



# Establishing a baseline: estimating the scale of Canada's non-market housing stock at commencement of the NHS

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## Introduction

There is no official estimate of the size (absolute or proportion of total) for Canada's social or non-market housing stock. This paper reviews potential sources and examines independent data sets to generate a realistic baseline estimate of the stock that existed prior to the implementation of the National Housing Strategy (NHS), commencing in 2018 (although no additions were completed prior to 2020).

This legacy baseline is a first step to produce an annual Housing Data Monitor that can be used to monitor progress on achieving the stated targets of the NHS, as well as to generate an official ongoing estimate on changes to the social or non-market housing stock in Canada.

For this enumeration, the key analytical measure is the number of homes that exist with **rents set on a subsidized, below market basis**. This includes provincial-territorial and municipal owned and operated public housing as well as non-profit and co-operative housing developed historically under the label of social housing, as well as more recently developed affordable housing under the post 2001 Investments in Affordable Housing (IAH). It also includes units in projects where a federal subsidy may have expired but the units remain offered at below-market rents (with or without renewed subsidy from the province or municipal government)

There is a grey area of "affordable housing" developed by private developers between 2002-2019 with a finite duration of affordability (usually 10-20 years). Where possible, such limited duration affordable housing will be explicitly identified and segmented from **permanent affordable operated on a non-market basis** (although this too is becoming somewhat opaque as non-profits build mixed income housing with some units at, or near, market rents). CMHC will need to flag such mixed market-affordable. Ideally when proponent is private, with time limited affordability, it should be recorded and captured in the private rental market survey (RMS); when it is a non-profit proponent, allocate the project to the Social and Affordable Housing Survey (SAHS).

## Lack of a definitive count

Canada is frequently excluded from international comparative studies due to the lack of official data. Over the years, various research papers have identified an estimate of the relative scale of the social sector as a percentage all housing, usually using tabulations from the annual Canadian Housing Statistics (CHS) (ceased publication in 2016) that presented the total number of units funded under federal or federal-provincial, cost-shared, programs but excluded any separately funded unilateral provincial-territorial units. Hulchanski (1992)<sup>1</sup> pulled together data to estimate a total 481,000 units and compared this to the 1991 census to suggest that the total

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<sup>1</sup> Hulchanski J.D (1992) Trends in the Federal Role in Housing and Urban Affairs in Canada, Proceedings of the 1992 Tri-Country Conference

represented 4.8% of all dwellings in Canada. Pomeroy (1996) suggested that, when unilateral provincial data was added, the proportion approaches as high as 7% in 1996.<sup>2</sup>

More recently, Suttor (2016) assembled various data sources, including CHS and provincial annual reports to estimate the additions from unilateral provincial initiatives, and estimated that Canada falls in the 4-5% range).<sup>3</sup>

And, since 2011, the quinquennial Census has asked households if they live in housing that is subsidized (defined as “subsidized housing includes rent-geared-to-income (RGI), social housing, public housing, government-assisted housing, non-profit housing, rent supplements and housing allowances”). The 2021 census reported 579,100 such households which represents 3.9% of all housing in 2021 (note however this is self-reporting so may include some misunderstanding error from occupants). That’s a low proportion compared to many OECD countries, but similar to levels in the “Anglo colonies,” including the US, Australia and NZ, none of which had the massive wartime destruction that underpinned large scale public and social housing development in post war Europe.

Across the country, there are three main eras of assisted housing development:

- The pre-1994 public and community social housing period, starting roughly in the early 1960s, initially with public housing in partnership with provinces, and subsequently with community based non-profit and co-op programs from the mid-1970’s on. The federal government facilitated much of social and affordable housing development during this period, alongside emerging provincial roles, especially after 1985.
- The 1994-2001 period when federal funding for new production was absent, following the Mulroney government’s termination of all new funding for social housing development on Dec 31, 1993. This impacted all provincial-territorial governments (PTs), who were cost-sharing these programs. As a result, many PTs also ceased to fund and deliver social housing. However, BC and Quebec (and initially, until 1995, Ontario) continued to invest in new social housing – initially at their same share amount, then at increased levels as they were unilaterally funding programs.
- The post-2001 federal-provincial affordable housing period, following the re-engagement of federal cost-sharing in the 2001 Affordable Housing Framework Agreement.<sup>4</sup> During this later period, under an agreement between Paul Martin and Jack Layton, a one-time budget of \$1.4 billion was allocated in 2006-2008 as a set of three Affordable Housing Trusts (\$800 million to provinces, \$300 million for the north and \$300 million for Indigenous).

