, they might consider offering financial support. This could be further supplemented by government assistance from economic development agencies, given that teleworkers boost the local economies of their residential areas.

Third, we should remove the most vulnerable groups from the housing competition. Young people, single-parent households, the elderly, First Nations, low-income racialized Canadians and newcomers are not in a position to compete fairly for the housing they need. One approach to help them could be to introduce taxes on high-end, luxury homes. The revenue generated could then be directed toward developing non-profit housing projects designed to meet the respective needs of these disadvantaged groups.

Finally, we need to consider and support innovative approaches to housing. For example, intergenerational residences, where individuals of varying age groups live together, serve multiple purposes. They facilitate integration for newcomers, ease loneliness among the elderly, encourage mutual support, reduce overall living costs through resource-sharing, and create opportunities for residents to share diverse life experiences.

Another approach involves co-housing communities, where residents enjoy their private spaces while actively collaborating in the design and management of shared communal areas. This nurtures a sense of collective responsibility and connection among community members, all while reducing housing costs and contributing to urban densification.

Viewing housing solely as a market-driven product oversimplifies the challenges of the housing crisis. Housing extends beyond being a mere shelter or a tradable commodity; it has a more profound social value, shaping the physical, social and economic fabric of a city.

A city's vitality, both economically and culturally, is boosted when housing accommodates everyone, regardless of social and economic status. By recognizing and preserving this value, we will tackle the crisis more effectively.

Can building more affordable housing be compatible with local democracy?

We can't simply demonize NIMBYism, but we could contain it by having citizens help to set housing targets and help choose sites for new housing.



MARIO POLÈSE

“**W**e have met the enemy and he is us” – a famous quote from the vintage comic strip Pogo – nicely describes Canada’s housing conundrum.

The core challenge remains the failure of housing supply, public or private, to keep up with rising demand. Canada’s remarkable population growth, fuelled by immigration, permanent and temporary, has amplified the imbalance.

In the past, notably during the baby-boom years, housing supply largely kept up with growing demand. Why not today?

Some point to the federal government’s abandonment of subsidized housing during the Mulroney years, which is true. But that’s only part of the problem. Social housing never accounted for more than 10 to 15 per cent of local housing supply.

So, we are back to a simple question: Why are more houses not being built where they are needed? The answer in part is that we have become richer and more demanding. We are also an eminently democratic nation, respectful of citizen concerns. But those can often run counter to the objective of increasing housing supply.

The essential challenge for our municipalities is bringing citizens on board with ways to deal with the housing crisis. But before proposing how this might be achieved, we need to better identify the problem.

WHAT HAPPENS NEXT DOOR MATTERS

Housing is different from other goods. My neighbour’s purchase of a flatscreen TV does not affect my perceived well-being. A building going up next door, especially if it is tall, is another matter.

Housing cannot be separated from its surroundings, which is why urban planning came into being. Almost all Western societies introduced some form of zoning in the 20th century. No one wants a petrochemical plant or quarry next door to their home. However, zoning rapidly moved beyond protection from such obvious nuisances.

We know the outcome: much if not most land in Canada’s growing, suburban cities is zoned for single-family homes with gardens, garages and pools – the Canadian dream. The equally obvious result is restricted supply: i.e., the number of housing units that can be built per square kilometre.

Citizens, understandably, want a say in what is built around them. Local government exists to address such matters. This is also our point of entry to the concept of NIMBY (Not In My Back Yard), the modern byword for urban obstructionism.

NIMBY BATTLE NO. 1: NEW HOUSING IS NOT IN MY INTEREST

The residential geography of Canada's cities is largely set. It is all too easy with hindsight to look with disapproval on past zoning decisions. It is equally easy to bemoan the selfishness of homeowners thwarting new housing. Yet, we are all potential NIMBYs.

Most individuals have no personal interest in seeing a big building go up next door. That in a nutshell is the problem. The power of NIMBYs does not stop there. The twin sisters of NIMBY's selfish roots are community power and citizen participation, with each reinforcing the other.

For example, in July, 26 individuals signed a register in the suburban Montreal borough of Pierrefonds-Roxboro – the required number to trigger a referendum, thus blocking the construction of a six-storey residential building. The question is not whether 26 is a reasonable number, but rather how local referendums should be viewed: as necessary components of local democracy or as much-abused tools of obstruction?

In 2017, the Quebec government passed a law empowering municipalities to override the right to local referendums provided they are replaced by a non-binding consultation process. Almost no city, Montreal included, has availed itself of this option. Simply put, what mayor wants to be seen as abrogating the right of fellow citizens to vote on major projects?

A new Quebec law enacted this year exempts specified projects from referendums (i.e. projects increasing building heights, reducing parking spaces, etc.) to be replaced by a written consultation process. The law has predictably been criticized as a negation of local democracy.

Referendums and consultations are merely bumps in the road toward the true obstacle: popular will. Building permits are a municipal responsibility. Decisions reflect popular preferences.

Last year, the Montreal suburban municipality of Pointe-Claire froze a residential project of two 25-storey rental buildings and a 20-storey tower for seniors to be built on the site of a parking lot adjoining a major shopping centre and future light rail station. This was by all indications an ideal project: no green space sacrificed, near public transit, good for seniors.

Yet, the project is not moving ahead. Why? Because in the words of Pointe-Claire's mayor, newly elected on an anti-densification platform, that is what citizens want: "My vision is the vision of the citizens, it's that simple . . . People want a suburb, not a downtown."

That is why, after all, they choose to live there. Therefore, no need for consultations or referendums. But what else would one expect from a leafy upper-income municipality?

Allow me to disabuse readers who see NIMBYs as being primarily driven by well-off homeowners. Let us move to Hochelaga-Maisonneuve, a traditionally working-class neighbourhood east of Montreal's downtown.



The Hochelaga-Maisonneuve district of Montreal. The Canadian Press Images-Mario Beaugard.

NIMBY BATTLE NO. 2: DEFENDING THE COMMUNITY

A developer is currently proposing a \$350-million 10-storey project of some 1,000 units in Hochelaga-Maisonneuve. The project again pushes all the right buttons, including subsidized units as well as planned green spaces and community spaces.

Yet, the project is being opposed by a local activist group claiming it fosters “gentrification” – a favorite bogeyman of NIMBYs. Put crudely, while the rich don’t want the poor next door (arguing that they drive prices down), the poor also don’t want the rich next door (arguing they drive prices up). The end result is the same: less housing gets built.

Opponents argue the project will also block sunlight, as well as create traffic congestion and generally undermine community life – all well-known NIMBY battle cries. The project remains subject to a possible referendum initiative. At the time of writing, it remained unclear whether the project will see the light of day.

The aversion to towers is also a factor in the current tug-of-war between the City of Montreal administration and developers around the redevelopment of lands near the Old Port – the largest residential project currently under review in the city.

The developer’s plan calls for a project of several 20- to 40-storey towers with 9,500 residential units. The city favours a more modest project of 7,500 dwellings with a lower height, arguing there is a need to keep construction at a “human scale” – another laudable concept, but one that is difficult to define objectively.

The takeaway from all of the examples above is not whether these projects will eventually be built, but that approval has become an increasingly costly process almost everywhere.

Not all developers have the resources in time and money to go from point A to point B, with the heightened risk of sometimes never reaching point B. Many developers will simply abstain. NIMBYs do not need to campaign successfully to block projects from being built. The threat of NIMBYs is often enough.

CAN LOCAL DEMOCRACY BE MADE TO WORK FOR HOUSING?

Simply demonizing NIMBYs is not constructive. Indeed, they sometimes fulfil a useful function. Concerns expressed by opponents are often valid. Public consultations can improve the final project. But is it possible to curb NIMBY obstructionism while also keeping the benefits of citizen participation?

British Columbia and Ontario recently passed legislation aimed at stimulating new housing construction. Both contain numerous positive measures (i.e. loosening constraints on what can be built where) but both basically sweep the problem under the rug by adopting a top-down carrot-and-stick approach, which may not always be welcomed locally.

B.C.'s Bill 43 gives the minister the power to override municipal bylaws and permits. It remains to be seen to what extent such powers will actually be used, given they may come with a possible political cost.

Ontario's legislation sets housing targets for the province's major cities, establishes a fund to reward cities that comply and gives some mayors additional powers to implement necessary measures. Here again, we may ask whether the promised carrots will be sufficient to sway residents who don't want more neighbours. Mayors want to be re-elected, after all.

Getting locals on board

Why not pre-empt NIMBYs by bringing citizen participation to the forefront with the help of modern IT and interactive mapping?

I see a variation on Ontario's plan, where municipalities, not the province, set mandatory housing targets. The sum total of municipal targets should be consistent with projected provincial housing targets. If not, municipalities might be asked to redo their homework.

In Quebec, the requirement might apply to all municipalities part of a Census Metropolitan Area and other municipalities with 25,000-plus inhabitants. Make meeting targets an object of local pride. Why not envisage a province-wide competition, with the top municipalities perhaps financially rewarded as Ontario does?

Housing targets would be determined via local consultation. Residents would have access to online neighbourhood maps and data, a purpose-built app provided to municipalities by the province, and then asked to identify potential sites for new housing, including targets for building heights and social housing.

WHY BRICKS AND MORTAR ALONE WON'T SOLVE THE HOUSING CRISIS

WHY IS HOUSING CHEAPER IN QUEBEC THAN IN ONTARIO?

HARNESSING GROWTH TO CREATE POSITIVE NEIGHBOURHOOD CHANGE

For the latter, to avoid unrealistic expectations, residents would have information on available funding for subsidized housing. The results of the consultations would be made public with appropriate maps and height and density targets.

City councils would remain the final arbitrator, adopting the necessary zoning bylaws. Zones thus identified would be exempt from referendums and certain regulatory obligations.

However, residents could continue to have a voice through non-binding, time-limited consultations, notably on the design and architectural aspects of proposed projects. Added provincial (and/or federal) carrots would, where appropriate, come in the form of infrastructure financing agreements for major approved projects.

Each city would be different. The devil is in the details, as always. However, the most useful outcome of such a reverse-NIMBY approach would hopefully be a better popular understanding of the choices and trade-offs that need to be made if Canada's housing crisis is to be resolved.

La construction de logements plus abordables est-elle compatible avec la démocratie locale ?



Il est possible de contenir le syndrome du « pas dans ma cour » en impliquant les citoyens dans l'élaboration des cibles de logement et le choix des sites.

MARIO POLÈSE

« **N**ous avons rencontré l'ennemi, et c'est nous ». Cette célèbre citation de la bande dessinée Pogo décrit bien le dilemme du logement au Canada.

Le principal défi reste l'incapacité de l'offre de logements, publics ou privés, de répondre à la demande. La remarquable hausse démographique du Canada, alimentée par l'immigration permanente et temporaire, a amplifié le déséquilibre.

Dans le passé, y compris durant la période du baby-boom, l'offre de logements a largement suivi la demande. Pourquoi plus maintenant ?

Certains montrent le retrait du gouvernement fédéral des politiques de logement subventionné pendant les années Mulroney. C'est vrai, mais ce n'est qu'une partie de l'histoire. Le logement social n'a jamais représenté plus de 10 à 15 % de l'offre locale de logements.

Cela nous ramène à une question simple : pourquoi ne construit-on pas plus de logements là où on en a besoin ? Une partie de la réponse tient au fait que nous sommes devenus plus riches et plus exigeants. Nous sommes également une nation éminemment démocratique, respectueuse des préoccupations de nos citoyens. Mais ce respect se trouve souvent en conflit avec l'objectif de construction de nouveaux logements.

Le défi fondamental des élus municipaux est de gagner l'adhésion des citoyens aux politiques nécessaires ; à savoir, le besoin pour de nouvelles constructions, souvent dans leur voisinage. Mais avant de voir comment y parvenir, il faut mieux cerner le problème.

CE QUI SE PASSE À CÔTÉ ME CONCERNE

Le logement est différent des autres biens. Si mon voisin s'achète un nouveau téléviseur, cela n'affectera pas ma perception de mon bien-être. La construction d'un immeuble en hauteur à côté de chez moi est une autre affaire.

Le logement est indissociable de son environnement, d'où les plans d'urbanisme. Presque toutes les sociétés occidentales ont introduit une forme ou autre de zonage au cours du XXe siècle. Personne ne veut une usine pétrochimique ou une carrière dans son voisinage. Cependant, le zonage a rapidement dépassé la protection contre des nuisances de ce genre.

Nous voyons le résultat aujourd’hui : la plupart, voire la majorité, du territoire urbanisé, notamment en banlieue, est zonée pour des maisons individuelles avec jardin, garage et piscine – le rêve canadien. La conséquence : une offre réduite de logements; c’est-à-dire, un nombre limité de logements pouvant être construits par kilomètre carré.

C’est parfaitement normal que des citoyens veillent pouvoir se prononcer sur ce qui se construit autour d’eux. C’est pour cela que des gouvernements locaux existent. C’est aussi notre point d’entrée au concept de NIMBY – « Not In My Back Yard » ou « pas dans ma cour » –, devenu synonyme d’obstructionnisme urbain.

LE COMBAT N° 1 DES NIMBY : « CE N’EST PAS DANS MON INTÉRÊT »

La géographie résidentielle des villes canadiennes est aujourd’hui largement fixée. Il est facile, avec le recul, de critiquer les plans de zonage. Il est tout aussi facile de déplorer l’égoïsme des propriétaires riverains qui empêchent la construction de nouveaux logements. Pourtant, nous sommes tous potentiellement des « pas dans ma cour ».

Nous n’avons individuellement aucun intérêt, pour la plupart d’entre nous, à voir une tour résidentielle s’élever à côté de chez soi. C’est le cœur du problème. Mais la force des NIMBY ne s’arrête pas là. Aux motivations individualistes s’ajoutent les groupes communautaires et les demandes de participation citoyenne, qui se complètent, les uns renforçant les autres.

En juillet dernier, 26 personnes ont signé un registre dans l’arrondissement de Pierrefonds-Roxboro, en banlieue de Montréal. C’était le nombre requis pour déclencher un référendum et bloquer ainsi la construction d’un immeuble résidentiel de six étages. La question n’est pas de savoir si le nombre de 26 est raisonnable, mais plutôt comment les référendums locaux doivent être vus. S’agit-il d’instruments nécessaires de démocratie locale ou d’outils d’obstruction surutilisés ?

En 2017, le gouvernement québécois a adopté une loi habilitant les municipalités à abroger le droit aux référendums locaux, à condition qu’ils soient remplacés par un processus de consultation non contraignant. Presque aucune ville, y compris Montréal, ne s’est prévaluée de cette option. Ça se comprend : quel maire voudrait être perçu comme celui qui a retiré le droit de ses concitoyens à se prononcer sur des projets majeurs ?

Une nouvelle loi québécoise, adoptée cette année, soustrait certains projets aux référendums – dont ceux à plus grande hauteur ou réduisant le nombre de places de stationnement – pour les remplacer par un processus de consultation écrite. Comme on pouvait s’y attendre, la loi a été dénoncée comme une attaque contre la participation citoyenne.

Les référendums et consultations ne sont en bout de compte que le reflet du véritable obstacle : la volonté populaire. Les permis de construction sont délivrés par les municipalités. Les décisions reflètent les préférences populaires.

L’an dernier, la municipalité de Pointe-Claire, près de Montréal, a mis sur la glace un projet résidentiel de deux immeubles résidentiels de 25 étages et d’un autre de 20 étages destinés aux aînés, devant être construits sur le terrain de stationnement d’un centre commercial à proximité d’une future station de train léger. Un projet idéal : aucun espace vert sacrifié, du transport en commun à proximité, et bon en plus pour les personnes âgées.

Pourtant, le projet reste bloqué. Pourquoi? Parce que, selon le maire de Pointe-Claire, récemment élu sur un programme anti-densification, c'est ce que les citoyens veulent : « Ma vision est la vision des citoyens, c'est aussi simple que cela [...]. Les gens veulent une banlieue, pas un centre-ville ».

C'est pourquoi, après tout, ils ont choisi d'y vivre. Donc, nul besoin de consultation ou de référendum. Mais à quoi s'attendre d'autre, diraient certains, d'une municipalité riche de banlieue?

Cependant, associer les NIMBY surtout à des banlieusards aisés serait une erreur. Passons alors à Hochelaga-Maisonneuve, un quartier traditionnellement ouvrier à l'est du centre-ville de Montréal.



Le quartier Hochelaga-Maisonneuve à Montréal. LA PRESE CANADIENNE Mario Beauregard.

LE COMBAT N° 2 DES NIMBY : « DÉFENDRE LA COMMUNAUTÉ »

Un promoteur propose actuellement la construction d'un immeuble de 10 étages et quelque 1000 logements au coût de 350 millions \$ dans Hochelaga-Maisonneuve. Le projet a, à priori, tout pour plaire, dont l'inclusion de logements sociaux, des espaces verts et des installations communautaires.

Pourtant, un groupe communautaire local s'oppose au projet en invoquant la « gentrification », un épouvantail classique. Dit crûment, si les riches ne veulent pas des pauvres près de chez eux (sous prétexte qu'ils vont faire baisser les prix), les pauvres ne veulent plus pas des riches (sous prétexte qu'ils vont faire monter les prix). Le résultat final est le même : moins de logements construits.

Les opposants dans Hochelaga-Maisonneuve craignent également que l'immeuble prévu ne bloque le soleil, accroisse la circulation et, de façon générale, nuise à la vie de quartier – des préoccupations

fréquentes et pas forcément sans valeur. Le projet reste soumis à une éventuelle initiative référendaire. Au moment d'écrire ces lignes, nous ne savons toujours pas s'il verra le jour.

L'aversion envers les tours est également un facteur dans le bras de fer qui oppose actuellement la Ville de Montréal aux promoteurs dans le cadre du plan de réaménagement du quartier Peel-Bonaventure près du Vieux-Port – le plus grand projet résidentiel actuellement à l'étude à Montréal.

Le plan du promoteur prévoit un projet de plusieurs tours de 20 à 40 étages comprenant 9500 logements. La Ville favorise un projet plus modeste et moins haut de 7500 logements, en invoquant la nécessité de maintenir des constructions à une « échelle humaine » – concept louable, mais difficile à définir objectivement.

Ce qu'il faut retenir de tous ces exemples, ce n'est pas si les projets proposés finissent ou non par se faire, mais que les processus d'approbation deviennent, presque partout, de plus en plus longs et onéreux.

Tous les promoteurs ne disposent pas des ressources en temps et en argent nécessaires pour aller du point A au point B, sans l'assurance qu'ils l'atteindront un jour. Plusieurs vont tout simplement s'abstenir. Les « pas dans ma cour » n'ont pas besoin de réussir pour bloquer la construction neuve; la simple menace suffit.

LA DÉMOCRATIE LOCALE PEUT-ELLE ÊTRE MISE AU SERVICE DU LOGEMENT ?

Mais simplement diaboliser les NIMBY n'est pas très utile. Ils remplissent parfois une fonction nécessaire et les préoccupations exprimées par les opposants sont souvent légitimes. Les consultations publiques peuvent améliorer le projet final. Est-il possible de contrer l'obstructionnisme des NIMBY tout en gardant les avantages de la participation citoyenne?

La Colombie-Britannique et l'Ontario ont récemment adopté des lois visant à stimuler la construction de nouveaux logements. Toutes deux contiennent de nombreuses mesures positives (par exemple, l'assouplissement des contraintes à la construction). Cependant, elles passent à côté de la question de participation citoyenne en adoptant une approche « carotte et bâton », qui ne sera pas forcément bien reçue localement.

Le projet de loi 43 de la Colombie-Britannique, à titre d'exemple, donne au ministre le pouvoir passer outre les règlements et permis municipaux. Il reste à voir dans quelle mesure ces pouvoirs seront effectivement utilisés, étant donné qu'ils peuvent avoir un coût politique.

La loi ontarienne, elle, fixe des cibles en matière de logement à construire pour les principales villes de la province avec un fonds pour récompenser celles qui atteignent les objectifs. Elle confère aussi à certains maires des pouvoirs supplémentaires pour mettre en œuvre les mesures nécessaires. Là encore, on peut se demander si les carottes promises aux villes seront suffisantes pour convaincre les opposants. Après tout, les maires veulent être réélus.

METTRE LES CITOYENS AU CŒUR DES PROJETS

Pourquoi ne pas alors anticiper les objections de type « pas dans ma cour » en mettant la participation citoyenne en amont du processus, grâce aux technologies modernes de l'information et de cartographie interactive?

Cela pourrait ressembler à une variante du plan ontarien, mais où ce sont les municipalités – et non la province – qui établiraient les cibles de logement. Toutefois, la somme totale des cibles municipales devrait être cohérente avec la cible provinciale. Sinon, les municipalités seraient invitées à refaire leurs devoirs.

Au Québec, l'obligation pourrait s'appliquer à toutes les villes faisant partie d'une région métropolitaine de recensement (RMR) ainsi que des villes de plus de 25 000 habitants. Faisons de l'atteinte des cibles de construction un objet de fierté locale. D'ailleurs, pourquoi ne pas envisager une compétition à la grandeur de la province, en récompensant les municipalités les plus performantes, comme en Ontario?

Les cibles de logement à construire seraient fixées à la suite d'un processus de consultation citoyenne. Chaque résident aurait accès via l'internet à des cartes et à des données statistiques pour son quartier, à l'aide d'une application conçue à cette fin et fournie aux municipalités par la province. Ils seraient appelés à identifier les sites potentiels de construction de nouveaux logements et à se prononcer sur la hauteur des bâtiments et les cibles de logements sociaux.

Sur ce dernier point, les citoyens auraient des informations sur le financement disponible pour le logement social, afin d'éviter des attentes irréalistes. Le résultat des consultations serait rendu public, accompagné de cartes avec des objectifs de hauteur et de densité.

Le choix final reviendra aux conseils municipaux, via des règlements de zonage. Les zones ainsi identifiées seraient exemptées de référendums et de certaines obligations réglementaires.

Toutefois, les citoyens concernés pourraient continuer à s'exprimer par le biais de consultations non contraignantes limitées dans le temps, notamment sur les aspects architecturaux des projets proposés. La carotte provinciale et/ou fédérale prendrait la forme, le cas échéant, d'accords de financement d'infrastructures pour les grands projets approuvés.

Chaque ville serait différente. Comme toujours, le diable se cache dans les détails. Toutefois, le résultat le plus utile d'une telle démarche qui coopterait des NIMBY serait, espérons-le, une meilleure compréhension par la population des choix et des compromis à faire si l'on veut vraiment venir à bout de la crise du logement au Canada.

Yänonhchia' would draw on First Nations' proud history of sustainable housing

Scaling up an Indigenous-to-Indigenous housing finance model would get far more homes built where banks won't go and where Ottawa won't back loans.



JEAN VINCENT and LANCE HAYMOND

In better times for Canada, when safe, affordable and adequate housing was in far greater supply and taken for granted by most Canadians, First Nations housing was already in deep crisis. From the very creation of reserves, multi-year waitlists for substandard, overcrowded and inadequate housing have been the norm.

The problem has only compounded: increasing numbers of First Nations members are leaving their communities, taking with them the skills and talents needed for economic and social development. The National Inquiry into Missing and Murdered Indigenous Women has revealed the tragedy of young women risking, and often losing, their lives trying to escape the side effects of dismal housing conditions.

Government housing programs focus primarily on social housing and core shelter needs, with units not built to last, not built for climate emergencies and not even built for energy efficiency. Past efforts have barely made a dent in the growing housing backlog: 130,000 homes are needed over the next 10 years, according to the Assembly of First Nations.

More efficient solutions based on personal responsibility for housing have appeared in a few First Nations, most of them with minimal or no government support.