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<sup>2</sup> Pomeroy, S (1996) A Canadian perspective on housing policy Housing Policy Debate Vol 6.3 1996

<sup>3</sup> Suttor, Greg (2016) Still Renovating: A History of Social Housing Policy. McGill Queens University Press

<sup>4</sup> This later became Investment in Affordable Housing

Unlike the pre-1995 era, when detailed data was regularly published and available through the annual CHS, there was no aggregate or detailed reporting on production under the post-1995 initiatives, so this remains an area where the portfolio data is uncertain – and thus the focus of efforts in this review.

It is convenient to examine publicly reported data (mainly until 2016 via the annual CMHC Canadian Housing Statistics) publications, as well as annual reports of the provincial-territorial housing agencies and administrative data collected for the purpose of cost-sharing claims between CMHC and the PT housing ministries/agencies. Additional data can be collected from the PTs and was for BC and QC as part of a 2018 research report.<sup>5</sup> In his comprehensive history of social housing, *Still Renovating*, Greg Suttor (2016) also attempted to enumerate units and includes quite detailed tables, which have also been used here.

### **The new Social and Affordable Housing Survey (SAHS)**

With the inception of the NHS in 2018, CMHC, together with Statistics Canada, has initiated new surveys to collect and publish ongoing data, although to date this does not explicitly report on outcomes of the NHS initiatives. One of these, the Social and Affordable Housing Survey (SAHS), seeks to emulate and complement the long-running Rental Market Survey (RMS) of privately-owned, purpose-built, rental housing, by surveying all social and affordable housing. To build the SAHS survey universe, CMHC has been working with their PT counterparts to create a database identifying all existing social and affordable housing, drawing on administrative data from original project funding agreements and any ongoing subsidy agreements. This remains a work in progress, and as discussed later, the survey universe remains incomplete.

To assist in identifying potential gaps, this report draws on various data sets within the three key eras of activity to develop an estimate of the number of social and affordable units.

With the suspected gaps identified, future efforts can focus on identifying projects that have not been captured and can be added to the universe.

For each of the three production eras framed above, key data sources are identified, and results discussed, with a concluding overall assessment.

### **Pre 1995 growth era**

This was the period in which Canada produced all its legacy social housing stock, primarily under cost-shared programs, as well as periods of unilateral federal and unilateral provincial programs. In addition to identifying units under subsidy, administered either by the province/territory or by CMHC, CHS also published data on starts and completions with explicit identification of social housing (this data became less reliable after the termination of CMHC

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<sup>5</sup> CHPR (2019) Promising practices in affordable housing: Evolution and innovation in BC and Quebec

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funding in 1994, although the social housing category remained in the tables through to 2002). As a result, there is very reliable data on units produced prior to 1995, in part because almost all were funded under NHA programs, both for the subsidy and for their insured or direct mortgage loans.

Using CHS 1994 and 1995 data (to capture units that completed after termination of new funding on Dec 31, 1993) various portfolios can be identified. The primary sources for ongoing projects are public housing, non-profit and co-operative programs. These totaled 520,000 units, including 112,000 in Quebec of which 89,100 are administered by the province; the remaining 23,000 by CMHC)

While the CHS tables summarized below include additional units assisted under various programs, none of these continue to be active so are discounted (a total of 140,700 units). This excludes a limited Dividend Entrepreneur program (now all moved to market rent), Rural and Native units which were subsidized homeownership and have since left the portfolio, rent supplements, which were stacked with non-profit loan programs, but therefore double count the underlying unit, and private rent supplement agreements which have now expired. Rental Residential Rehabilitation Assistance Program (RRAP) and on-reserve are also ignored.<sup>6</sup>

While the subsidies have expired on pre-1986 public and non-profit/co-op projects, most continue to operate and still provide affordable below market rents (with assistance from the provinces and, in Ontario, municipal governments)

So, the estimated number remaining active in 2019 is 520,700 (although in the SAHS 89,000 units administered by Quebec are omitted as the province has not provided project details).