Some date back more than two generations and have raised homeownership rates to levels comparable with the rest of Canada. In some cases, they have achieved this by maxing out the communities' ability to guarantee bank loans. In others, Indigenous-to-Indigenous housing finance instruments were created. But with no access to market sources of capital, neither approach has been able to grow or spread to other communities.

A new initiative called Yänonhchia', the Huron-Wendat word for longhouse, proposes a way to scale up Indigenous-to-Indigenous solutions. Its name is a reminder that First Nations have a long and proud history of sustainable housing, even in the most extreme climate and environment. Yänonhchia' is about reconnecting with that tradition and with the self-sufficiency that was at the heart of it.

THE SUCCESS OF KEBAOWEK

The community of Kebaowek, in the Abitibi-Témiscamingue region of Quebec, is fortunate. A good number of its members are employed and the community embraced homeownership early when costs were lower.

For one of us, Lance Haymond, the marking moments in my life included seeing the pride on my parents' faces when they built our home and again when they made their final payment in purchasing their house. Just recently, I saw the same pride on my son's face when he was selected by the housing department to build his own house in the community.

Why *selected*? Because in Kebaowek, like in almost all other First Nations in Canada, it's not enough to have the income, the credit score and the desire to own your home. The government of Canada's subsidized mortgage insurance is not available there, nor are first-time home-buyer saving plans and incentives.

Commercial banks will finance homes only if they are guaranteed by the First Nation. So Kebaowek, which is not rich but is a financially stable community of 1,200 members, has been put in the position of having to underwrite the mortgages of its members, something no other town, municipality or large city in Canada has to do or could afford to do.

Because of this obligation, Kebaowek can afford to underwrite only three to four members each year to become homeowners. The contingent liabilities against homeownership loan guarantees already represent 35 per cent of Kebaowek's annual funding and are growing quickly with the rise in construction costs. The accumulated liabilities undermine the community's borrowing capacity for social housing and for economic development.

This means wait times for the opportunity to build a home in Kebaowek – currently four years – are set to increase dramatically.

ABSCAN AND YÄNONHCHIA': A NEW PARADIGM

The other approach, Indigenous-to-Indigenous lending, has enabled a select group of innovative First Nations communities to eliminate dependency on communal housing with First Nations-managed revolving housing loan funds, a social finance instrument that existed long before social finance became a thing. Wendake, near Quebec City, is one such community.

The Aboriginal Savings Corporation of Canada (ABSCAN) is a Wendake-based Indigenous-designed and Indigenous-led non-profit. Since 2005, it has invested more than \$25 million of First Nation members' savings in housing, first in Wendake, where the revolving housing fund was unable to keep up with the growing demand, and then in a group of First Nations starting on the same journey toward housing self-sufficiency. ABSCAN has incurred no losses and operates without mortgage guarantees from the First Nations involved.

This approach works in communities where banks won't go and where the federal government refuses to back loans. But for ABSCAN to grow and expand to other communities, increased access to capital is essential.

This is why ABSCAN and like-minded Indigenous financial institutions are now working on the development of Yänonhchia', accompanied by the National Aboriginal Capital Corporations Association, the McConnell Foundation, the federal government, reconciliation-focused investors and capital market experts. The goal is to scale up ABSCAN's innovative model of Indigenous-to-Indigenous housing finance and make it available across Canada.

This new paradigm holds the promise of transformational change for First Nations housing nationally and provides a path to unlock the great potential that would come with private responsibility for housing. The potential benefits have long lain dormant for lack of access to the tools, levers and support that other Canadians take for granted.

THE NEED FOR INDIGENOUS-LED HOUSING
COMMUNITY SELF-DETERMINATION CAN ADDRESS THE NORTHERN HOUSING CRISIS
THE BLUEPRINT TO ADDRESS SYSTEMIC RACISM IN FIRST NATIONS' HOUSING

Our proposal for Yänonhchia' calls for an initial seed contribution of \$150 million from the federal government and continued support to grow operations to self-sufficiency levels of \$500 million within 10 years, the scale required to activate access to capital-market solutions for continued growth.

Participating Indigenous financial Institutions are part of a national network that has provided more than \$3 billion in business loans across Canada over the last 30 years. They would generate and manage housing loans that meet mainstream loan requirements, and help individuals and communities to accelerate the change in housing culture.

More than \$7 billion in loans are planned over 20 years, a volume sufficient to fundamentally transform how First Nations housing is done.



Denise Wylde sweeps the front lawn of the home she owns and renovated in the community of Pikogan, part of the First Nation of Abitibiwinni. She was thrilled to have the opportunity to buy it because she grew up in the house, which was home to her family of 11. Source: Aboriginal Savings Corporation of Canada.

A FIRST NATIONS-LED SOLUTION

First Nations can be, want to be, and need to be a part of the solution to addressing the housing crises in our communities. This includes government efforts to close the housing gap with massive investments in social and emergency housing.

We need to move beyond crisis management. To reap the economic benefits of increased First Nations housing activity for First Nations and for the rest of Canada, the federal government needs to pull out all the stops and use all its levers to activate First Nations-designed and led solutions that provide their members with an equivalent to the tools and opportunities that are available to all Canadians. Call it fairness. Call it enlightened self-interest.

The precedent for a federal leadership role in housing

Ottawa should approach housing like universal health care. Housing affects the country as a whole. It's disingenuous to claim it has a secondary role.



ALEXANDRA FLYNN

As housing prices continue to soar, squabbling between different levels of government across Canada is only exacerbating an increasingly critical issue. Prime Minister Justin Trudeau announced in August that housing “isn’t a primary federal responsibility.” Soon after, the City of Toronto refused to house newcomers in shelters, arguing that this was a federal, not a municipal, problem. Such jurisdictional finger-pointing only worsens Canada’s housing crisis.

Ultimately, the way forward is for the federal government to step forward, not back, using its approach to universal health care as a model for housing policy. The law supports this position.

CANADA’S EXISTING HOUSING FRAMEWORK

The *Constitution* spells out federal and provincial responsibilities under Sections 91 and 92. It bestows the federal government with authority over matters of a national or international nature, such as bankruptcy, divorce, criminal law, telecommunications, banking and matters related to Indigenous Peoples and reserves. Provinces, by contrast, were to focus on issues closer to home such as the incorporation of companies, property and civil rights, and municipalities.

Through our contemporary eyes, this breakdown may seem out of date. This is especially true of policy areas that were left out entirely, such as housing. The result of this constitutional silence is a fragmented framework when it comes to housing policy, which is now divided between federal, provincial and municipal governments.

Until the 1990s, Ottawa did build and maintain social housing. Now, its main role is limited to providing funding to provincial and municipal governments for affordable housing and for programs that address homelessness. The federal government is also responsible for on-reserve housing.

Provinces provide funding to housing non-profits, build and operate social housing and regulate landlord-tenant relationships. They also delegate powers to municipalities, which then decide on the size and location of housing through their planning and zoning decisions.

TENT CITIES ARE NOT JUST A MUNICIPAL PROBLEM FOUR STEPS TO RELIEVING THE CANADIAN HOUSING CRISIS

For example, earlier this year, the City of Vancouver decided that multi-storey residential buildings would be permitted in areas where previously only single-family homes had been allowed.

Some housing decisions fall into a grey area between provincial and municipal authority, such as the regulation of the digital private accommodation marketplace, which includes Airbnb.

Rather than squabbling over whether housing is “local” (it is) or “national” (yes, also), all governments must come together to create sufficient housing stock, ensure affordability and legislate protections. Unfortunately, this inter-jurisdictional co-operation hasn’t happened. As a result, housing precarity and rates of homelessness are rising at an alarming pace.

FEDERAL LEADERSHIP IN THE MIDST OF CONSTITUTIONAL SILENCE

The *Constitution Act* conferred on Parliament the power “to make Laws for the Peace, Order and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.”

These “POGG” powers allow the federal government to act if the matter isn’t assigned to provinces in some cases, although several provinces have recently fought this in the courts, with mixed results.

Clearly, housing isn’t just a local issue. There is inadequate housing from west to east, and north to south. Data developed through the [Housing Assessment Resource Tools](#) project shows a significant number of low- and middle-income Canadians are in core housing need across the country. The [numbers are even worse](#) for racialized people and Indigenous Peoples, refugees and seniors.

There is precedent for federal leadership in policy areas that affect the country as a whole.

Before the Second World War, health care was privately delivered and funded. From the 1950s onward, the federal government has taken an [increasingly active role](#) in health care.

Under the *Canada Health Act (CHA)*, provinces receive federal funding transfers to assist and supplement the costs of delivering universal health care, but in return must comply with various principles, including universality and accessibility. The *CHA* is not perfect, but it exemplifies the federal government’s willingness to address societal concerns, provincial willingness to co-operate, and the acceptance of links between principles and funding.

A NEW HOUSING FRAMEWORK

Ottawa already knows it must play a leadership role in housing. In 2017, two years after Prime Minister Trudeau was elected, the [national housing strategy](#) (NHS) was launched, followed by the 2019 enactment of the [National Housing Strategy Act \(NHS Act\)](#).

The law requires a federal housing strategy be developed and maintained. Federal housing plans must include “key principles of a human rights-based approach to housing,” such as non-discrimination, inclusion, participation and accountability.

The federal government created the office of the [federal housing advocate](#) to oversee implementation of the *NHS Act* with the authority to monitor progress, initiate studies and receive submissions on systemic housing issues. The advocate has supported research on significant rights violations of those [living in encampments](#), recommending a stronger role for the federal government.

It is disingenuous for the federal government to claim a secondary role in housing based on the text of the *Constitution* and its legislative commitments. It already funds housing projects and programs that are managed at the provincial and municipal levels.

It would not be a leap to make funding conditional on adherence to a specific set of principles, including the progressive realization of the right to housing.

The dire lack of affordable housing is at crisis levels and must be viewed as an issue that affects the entire country. The federal government's commitment to housing without taking a leadership role is a mistake. Drawing on the example of universal health care, the federal government can and should commit to the right to housing.

Advancing a Team Canada approach to housing

The housing crisis requires a multi-partner strategy to create enough of the homes people need. Is the federal government ready to be the captain?



JACOB GORENKOFF

Canada is struggling through a dramatically worsening housing crisis. Millions of Canadians, particularly those with lower incomes, have been experiencing rapidly rising housing costs, driven in large part by an extreme supply shortfall. This problem isn't isolated to specific communities, regions or provinces.

Prime Minister Justin Trudeau said recently that housing is not a primary federal responsibility. But the crisis requires national leadership. Ottawa urgently needs to enact policies that reflect the needs of the population by leading a multi-partner "Team Canada" approach, introducing new measures and revamping current ones to create the types of homes people need, where they need them, in sufficient quantity.

In a September report, the Canada Mortgage and Housing Corp. estimated that Canada needs to build 5.8 million housing units by the end of 2030 to restore affordability. That's 3.5 million units more than the current pace of new home construction.

The national housing accord – a plan developed by non-profit and for-profit housing providers, developers and investors – suggests that restoring housing affordability will require tripling home-building over the next nine years. That would require an unprecedented herculean effort.

HITTING THE RESET BUTTON ON THE NATIONAL HOUSING STRATEGY WHY GREEN CONSTRUCTION IS NEEDED TO AFFORDABLY INCREASE HOUSING SUPPLY

It's important to be cognizant of how unaffordable housing has become. The Canadian rental housing index says 1.6 million renter households pay more than 30 per cent of their before-tax income for a roof over their heads, which places them in core housing need. That translates to about one-third of renters needing community housing offered at a more affordable cost than the market provides.

Scotiabank's January 2023 report, *Canadian Housing Affordability Hurts*, recommends doubling Canada's supply of community housing. Achieving this objective can happen only if the federal government pulls out all the stops with measures that reflect the country's current economic environment.

CURRENT HOUSING MEASURES WON'T CUT IT

Canada's economic picture has shifted dramatically since the creation of its National Housing Strategy in 2017. Inflation, the rapid rise of interest rates and higher building costs have made it more expensive to create housing. At the same time, federal funding has dwindled significantly. Yet federal housing policies and programs have not adapted to the current economic context.

Higher borrowing costs mean affordable-housing providers can't secure as much financing as they could a couple of years ago. That has led to a serious funding gap that cannot be filled without increased grants or other measures with a similar impact.

A recent example of a program derailed by the volatile shift in Canada's economic picture is the National Housing Co-Investment Fund, the flagship program of the federal government's national housing plan. The fund provides funding and financing for non-profit projects.

As interest rates spiked in the latter half of 2022, CMHC was forced to allocate more funding to save projects already underway. As a result, the housing co-investment grant budget has been severely diminished. Maximum grants dropped from up to 40 per cent of total project costs to a maximum of \$75,000 per unit. Depending on the project, that could be a reduction of more than \$125,000 per affordable housing unit.

In other words, the cost of creating housing has *increased* significantly over the last two years, while federal funding has dramatically *decreased*, making it nearly impossible to build affordable homes using existing policies and programs.

The housing we need to restore affordability simply cannot be created fast enough – or at all – to meet demand with current federal support.

THE TEAM CANADA APPROACH

A problem as significant and widespread as Canada's housing crisis can't be fixed by the federal government alone. We need a plan that involves all levels of government, the affordable housing sector and private organizations.

To be successful, the federal government needs to recognize that the housing crunch Canada faces is a problem that won't be solved with cheap solutions. Every policy lever that can be pulled must be pulled, with emphasis on doubling the proportion of Canada's affordable homes to support an increasing number of Canadians who need them.

A comprehensive Team Canada approach requires a strategy featuring integrated plans for key economic areas, including labour supply, immigration and innovations in construction. Building these strategic linkages will take time that's hard to find during a crisis. While these plans are developed, the government must prioritize the following five actions:

1. **Achieve a *truly* national housing strategy through improved communication and intergovernmental co-ordination.** This includes collaborating with provincial and territorial leaders to create shared initiatives and to craft housing targets for each level of government. The prime minister should consider calling a national housing summit to determine a shared path forward and to reach a commitment to double the proportion of Canada's community housing.
2. **Spur housing development through revamped tax policies.** The federal government's September announcement that sales tax would be waived on new purpose-built rental units is an important first step. That said, it's an ill-advised half-measure because housing co-ops, as well as affordable housing projects in development, are ineligible for the tax cut. In Toronto alone, there are 15,000 affordable units that could move forward with additional federal support. The government should

also explore opportunities to unlock private capital to create non-market housing through additional tax measures.

3. **Generate a stable pipeline of community housing projects by revamping existing federal housing programs.** Current programs simply do not work in an economic environment of high interest rates and construction costs. The government must revitalize existing programs to ensure they support a stable pipeline of community housing development projects. Failure to act today means the pipeline will run dry in the coming years.
4. **Leverage federal transfer payments to encourage the creation of housing Canadians need, where they need it, and in sufficient quantity.** Infrastructure investments are an effective measure for motivating Canada's provincial, territorial and municipal governments to make policy changes. But investments should be made conditional on policies favourable to new affordable homes and those that target an increased supply of community housing.
5. **Leverage the power of federally owned land.** Leasing federal land to non-profit housing providers (rather than selling it) allows the land value to stay on the government's balance sheet and permits the non-profits leasing the land to borrow against its value. This removes one of the costliest parts of a community housing project's development budget.

Our housing crisis is a national problem that requires national solutions. The only way we can overcome the challenges we face is through a Team Canada housing approach. Is the federal government ready to be our captain?

Ottawa picked the dicey road to lower rents; Quebec is right not to follow

Instead of handing more money to developers, Quebec plans to invest in public housing, co-ops and not-for-profit housing. It makes sense.



RICARDO TRANJAN

Governments have several options at their disposal to stabilize rents. They can remove profit from the equation, regulate the market so that increases don't outpace inflation or give incentives to the private sector and hope that enough construction will bring down costs to tenants.

The last approach is costly and the least sure to succeed. Yet that's the one the federal government has chosen. Again.

Relying on the private housing sector is a well-established tradition in Canada. Historian John C. Bacher documented how Canadian governments half-heartedly experimented throughout the 20th century with some of the non-market models successfully implemented in Europe, but always favoured incentives to private developers.

The upshot is that the share of all non-market housing in Canada is four per cent – one of the lowest among countries in the Organization for Economic Co-operation and Development (the OECD).

Urban geographer Alan Walks of the University of Toronto and his colleagues have argued that Canada has played a more active role in backing mortgage loans than governments elsewhere.

The Canada Mortgage and Housing Corp. (CMHC), the national housing agency, led the way on mortgage-backed securities, whereas in other countries, private financial institutions assumed these risks. This helps explain why Canada was among the few nations that did not experience bank failures during the 2008 financial crisis.

Current housing policies continue to favour the market despite uncertain outcomes.

The National Housing Strategy (NHS), approved in 2017, emphasized providing private investors with cheap loans. In return, landlords rent a share of newly built units at a discount, usually 20 per cent below average market prices, but only for a limited time – 10 to 20 years.

That hasn't worked so well. Cheaper loans haven't significantly boosted rental construction and the discounted units are still too expensive.

A study commissioned by the National Housing Council found that only 19 per cent of units funded through these loans are affordable to moderate-income households. Only three per cent are within the reach of low-income households.

We now have a new federal housing minister, Sean Fraser, but the government's fundamental approach to policy remains the same.

Fraser's main policy plank so far is to double down on incentives to the private sector. In September, he announced a GST rebate on the construction of apartment units at a cost of \$4.6 billion over six years. That's an average of \$770 million annually. This is significantly larger than current investments in non-market housing.

A 2023 parliamentary budget office report says a one-time investment of \$1.5 billion in the government's Rapid Housing Initiative would create 6,000 units for vulnerable populations at risk of homelessness. This crucial program funds the most expensive units needed in the housing system. Still, Ottawa could create an additional 3,080 units annually, on an ongoing basis, with the \$770 million it's foregoing annually via the GST rebate.

The same report indicates that a \$500-million one-time grant, coupled with a \$1-billion loan, would result in 6,000 new co-op units. These units are cheaper because co-ops repay the loan over time. The same \$770 million a year could help build more than 8,000 co-op units annually (including the estimated cost of administering the loan).

WHY IS HOUSING CHEAPER IN QUEBEC THAN IN ONTARIO?

HITTING THE RESET BUTTON ON THE NATIONAL HOUSING STRATEGY

WHY BRICKS AND MORTAR ALONE WON'T SOLVE THE HOUSING CRISIS

The latest alternative federal budget from the Canadian Centre for Policy Alternatives proposes a capital fund to finance the building of universal-design homes at a break-even basis. By cutting off developers, tapping into public and community land, and reinvesting loan repayments, this capital fund would considerably lower construction costs. With the same \$770 million, the government could help finance more than 30,000 non-market rental units.

Instead of prioritizing non-market housing that delivers more affordable homes, now and into the future, the government is giving developers the five-per-cent GST break. The only condition for this costly measure is that new buildings must have four or more units, and 90 per cent must be dedicated to long-term rentals.

While the rationale is that the tax break will lead to more housing construction, there is an excluded, if obvious, possibility that it will increase profits without resulting in more housing.

Provinces are considering whether to top up the federal tax break by exempting developers from provincial sales taxes. Ontario, Newfoundland and Nova Scotia have signalled they will.

In Quebec, developers are demanding the top-up, arguing building costs are too high and threatening to move investment elsewhere. But the Quebec government is not ceding. Finance Minister Eric Girard estimated the measure would cost up to \$1.5 billion – an amount that Premier François Legault says could be invested in more effective measures. He's right.

In its last budget, Quebec committed \$650 million to create 5,250 social and “affordable” rental units. More recently, Legault’s government promised to match a federal grant of \$900 million and invest the entire \$1.8 billion in non-market housing.

Instead of handing more money to developers, Quebec plans to invest in public housing, co-ops and not-for-profit housing. It makes sense. Taking financial gain out of the equation makes housing cheaper every time.

Quebec should also enforce rent controls on vacant units – a direct way to control rents at a minimal cost. The industry always says rent controls kill supply, but a recent CMHC [analysis](#) found “no significant evidence that rental starts were lower in rent-control markets than in no- rent-control markets.” Other provinces should follow Quebec’s lead and take the more direct route to lower rents.

S'il veut faire baisser les loyers, Ottawa doit suivre l'exemple du Québec

Au lieu de donner plus d'argent aux promoteurs, le Québec va investir dans les logements sociaux, les coopératives et les logements sans but lucratif.



RICARDO TRANJAN

Les gouvernements disposent de plusieurs options pour stabiliser les loyers. Ils peuvent éliminer le profit de l'équation, réguler le marché pour que les hausses ne dépassent pas l'inflation ou encore donner des incitations au secteur privé en espérant qu'un nombre suffisant de nouvelles constructions fera baisser les coûts pour les locataires.

La dernière approche est coûteuse, et elle est la moins susceptible de réussir. C'est pourtant celle que le gouvernement fédéral a choisie, une fois de plus.

S'appuyer sur les promoteurs privés est une tradition bien établie au Canada. L'historien John C. Bacher a montré comment les gouvernements canadiens ont expérimenté sans enthousiasme, tout au long du XXe siècle, certains des modèles non lucratifs mis en œuvre avec succès en Europe, mais en préférant toujours les incitations en faveur des promoteurs privés.

En conséquence, la part des logements non lucratifs au Canada est de 4 %, soit l'une des plus faibles parmi les pays de l'Organisation de coopération et de développement économiques (OCDE).

Le géographe urbain Alan Walks et ses collègues de l'Université de Toronto soutiennent que le gouvernement fédéral a été plus impliqué dans la garantie de prêts hypothécaires que ceux d'autres pays.

La Société canadienne d'hypothèques et de logement (SCHL), l'agence nationale du logement, a ouvert la voie aux titres adossés à des créances hypothécaires. Dans d'autres pays, ce sont des institutions financières privées qui ont assumé ces risques. Cela explique en partie pourquoi le Canada a été l'un des rares pays à ne pas avoir connu de faillites bancaires lors de la crise financière de 2008.

Les politiques actuelles en matière de logement continuent de favoriser le libre marché, malgré des résultats incertains.

La stratégie nationale sur logement (SNL), adoptée en 2017, met l'accent sur l'octroi de prêts bon marché aux investisseurs privés. En contrepartie, les propriétaires louent une partie des logements nouvellement construits en accordant un rabais – généralement une réduction de 20 % par rapport à la moyenne des loyers – pour une durée limitée de 10 à 20 ans.

Cela n'a pas très bien fonctionné. Les prêts au rabais n'ont pas permis de stimuler de façon importante la construction de logements locatifs, et les logements à loyer réduits sont encore trop coûteux.

Une étude commandée par le Conseil national du logement a révélé que seulement 19 % des logements financés par les prêts escomptés sont abordables pour les ménages à revenus modestes. Et que 3 % sont à la portée des ménages à faibles revenus.

Nous avons maintenant un nouveau ministre fédéral du Logement, Sean Fraser, mais l'approche du gouvernement en matière de politique publique reste fondamentalement la même.

AU LIEU DE BAISSER LA TPS

Jusqu'à présent, le principal axe de la politique de M. Fraser a consisté à doubler les mesures incitatives en faveur du secteur privé. En septembre, il a annoncé un rabais de TPS sur la construction d'appartements au coût de 4,6 milliards \$ pour le trésor public sur six ans, soit 770 millions \$ par année. Ce montant est nettement supérieur aux investissements actuels dans le logement non lucratif.

Un rapport du directeur parlementaire du budget publié au début de 2023 indique qu'un investissement unique de 1,5 milliard \$ dans l'initiative gouvernementale pour la création rapide de logements permettrait de créer 6000 unités destinées aux populations à risque de se retrouver en situation d'itinérance. Ce programme crucial finance les unités les plus coûteuses de l'écosystème de logement. Ottawa pourrait donc créer 3080 unités supplémentaires par an, de façon base continue, avec les 770 millions \$ auxquels il renonce maintenant chaque année avec le rabais de la TPS.

Le même rapport indique qu'une subvention unique de 500 millions \$, associée à un prêt de 1 milliard \$, permettrait de créer 6000 nouveaux logements coopératifs. De tels logements sont moins coûteux à construire parce que les coopératives remboursent le prêt au fil du temps. La même somme de 770 millions \$ dont se prive Ottawa pourrait aider à construire plus de 8000 logements coopératifs chaque année (en incluant le coût estimé de la gestion du prêt).

POURQUOI SE LOGER COÛTE-T-IL MOINS CHER AU QUÉBEC QU'EN ONTARIO?

Le dernier budget fédéral alternatif du Centre canadien de politiques alternatives propose un fonds d'investissement pour financer la construction de logements de conception universelle à profit nul. En écartant les promoteurs, en exploitant les terrains publics et communautaires et en réinvestissant les remboursements de prêts, ce fonds d'investissement permettrait de réduire considérablement les coûts de construction. Toujours avec ces mêmes 770 millions \$, le gouvernement pourrait aider à financer plus de 30000 logements locatifs non lucratifs.

Au lieu de prioriser de la construction non lucrative qui génère plus de logements abordables, maintenant et dans le futur, Ottawa accorde aux promoteurs un allègement de taxe. La seule condition attachée à cette mesure coûteuse est que les nouveaux bâtiments doivent comporter au moins quatre logements et que 90 % d'entre eux doivent être consacrés à la location à long terme.

On justifie le congé de TPS en alléguant que cet allègement fiscal entraînera une hausse de la construction de logements. On oublie cependant qu'il pourrait simplement hausser les profits des promoteurs, sans qu'il se construise plus de logements.

LE QUÉBEC A COMPRIS

Les provinces envisagent de compléter le congé de taxe fédérale en exonérant les promoteurs de la taxe de vente provinciale. L'Ontario, Terre-Neuve et la Nouvelle-Écosse ont indiqué qu'elles le feraient.

Les promoteurs ont demandé la même chose au Québec, en plaidant que les coûts de construction sont trop élevés et menaçant de déplacer les investissements ailleurs. Le gouvernement québécois n'a pas cédé. Le ministre des Finances Éric Girard estime qu'une telle mesure coûterait jusqu'à 1,5 milliard \$, et le premier ministre François Legault évalue pour sa part qu'une telle somme pourrait être investie dans des mesures plus efficaces. Il a raison.

Dans son dernier budget, le Québec a débloqué 650 millions \$ pour créer 5250 logements sociaux et abordables. Plus récemment, le gouvernement de M. Legault a promis d'égaliser une subvention fédérale de 900 millions \$ et d'investir la totalité du 1,8 milliard ainsi généré \$ dans le logement non lucratif. Au lieu de donner plus d'argent aux promoteurs, le Québec souhaite investir dans le logement social, les coopératives et les logements sans but lucratif. C'est logique. Lorsque l'on retire les gains financiers de l'équation, le logement devient toujours moins cher.

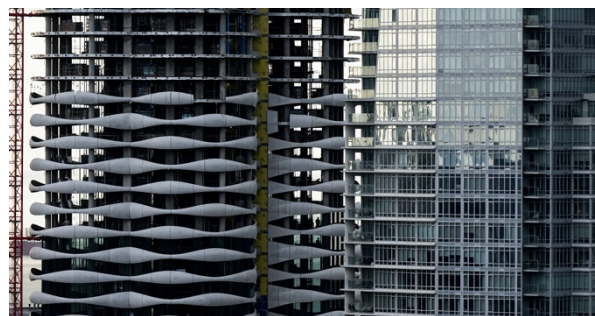
Le Québec devrait également contrôler les loyers des logements vacants, ce qui est une façon directe de contrôler les loyers à un coût minime. Les promoteurs disent toujours que le contrôle des loyers réduit l'offre, mais une analyse récente de la SCHL a trouvé qu'« il n'y a pas de signes notables permettant de conclure qu'il y a moins de mises en chantier de logements locatifs dans les marchés où il y a un contrôle des loyers que dans ceux où il n'y en a pas ».

Les autres provinces devraient suivre l'exemple du Québec et emprunter la voie la plus directe pour faire baisser les loyers.

Let's stop calling it a housing crisis

It's not like the housing market ever worked for low-income renters, and it won't until we incentivize the building of units that they can afford.

REN THOMAS



In the past couple of years, we have heard the housing crisis framed as something new – as if for generations the housing market has always worked well but now suddenly has ceased to function. In response, the federal government and proponents of private developer-based solutions have been advocating for a massive increase in housing supply.

But this framing of the issue misses the underlying struggle that renters, particularly low-income renters, have faced for decades: policies and programs do not adequately address a housing market that is heavily biased toward capital accumulation for wealthy individuals and corporations.

Last year BMO reported that we were building housing at rates that meet the number of households formed every year from 2002-2016, when we saw a surge in immigration. But the units built aren't affordable to those who need them the most, and increasingly they are being used as investments to increase wealth among homeowners, corporate and financialized landlords through real estate investment trusts and other investment funds.

Look more closely at landlords in Canada, says Ricardo Tranjan, senior researcher at the Canadian Centre for Policy Alternatives. In his new book *The Tenant Class*, he says 22 per cent of rental units are owned by wealthy families. Corporations own 20 per cent of them, and financial landlords own eight per cent of them. For these property owners, maximizing profit is the ultimate goal.

“Wages are too low. Rents are too high,” Tranjan writes. “And the notion that something is out of order with the rental market and that some genius technical solution can fix the problem is, at best, deceptive. Markets are doing what markets do: transfer money from workers to the capital-owning class. As far as the landlord class is concerned, the rental market is working just fine.”

This maximization of profit comes at the expense of tenants. The 2019 *National Housing Strategy Act* recognizes housing as a human right, and the National Housing Strategy is required to “focus on improving housing outcomes for persons in greatest need.”

Yet, nearly halfway through the 10-year strategy, most of the housing it has generated is not affordable to those in core housing need, according to a 2022 report by the National Housing Council Working Group on Improving the National Housing Strategy. Living in core housing need means living in unaffordable units, units that need major repairs, or units that are not the right size for their household.

For decades, census data has shown that renters have much lower incomes than owners and are much more likely to be in core housing need. We have been able to delve much deeper into these numbers for

the 2016 and 2021 census years through a new research project called HART – Housing Assessment Resource Tools – at the University of British Columbia.

In 2016, single mothers, refugee claimants, and new migrants led the household types with the highest core housing needs. Their incomes were consistently lower than heads of other household types. In 2021, the same groups dominated and were joined by households headed by people over age 85 – though the percentage in core housing need had declined, likely because that year many of these households may have received CERB or other pandemic-related benefits. HART helps us see the deficit of affordable housing in 2016 and 2021 (figures 1 and 2).

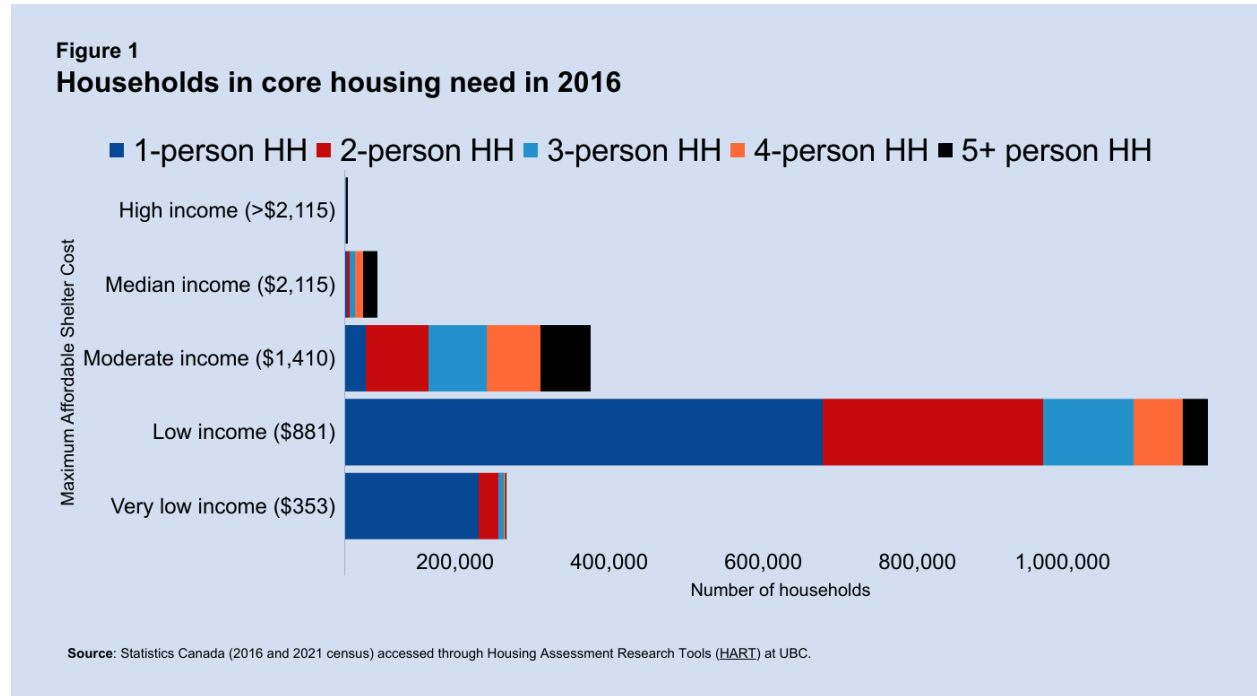
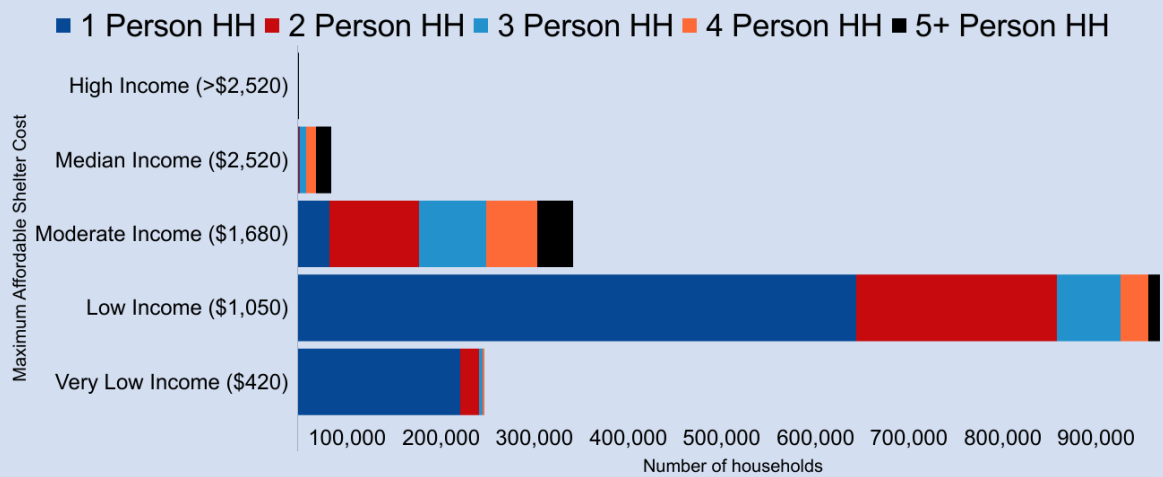


Figure 2
Households in core housing need in 2021



Source: Statistics Canada (2016 and 2021 census) accessed through Housing Assessment Research Tools (HART) at UBC.

We can see that the low-income group, which could afford monthly rents of only \$881 in 2016 and \$1,050 in 2021 at 30 per cent of their incomes, is by far the largest group in core housing need. The need is also greatest among single-person households in the low-income and very low-income groups. Yet these groups barely benefit from any new supply because it is priced for the group that needs it the least: households above the median income.

In 2016, that median income was \$70,332, and in 2021 it was \$78,200. That would translate into paying \$1,758/month in 2016 and \$1,955/month in 2021 if households were paying 30 per cent of their pre-tax incomes. These are values for Canada; HART also allows for city-specific data to be easily visualized.

Only a fraction of units that are affordable to people in core housing need have been produced through the housing strategy’s major funding programs, the Rental Construction Financing Incentive, the National Co-Investment Fund, and the Rapid Housing Initiative.

Only four per cent of units built through the Rental Construction Financing Incentive would lift a lone-parent household out of core housing need; with the National Co-Investment Fund, it’s 49 per cent of units. The Rapid Housing Initiative has fared better because the units it funds must not have rents higher than 30 per cent of the occupant’s income. This latter initiative was duly expanded in the 2022 federal budget.

Why are we using such a large percentage of public funding to build housing that isn’t affordable to those who need it most? Why are we requiring these units stay affordable for only 10 years? Because this solution appeals to private market developers and to CMHC, the Canada Mortgage and Housing Corporation.

The National Housing Strategy’s Housing Accelerator Program was introduced in March to help municipalities increase housing supply.

London, Ont., and Halifax recently received this funding with a list of requirements to amend their land use by-laws, official plans, and development approvals processes (e.g. increasing density along main streets and in residential zones, shorter application approval times for new housing projects).

Again, these changes seem to imply that the problem is merely supply, that if we just build more units, and more quickly, we won't have an affordability problem.

So we still aren't concentrating on that low-income group.

Of the 2,000 new housing units London will build, 600 will be supportive housing (e.g. for people experiencing homelessness, people with disabilities). In Halifax, 8,866 new units will be built, and the Affordable Housing Grants program will be expanded – but there is no mention of how many new units will be affordable. For other cities that receive this funding, will new units added to single-family lots be affordable? It's unlikely unless the municipalities require it.

Clearly, the federal government is not incentivizing the production of units for the types of households that need them most.

WHY BRICKS AND MORTAR ALONE WON'T SOLVE THE HOUSING CRISIS
THE PRECEDENT FOR A FEDERAL LEADERSHIP ROLE IN HOUSING
YĀNONHCHIA' WOULD DRAW ON FIRST NATIONS' PROUD HISTORY OF SUSTAINABLE HOUSING

Provincial and municipal governments also provide little protection for the affordable units we already have. Tenant organizations are fighting these losses and particularly the mass evictions being initiated by landlords aiming to raise the rents of entire buildings, Tranjan says. Last year, a report by policy research consultant Steve Pomeroy showed that we have lost a considerable number of units to demolition and conversion.

From 2011-2021, we lost a staggering 553,126 units with monthly rents below \$750, which is affordable for people with incomes of \$30,000 per year.

From 2016-2021, Quebec led with losses of 115,785 units below this price. But with such a high number of rental units in the province, this was a loss of only nine per cent of its total rental housing stock. Prince Edward Island lost 14 per cent and New Brunswick lost 13 per cent, among the highest percentage of any province's total stock, though the numbers are comparatively small: 2,115 units in P.E.I. and 8,625 in N.B.

Cities with a larger supply of affordable housing to begin with (e.g. Montreal) have had more to lose, Pomeroy notes; the city lost 89,625 units priced at \$750 or below from 2016-2021 while Vancouver lost just 12,825 and Toronto lost 20,876. But the tables were turned for units with rents of \$750-\$999/month: Montreal gained 33,425 units while Vancouver lost 34,230 and Toronto 52,215.

In both London and Halifax, the intention of the zoning changes mandated by the receipt of funds from the federal Housing Accelerator Program is to force these cities to allow more units to be built in areas formerly zoned for single-family units and in areas served by public transit.

But what happens to the units in these transit-served areas that are already affordable? They'll be lost to demolition, and replaced by higher-rent options because neither city (or its respective province) has a plan in place to protect them.

The private market seems incapable of producing new housing that is affordable to the lowest-income groups. High interest rates, labour-market shortages, planning/development requirements, and high material costs are among the reasons often cited.

One solution is the acquisition of affordable units.

B.C.'s Rental Protection Fund was launched in January 2023 with \$500 million to enable non-profits and co-operatives to buy and manage existing buildings to keep them affordable in perpetuity.

AFFORDABLE, SECURE AND ADEQUATE HOUSING AS AN ECONOMIC STRATEGY

WE NEED TO FOCUS ON THE PROBLEM OF CROWDING, NOT DENSITY, IN OUR CITIES

THE RISE OF FINANCIAL LANDLORDS HAS TURNED RENTAL APARTMENTS INTO A VEHICLE FOR PROFIT

Joseph Daniels at HART points out that many other countries, including the U.S., France, Sweden, Finland, and Korea, rely on annual acquisition of existing properties for 12 per cent to 36 per cent of their affordable housing units.

We've done it before.

Between 1973 and 1994, 16,000 non-profit or co-operative units were built or acquired every year. The 2022 federal budget included \$1.5 billion to expand the co-operative housing sector, led by the Co-operative Housing Federation of Canada, but this initiative has yet to be rolled out.

Other provinces, such as Nova Scotia, have committed small funds to help expand the non-profit and co-operative sector with the assistance of the CMHC-funded Community Housing Transformation Centre – but it's a drop in the bucket compared to what we did in the past.

Ricardo Tranjan hesitates to call this a housing crisis.

He says that word is reserved for things that are “infrequent, surprising, and wildly undesirable,” the kind of things governments respond to quickly, deploying the necessary resources and personnel. By contrast, the situation we are in, he says, is “a permanent state of affairs that harms people in, or in need of, rental housing; roughly one-third of the country's households.”

If this truly were a crisis, we would need to take immediate action and devote the appropriate time and resources to applying the solutions that we already know (through research and previous experience) will work. If it isn't, we'll continue to maintain the illusion that a housing market based on private-sector development and wealth accumulation will result in affordable rental housing if we just build more and build faster.

Ottawa must make sure it's truly boosting housing supply with its funding surge

Federal strategies must not inadvertently weaken provincial incentives to act, and they need to focus on housing that wouldn't otherwise get built.



DAVID JONES

The federal government has announced considerable extra funding for housing in recent months: the GST rebate on construction of new rental units; the first beneficiaries of the \$4-billion Housing Accelerator Fund; and additional low-cost financing through the Canada Mortgage and Housing Corp. (the CMHC).

These recent announcements constitute a switch in government strategy from “demand-side” measures (such as support for first-time buyers) to “supply-side” measures – a welcome development because the former have likely buoyed property prices without addressing underlying supply issues.

While there are still plenty of supply-side factors outside the federal government’s control – interest rates being chief among them – there are two issues that require federal attention: ensuring a genuine additional housing supply and encouraging provincial leadership in the field.

THE NEED FOR “ADDITIONALITY”

Additionality (or “incrementality”) refers to the additional housing supply generated by new funding over and above what would have been built without the funding.

For government funding to be effective – and offer good value for money – it needs to deliver this additional housing and not just subsidize units that would have been built anyway. In the context of rising federal government spending, taxpayer value-for-money cannot be ignored.

The challenge for these new supply-side measures is that money isn’t the only constraint on housing supply. In particular, there are shortages in the construction labour force, as well as expensive regulatory barriers

The new federal incentives do not guarantee a genuine additional or substantial increase in the housing supply.

For example, both the GST rebate and the extra CMHC financing cover all new units constructed, not just those considered to be additional supply. While these initiatives could ease financial constraints for development, the risk is that the financial incentives aren’t specifically earmarked for additional units.

The Housing Accelerator Fund provides more incentives because it targets funding only for proposed additional housing.

Yet there are also risks with that approach. Because municipalities are tasked with projecting the hypothetical supply of new housing without funding, there is an incentive to “lowball” that number: the lower the hypothetical supply without funding, the greater the calculated additional supply, resulting in higher Housing Accelerator Fund contributions.

Ultimately, it is impossible to say precisely what the housing supply will be without Housing Accelerator Fund contributions and it will be a challenge for the CMHC to determine what is genuine additional supply. Several approaches can help with that.

DELIVERING ADDITIONALITY

First, the CMHC needs to scrutinize the hypothetical (without-funding) supply projections from municipalities before agreeing to provide Housing Accelerator Fund money. There should be strong evidence that money from the fund will generate additional housing over and above the basic supply.

Housing Accelerator Fund disbursements are currently running behind the original budgeted proposal. If political pressure mounts to release funding to municipalities, the CMHC must be vigilant to ensure value-for-money by delivering a genuine additional housing supply.

Second, under the terms for the fund, the CMHC will make staggered payments to municipalities contingent on those municipalities reporting progress in meeting additional supply. It would be detrimental for the CMHC to set too high a bar for reporting – because that might prove a disincentive to municipalities – but there must also be a credible threat that CMHC will withhold money in the case of under-delivery.

Third, additional housing supply can be encouraged through investment in other sectors. For example, in the U.S. the Department of Transportation gives higher scores in its transport grant funding assessments to jurisdictions with land-use policies that promote density.

One way to implement this in Canada would be for the Canada Infrastructure Bank to favour investments that directly or indirectly support housing supply. For example, the bank recently announced a \$7.9-million loan for investment in water, electricity and broadband connections in Netmizaaggamig Nishnaabeg, a First Nation in Northern Ontario, intended to help provide the infrastructure needed for housing development.

THE NEED FOR PROVINCIAL LEADERSHIP

Federal parties are increasingly seeking to demonstrate leadership on housing. The Liberal government has issued a raft of new policies (as noted above), while the Conservatives recently announced that reversing the current “housing hell” is a headline priority.

On the one hand, there is a good case for some federal engagement. Ottawa has greater spending power and holds some levers that influence the housing market, such as immigration.

But ultimately, the provinces are constitutionally responsible for housing. As federal parties seek to assert control over how housing issues should be solved, that is crowding out the role of the provinces – at least in terms of political accountability – and possibly also in policy initiatives.

Of course, provinces are actively engaged in many ways. For example, in 2022, Ontario issued its [housing supply action plan](#), and more recently announced measures to increase housing for [homeless populations](#) and to speed up [planning approvals](#).

But crowding out is still a real risk. Political and public accountability creates strong incentives for governments to act, and the current federal strategies are inadvertently weakening provincial incentives by absorbing much of the political pressure. That must change.

FACILITATING PROVINCIAL LEADERSHIP

First, the federal government needs to take a more balanced and consistent approach with its strategy and communications. Prime Minister Justin Trudeau recently appeared to “flip flop” around the federal role in housing – initially saying it was primarily a provincial responsibility, but then quickly announcing a series of significant policies.

Admittedly, the media’s coverage of the prime minister’s statements exaggerated the degree to which this appeared inconsistent. For example, he [also stated](#) that “it’s not just the federal government that can solve this” and that housing is an area that the federal government “can and must help with.”

Nonetheless, communications could be clearer. Ultimately, the federal government needs to remain committed to improving the housing situation but must leave ample space for the provinces to lead. Second, Canada could learn from positive examples of intergovernmental collaboration from abroad. In Australia, a [National Housing Accord](#) was recently signed to “align for the first time the efforts of all levels of government, institutional investors and the construction sector to help tackle the nation’s housing problem.”

LET’S STOP CALLING IT A HOUSING CRISIS

OTTAWA PICKED THE DICEY ROAD TO LOWER RENTS; QUEBEC IS RIGHT NOT TO FOLLOW

ADVANCING A TEAM CANADA APPROACH TO HOUSING

In Canada, there is an intergovernmental [housing forum](#). But whereas the Australian accord presents a detailed and specific [action plan](#), including clear commitments for national and sub-national governments, the outcome of the most recent Canadian forum was largely vague, with only this statement issued: “Ministers agreed to work together to better align supportive housing and homelessness programs and explore further solutions.”

Third, for existing policies, the federal government should at least encourage provincial partnership. This is well underway for the GST rebate because the provinces have been encouraged to follow suit. However, the accelerator fund omits the provinces by design; its funds flow directly from the CMHC to municipalities. Provinces need to be kept in the loop to ensure housing actions are co-ordinated.

In Australia, a series of [city deals](#) have been struck where federal, state and municipal governments work together to jointly fund a range of infrastructure activities, including housing. In Canada, such three-layer intergovernmental collaboration would be extremely valuable, particularly in the context of how the accelerator fund money will flow.

Canada is in the throes of a housing crisis and it is no surprise that significant federal resources are being targeted to address this. But success requires genuine provincial leadership and the creation of housing that would not otherwise get built. As the political pressure mounts, cool heads are needed at the federal government to ensure that its schemes deliver value for money and avoid inadvertently crowding out provincial accountability.

The views expressed here are those of the author and do not necessarily represent the views of TELUS Communications.

A million new non-market homes in 10 years: That should be the goal

After 40 years of inaction on low-income housing, the stock of social and affordable housing needs to double. There are five ways to finance it.



CAROLYN WHITZMAN

From the mid-1960s to the mid-1980s, between 10 and 25 per cent of new housing construction in Canada was non-market: 20,000 to 40,000 public, community and co-op homes a year.

But since 1992 when the federal government downloaded responsibility for social housing policy to the provinces, only 50,000 net non-market homes have been produced, given the loss of 183,019 low-cost homes due to the end of ongoing housing subsidies from the federal government.

A reliance on private-market supply has not met the need for low- and moderate-income housing over the past three decades. Despite the use of direct subsidies and measures such as inclusionary zoning, which requires new residential developments to include affordable units, there is a huge accumulated housing deficit, particularly units affordable for Canadians with the lowest incomes.

As a starting point, researchers with the Housing Assessment Resource Tools (HART) project at the University of British Columbia suggest a goal of six million new homes be built in the next decade, with at least one million of these being non-market, doubling the current stock.

Using a new toolkit of housing assessment resources, HART'S analysis shows that in 2021 across Canada, the maximum affordable monthly housing cost for low-income households was \$1,050, whether it was for a single person or a larger family. Very low-income households can afford a monthly maximum of only \$420.

We suggest there is a need for four million new or acquired homes that are affordable to very low and low-income households in the next decade. Moderate- and median-income households need a further two million affordable homes.

This projected need is calculated by adding up “official” housing need, which is based on private households but excludes students and those in collective housing.

We have also added estimates of the housing need for those who are excluded from that definition, such as the homeless, those in congregate housing such as group homes and long-term care, students and those who are living with roommates or parents, or “driving until they qualify” because of affordability concerns. We then add population projections, based on continuing high levels of immigration.

Federal National Housing Strategy programs have thus far largely failed to address targets related to chronic homelessness and housing need. The significant exception is the Rapid Housing Initiative, which has not only provided low-cost housing to those who need it most but has also stimulated advancements

in modular housing. That can address two of the causes of declining supply: labour shortages and construction costs.

In an era of increasing homelessness and decreasing affordability, the federal government is investigating options for scaling up the stock of non-market housing, both new builds and acquisitions.

In doing so, it is following the lead of countries such as Germany, which recently moved from a long-term (1992-2022) policy of selling non-market housing assets) to federally funded targets of 25 per cent of all new builds being social housing: 100,000 homes a year. The Canadian equivalent would be 48,000.

There are five ways to finance social and affordable housing. In order of effectiveness, these are:

1. **Land policy**, whether it is the land banking that underpinned the one million affordable Victory Houses created by the CMHC from 1946 to 1960, or France requiring 25 per cent of homes in all municipalities to be non-market, with about 100,000 new social homes a year between 2000-19. The Canadian equivalent would be 65,000 a year.
2. **Capital investment**, to cover housing costs, especially when linked to a specific policy objective, such as ending homelessness in Finland, which has built a steady 7,000 to 9,000 social and supportive homes a year over the past two decades. The Canadian equivalent would be 60,000 to 65,000 annually.
3. **Debt financing**, with long-term below-market secured financing (41 years in Finland, 35 years in France), usually through a national infrastructure bank (ARA in Finland, CDC in France), with repayments leading to revolving financing, as is the case in Denmark.
4. **Tax incentives**, linked to social or affordable housing outcomes, as has been the case previously in Canada, and is a part of Austria's system, which produces about 17,000 social homes a year. The Canadian equivalent would be 72,000 a year.
5. **Operating subsidies**, either through housing benefits to tenants or directly to providers.

WHERE RECENT PROPOSALS POINT

Numerous recent proposals to double Canada's production of social homes through new builds and acquisition have emphasized several options:

Leveraging government and non-profit land assets, moving toward leasing rather than market sale of not only "surplus" but under-utilized land (e.g. housing "on top" of post offices and other government buildings).

This will require changes to the terms of reference for agencies at all levels of government – from the Canada Lands Company to provincial transit providers and school boards – to substitute a notion of "social return on investment" instead of the highest profit from sales of land.

It will also require much more transparent information on land ownership, which would allow strategic public land purchases as well as merging adjacent land holdings of different levels of government.

There are several proposals related to public developers using new or repurposed government agencies, which could provide median and possibly even moderate-income affordability. However, even in the case of direct non-market provision, there is still the need to provide either capital grants or housing benefits to subsidize very low and low-income households.

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There is no substitute for long-term, low-rate financing, which was the motor behind Canada's social housing production in the 1970s and 1980s. Having that financing secured in a revolving fund, as is the case in Denmark and Austria, is a sustainable way to ensure ongoing support for social housing stock.

Finally, this financing option needs to be backed up by co-ordinated policy coming from all three levels of government, led by Ottawa. It should involve income-based targets for both provinces and municipalities linked to infrastructure funding, which in turn requires consistent need assessment. It should also have one definition of affordability reflected in all programs and it needs a partnership approach that involves land from all levels of government.

The partnership could include direct capital investment and financing from the federal government along with social and health services for supportive housing from provincial governments as well as renter protections and welfare rate increases (or large operating subsidies to make up the gap between incomes and housing costs). It could also include upzoning and as-of-right approvals from municipalities, as well as property taxes and development fees waivers.

THE SOLUTION IS DIRECT FINANCING FOR NON-MARKET HOUSING

Doubling the stock of non-market homes from a little under one million in the next decade won't address four decades of failure to address low-income housing need. That will require a combination of higher incomes (through higher welfare payments and higher minimum wages, or universal basic income), rent regulation and a long-term affordable-housing infrastructure strategy.

But international evidence suggests that direct financing to scale up non-market housing is the most efficient and effective way to address the increasing affordable housing and homelessness crisis.

Adding community housing can help solve the productivity problem

Community housing is important from both an economic and social standpoint. Four ways the federal government can lead to scale up housing investments.



DEANNA VELTRI and JACOB GORENKOFF

Community housing is more than a social good. It's also an economic necessity and it is the key to tackling Canada's productivity problem.

If Canada were to match our global peers by ensuring that community housing makes up at least seven per cent of total housing supply, national productivity would rise by 5.7 to 9.3 per cent and GDP – now more than \$3 trillion a year -- would increase by \$67 billion to \$136 billion, according to a [new report](#) from Deloitte Canada commissioned by the [Canadian Housing and Renewal Association \(CHRA\)](#) and [Housing Partnership Canada](#).

To accomplish this, the federal government should lead a collaborative effort with other levels of government as well as the private and nonprofit sectors, to construct 371,600 additional units of community housing.

Canada is facing a productivity deficit – lagging significantly behind our peers and continuing to decline – as well as high borrowing costs, a cooling labour market and an environment where Canadians can expect more and more of their disposable income to be needed for basic necessities.

Housing costs are a large driver of these challenges, with low- and moderate-income Canadians the most impacted.

A MILLION NEW NON-MARKET HOMES IN 10 YEARS: THAT SHOULD BE THE GOAL

LET'S STOP CALLING IT A HOUSING CRISIS

OTTAWA PICKED THE DICEY ROAD TO LOWER RENTS; QUEBEC IS RIGHT NOT TO FOLLOW

With fewer and fewer attainable housing options to offset other rising costs for more and more of these families, [community housing](#) is often the best option to get out of this [core housing need](#) and maintain a good standard of living.

However, there isn't enough community housing to go around. There are [200,000+ households](#) on community housing waiting lists.

THE NET BENEFIT OF INCREASING CANADA'S COMMUNITY HOUSING SUPPLY

Having community housing make up seven per cent of total stock is a widely recognized benchmark for affordability in Western or other wealthy countries and has become the go-to average in the OECD.

Countries including Australia and the U.K., and cities in the U.S. such as San Francisco have adopted this target.

With its roots in the UN report *The Global Strategy for Shelter to the Year 2000*, the seven-per-cent benchmark has emerged as the achievable sweet spot.

Community housing is also important from both an economic and social standpoint.

When we build it, we create jobs. When it's available, it keeps its residents healthier, happier, safer and less reliant on Canada's other social safety nets – \$10 spent on community housing can save \$20 in other areas such as justice, health and social services.

It creates the conditions for people to find a sense of community or pride of place as well as to access the other financial or social support they need because community housing providers and local support agencies are invested in collaboration.

TACKLING OUR HOUSING AND PRODUCTIVITY PROBLEMS

Investments in community housing boost our productivity and therefore our potential output growth. Given that, investments in community housing can be made without worrying about increasing inflation.

There are four key courses of action where the federal government should lead a collaborative approach with other levels of government to scale up investments in community housing:

1. **Generate a stable pipeline of community housing projects.** Creating housing takes time – making consistent funding, financing and tax incentives necessary to build a stable pipeline of development projects. Public policy gaps lead to delays that move Canada further away from restoring housing affordability. The federal government should recapitalize and restructure existing programs, particularly the Affordable Housing Fund (formerly the National Housing Co-Investment Fund), seed funding, the Rapid Housing Initiative, and support an affordable housing preservation trust to support community housing providers in acquiring existing rental units. Other orders of government should put complementary funding measures in place, while all jurisdictions should explore tax measures to incentivize the creation of new community housing units.
2. **Provide dedicated funding for Indigenous communities living in (off-reserve) urban, rural and northern (URN) areas.** Indigenous Peoples face some of the highest core housing needs in the country. Their unique challenges should be solved through *for-Indigenous-by-Indigenous* solutions, complete with dedicated funding. The federal government identified the National Indigenous Collaborative Housing Inc. (NICH) as its delivery partner for \$281.5 million in URN Indigenous funding. It should take its commitment a step further and sufficiently fund NICH to address all housing needs for these communities. Other orders of government should also consider complementary funding and financing for URN Indigenous communities.
3. **Improve collaboration on tackling the housing crisis.** Investments in community housing could address two of the biggest challenges facing Canada right now: affordability and weak productivity. That said, the scale of the challenge urgently requires improved co-ordination and alignment between different levels of government, industry stakeholders and advocates. The federal government should call a national housing summit with other levels of government to set shared targets for builds, labour strategies related to housing, and leveraging underutilized land

to build new units. This includes setting explicit targets that would incentivize and direct key players and decision-makers to reach that seven-per-cent “sweet spot” nationally.

4. **Promote innovation to tackle supply challenges.** Policy measures should be put in place to support the scale-up and market penetration of innovative approaches to building housing more quickly, sustainably and affordably. By reducing the per-unit cost of housing, we could go further than the Deloitte results suggest – which are based on constant real costs per unit – and more quickly tackle the supply gap. These approaches could include the government providing impact investments to scale up novel construction technologies through the Canada Mortgage and Housing Corp’s innovation fund or through Innovation, Science and Economic Development’s strategic innovation fund. Similar to what the B.C. government announced on Nov. 16, all levels of government should pre-approve a set of housing designs to be fast-tracked when applying for government funding, and should provide opportunities beyond the Federal Lands Initiative for use of underutilized land and properties for community housing.

The Deloitte report proves we can tackle two problems for the price of one: the housing crisis and Canada’s lagging productivity. It’s time for the government to recognize that community housing is an economic necessity – and scale up our supply to meet our productive potential.

The double housing crisis needs a potluck approach

No government or sector can singlehandedly fix the troubles roiling both parts of the housing system. They need to talk and contribute meaningfully.

ALISON SMITH



There has been a nearly never-ending housing crisis for people with low incomes for more than 100 years in Canada. This is worth noting as governments at all levels scramble to do something – and to be seen doing it – to increase housing supply and make it affordable.

Political attention to the housing crisis has historically been limited but the needs of people with low and fixed incomes are in danger of being overlooked at this time because the concerns of the middle class have become the primary concern for political leaders.

To understand the full extent of the crisis today, think of it as two related but somewhat distinct crises. This is essential to the development of equitable and sustainable solutions.

There are actually two parts of the housing system, experts in housing policy note. The primary part includes homeowners and renters in the higher end of the rental market. The secondary part includes renters in the lower end of the rental market, in substandard housing or in some form of government-assisted housing.

Historically, the housing crisis has mostly affected the secondary housing system. Today, a deep *double* crisis is roiling both the primary and secondary parts. This has happened before, though arguably the situation today is more acute.

**OTTAWA MUST MAKE SURE IT'S TRULY BOOSTING HOUSING SUPPLY WITH ITS FUNDING SURGE
LET'S STOP CALLING IT A HOUSING CRISIS
ADVANCING A TEAM CANADA APPROACH TO HOUSING
AFFORDABLE HOUSING REBOOT: BRING BACK FEDERAL LEADERSHIP**

In past dual crises, solutions have often focused on the primary system, with help going to first-time homebuyers or relief provided to existing owners. These interventions are important, but they do not fully respond to needs and inadequacies in the secondary system.

Efforts to increase supply are important. But different interventions are required for the development of housing that is affordable to someone receiving social assistance, for example, and housing for people with specialized needs. Frankly, a significant financial contribution from governments is also required.

To address this devastating double crisis, governments need to do a lot and they need to do it fast. The lack of housing affordability across nearly the entire spectrum is a complex – some would say “wicked” – problem and no single level of government or sector of society can solve it on its own. Governments and sectors must work together.

This is a curse, but it could also be a blessing.

WHO IS RESPONSIBLE FOR HOUSING, ANYWAY?

To begin with, the bad news: Canada is a federation. Powers are constitutionally divided between federal and provincial governments. Municipalities are granted their powers by the provinces. The responsibility for housing is not constitutionally assigned.

Even still, all three levels of government have important and varied housing responsibilities. It's complicated.

The federal government controls direct mortgage financing, fiscal stimulus and monetary policy – all of which are especially important in the primary system.

Provinces control social policies that are both directly and indirectly related to housing such as health care and social assistance. They are often said to have the closest thing to jurisdiction over housing through broadly interpreted property and civil rights powers.

In the 1990s, the federal government transferred responsibility for social housing to the provinces, making them especially powerful in the secondary system. (Ontario passed this responsibility to municipalities – the only province to do so.)

Municipalities have a vital, if historically underappreciated, role in both parts of the housing system through zoning and land-use planning powers, which allow them to decide how much can be built and where.

Indigenous-led organizations are essential in the development and management of safe and affordable housing, though they have historically been underfunded and therefore limited in their ability to do so. The private sector gets much of the actual building done, while non-profit societies have tremendous expertise in community needs and managing different types of housing, including for groups with specialized needs.

Responsibility for tackling the dual housing crisis therefore lies with many governments and sectors. Further, federal and provincial governments have more resources than municipalities and certainly community groups, but it is often the latter with the localized and specialized expertise to know what to build, where and how to manage it.

So that's the "bad" news.

The good news is very similar to the bad: no level of government or sector of society has the resources and expertise to single-handedly create an inclusive, affordable, sustainable housing system on their own.

THE VIRTUES OF A POTLUCK

Think of complex policymaking as a dinner party. One household can easily host a meal for a small group with a simple menu. But for a larger group with varying food sensitivities and preferences, a potluck works better. Everyone looks in their cupboards and drawers, then contributes what they can.

A good potluck needs co-ordination. Nobody wants a potluck with nothing but salads. It's funny but terrible. A winning potluck needs a variety of dishes from various kitchens with some gluten-free and vegetarian options. With co-ordination and freedom to encourage creative contributions, a potluck can be inclusive, enjoyable and welcoming.

So it is with an inclusive, sustainable, affordable housing system. All levels of government and sectors of society need to open their cupboards and toolboxes, and contribute what they can in co-ordination with others.

HOUSING-POLICY POTLUCKING

As with potlucks, some contributors will seem to bring more to the table than others in their efforts to solve the housing crisis.

Indeed, some should. The federal government can't show up with the policy equivalent of a bowl of olives, which is what it has done for decades. But it also can't run the whole thing.

Municipalities can do their part by offering up municipal land worth millions, and they are the ones that have to accept the political consequences of controversial zoning changes. Their contributions are equally valuable and necessary.

But federal and provincial governments are in a financial position to contribute the lion's share of funding to make the system inclusive and vibrant and affordable.

As the best-resourced partner, one of the most important things the federal government can do is move money around: to provinces; to Indigenous-led organizations such as the [National Indigenous Collaborative Housing Inc.](#); to non-profits; and to municipalities where possible.

Attaching conditions to the funding is controversial, especially in provinces that have historically resisted federal encroachments. Yet, offering funding under certain circumstances, such as building housing around transit corridors or requiring increased density, can help municipalities out of the politically charged situation of making those decisions on their own.

Senior governments should set up their partners for success. They can share some of the short-term political pain and offer incentives up front, including funding transfers and subsidies, instead of as a reward once developments are underway or completed.

Housing has been recognized as a right in Canada, yet accessing an adequate and affordable home is increasingly unattainable. In a country that is as rich, and as cold, as Canada, this is an injustice that has gone on for far too long.

In light of the challenges across the housing spectrum, all levels of government and society need to work hard, work smart, work fast and work together.

The Liberal government's unshakable support for private housing markets

The fall economic statement is a commitment to profit in housing. It's also a sign that advocacy must go on the offensive.



RICARDO TRANJAN

In the weeks leading up to the release of the federal government's 2023 fall economic statement, the fiscal update, there was talk about possible breakthroughs in housing policy. But when the update came out on Nov. 21, it delivered a set of measures that have been repackaged several times since 2017: incentives to private developers, piecemeal funding for non-market housing, feeble regulations, symbolic gestures to homeowners, and nothing to protect tenants.

Housing advocates will be tempted to see the announcements as half measures on housing affordability. But there is another way to see the fiscal update: as a clear commitment to profit in housing and a reaffirmation of the Liberal government's insistence on market-based policies.

This distinction matters.

The half-measures perspective will lead to another round of pleading for a little more funding for a little more non-market housing.

Alternatively, housing advocates can go on the offensive and directly challenge market-based policies, including costly incentives for for-profit housing, empty claims against rent regulation, and the incoherence of government policies that protect investors instead of tenants.

It's about time for that shift. Current policies aren't working. But neither is the advocacy.

WHAT WILL IT TAKE?

There was no shortage of justifications for decisive action on housing in the lead-up to the fiscal update. Encampments are growing in number across the country – in cities of all sizes. Landlords increased rents by 11 per cent on average over the past year. Toronto's large rent strikes are growing stronger. More and more homeowners are stressing about mortgage payments. And the Liberals are trailing the Conservatives in the polls and are under pressure to deliver on a major issue.

None of this was enough to force a change of course.

WHAT'S IN THE UPDATE

The update's headline housing investment of \$15 billion is loans that won't start to roll out until 2025, which will help fund market units that, in the latest iteration of the same program, were too expensive to most low- and moderate-income tenants.

The update also included details on the removal of the GST on purpose-built rental housing, announced in September. This is a dicey road to lower rents, as there are no guarantees that the rebate will create affordable housing – or any additional housing at all.

The GST measure has been tweaked to include co-operative housing, originally not included in the policy. That's good news, but that it was an afterthought should be cause for concern. Non-market housing already under construction remains ineligible.

While the GST rebate will cost \$4.6 billion over six years, the fiscal update committed just \$1 billion to non-market housing over three years, not starting until 2025.

The \$4-billion Housing Accelerator Fund featured prominently in the fiscal update document. This is not a new program, merely the government's first chance to brag about it.

The fund incentivizes municipalities to revamp development processes, including revising archaic zoning bylaws that prevent much-needed densification. This is a good program, but several times elected officials have pointed to local red tape as the cause of soaring housing prices, omitting the role of federal policies that inflate demand, like mortgage market deregulations that have injected a colossal amount of credit into the housing market.

As my third-grade teacher used to say, when you point one finger, three fingers are pointing back at you.

On the regulatory front, the fiscal update targeted short-term rentals. The federal government plans to use tax disincentives to bolster municipal and provincial regulations where they exist. It also promises \$50 million over three years to help municipal governments enforce restrictions.

The goal here is to push short-term rentals back into the rental market – which is a desirable goal.

But much like the government's anti-flipping rules and its temporary ban on foreigner buyers, these measures lack teeth. The Government of Canada could have gone after short-term rental platforms and dealt with the issue resolutely; instead, it chose to aid the enforcement of a patchwork of municipal rules.

Regulatory changes also included the unveiling of a Canadian mortgage charter, which provides some protections to at-risk mortgage holders such as temporary extensions of amortization periods.

There was no word on regulation of financialized landlords, promised in the 2021 election and included in the 2022 budget. The government is still consulting on a plan to plan.

“MORE SPIN THAN SUBSTANCE”: REACTIONS

Various analysts have expressed disappointment with these lukewarm announcements.

For the Canadian Centre for Policy Alternatives, “on housing, the fall fiscal update is more spin than substance.”

The Institute for Research in Public Policy’s Rachel Samson found that “housing investments are positive, but they are a drop in the bucket of what is needed to restore affordability.”

For the Canadian Housing and Renewal Association, despite some steps in the right direction, “bold action is still needed.”

For the Federation of Canadian Municipalities, the fiscal update “does not reflect the scale of infrastructure investment required to meet the national housing supply gap.”

The Canadian Centre for Housing Rights welcomed new rules protecting homeowners from unnecessary foreclosures but stressed that most people facing housing insecurity in Canada are renters.

PLENTY OF EVIDENCE

Beyond plenty of justification for bold actions, lack of evidence is not a problem, either.

We know that the gap between wages and rents is growing, and affordable units are disappearing because of predatory practices by both financial and small landlords.

We know the people in core housing need, the type of housing they require, and how to finance it.

We know that non-market housing pays for itself and remains affordable in the long run; that’s documented, too.

We have seen the study commissioned by the National Housing Council showing that loans to private developers don’t deliver affordable housing.

We have seen the Canadian Mortgage and Housing Corporation (CMHC) analysis of almost 50 years’ worth of data on rent controls, which found “no significant evidence that rental starts were lower in rent-control markets than in no-rent-control markets.”

We remember that in the 1970s, it was the *federal* government that prompted provinces to enact rent control as a sensible anti-inflation measure.

LET’S STOP CALLING IT A HOUSING CRISIS

WHY BRICKS AND MORTAR ALONE WON’T SOLVE THE HOUSING CRISIS

A MILLION NEW NON-MARKET HOMES IN 10 YEARS: THAT SHOULD BE THE GOAL

Today’s federal government has consistently ignored evidence about the benefits of non-market solutions, favouring incentives to private developers and staying clear of regulating the market. The writing has been on the wall for quite some time.

GOING ON THE OFFENSIVE

Housing advocates now have a choice to make: we can continue to plead for more crumbs for non-market housing, more meagre regulations, more plans to plan. Or we can fiercely challenge the market “solutions” that so clearly don’t work.

- We can challenge the wilful ignorance about rent controls.
- Challenge the role of the CMHC in de-risking mortgages for private banks while doing so little to support non-market housing providers.
- Challenge recurring claims that it is red tape, not speculative development, that prevents more housing from being built.
- Challenge the fact that the federal government’s own pension fund is trying to evict low-income tenants for refusing to pay above-guideline rent increases.
- Challenge the idea that governments need to incentivize profit in housing and protect investors.

The federal government has reiterated its unshakable support for private housing markets. Those who disagree with this approach should take an equally clear stance.