Canada totals (Dec 31, 1994)					
Pre 1986			post 85-94	Total Dec 94	
Public Housing	1949-74	50 yrs	205692		205692
NP (sec 26, 27, 95)	Pre-1978; pre-1986	50/35 yrs	176655	66891	243546
Co-op sec 27/95/ILM			46463	14701	61164
Urban Native			3461	6840	10301
<b>Subtotal (still active)</b>			<b>432271</b>	<b>88432</b>	<b>520703</b>
<b>Reported in 1994 but not social housing or any longer available as subsidized housing</b>					
Entrepreneur	Pre-1975	50 yrs	37221		37221
RNH	Pre--1986	25 yrs	13039	11746	24785

<sup>6</sup> The Rental RRAP program provided forgivable loans to address building condition deficiencies, in exchange for landlord commitment to restrict rent increases to the prevailing rent guideline.

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On Reserve	pre-2019	25yrs	15867		15867
Rental RRAP	pre-1994	15yrs	15877		15877
Rent supplement	pre-1986	10yr	26303	20695	46998
Total Expired/inactive			<b>108307</b>	<b>32441</b>	<b>140748</b>
Total			540578	120873	661451

An additional 38,600 unilateral units in Ontario (from 1988-1995 programs) were constructed outside of this federal-provincial cost shared program count, raising the total from this period to 560,000 (including 89,000 in Quebec not captured in SAHS).

### The 1995-2003 void

Following termination of federal funding for new social housing effective Dec 31<sup>st</sup>, 1993, there was little new development. Because programs were cost shared, and in most cases with the federal government paying 75% of subsidy, provinces concurrently ceased new development, except Ontario through to 1995 and in BC and Quebec. With re-engagement under the late 2001 Affordable Housing Framework Agreement activity resumed, albeit at a much lower scale and with a different subsidy mechanism. Rather than deep subsidy to enable low RGI rents, capital subsidy was used, and rents generally sought to be at or below 80% of the CMHC reported average market rent (AMR).

So, the primary additions 1996-2003 came from BC and Quebec, as well as completions from the latter three years of the Ontario unilateral programs together adding some 14,500 units.

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BC 1994-2001	6,273
Quebec	4,302
Ontario	3,900
	<b>14,475</b>

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### Post 2001 re-engagement – Affordable Housing Initiative (AHI) (and Housing Trusts)

While negotiated in late 2001, delivery under the 2001 AHI was slow to get going, except in BC and Quebec, where unilateral provincial activity had sustained the delivery capacity and expertise. Initiatives under the AHI (later rebranded Investments in Affordable Housing, IAH) could include rental assistance, assisted homeownership and, after 2011, rehabilitation grants,

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so new construction did not take up all the expenditures. The claims data does provide some breakout of new units vs. other forms of assistance.

This 2001-19 initiative was cost-shared 50/50, with provinces required to submit claims to recover 50% of costs incurred. This resulted in a claims administration process and generated administrative data with CMHC. This administrative data has been shared by CMHC and is used here to develop estimates of new units generated. Claims were made based on funding commitments, so actual completed projects may lag the data by a year or two.

As part of the economic recovery programs (Canada Economic Action Plan -- CEAP) following the 2008 global financial crisis, the federal government augmented funding under AHI (with the intent to stimulate employment on housing construction and renovation). These funds are believed to be captured in the AHI claims data.

Separately, and prior to CEAP under an agreement between the Liberal Government and the Opposition NDP, in late 2005, an additional \$1.4 billion in three Affordable Housing Trusts was funded. This included a \$300 million fund in the north, \$300 million for Indigenous housing and \$800 million to the provinces. This was a direct transfer from the federal government to the provinces and territories and did not involve CMHC and there was no detailed reporting. Most provinces folded the additional funds into ongoing provincial variants already implemented under AHI, and simply increase output. However, there was no cost sharing or claims data to enumerate unit counts (and whether these were spent on rehabilitation or new construction).

Thus, while the AHI/IAH claims data provides estimates of new units constructed (by commitment year, rather than by completion year), these numbers do not necessarily include any additional units generated through the Affordable Housing Trusts. Based on the AHI/IAH claims data, a total 82,000 units were constructed between 2003-2019 under these two initiatives and CEAP.

## **Consolidation and comparison with the 2022 SAHS**

Aggregating estimates from each of the three described eras provides a total estimate of the number of social and affordable units that remained active in 2019 – 656,000 units. Details for this estimate are presented in Appendix A.

There may be some minor discrepancies for any legacy units that have been disposed or redeveloped – redevelopment typically involves intensification – so should add units (replacing the social units and adding others, including market units used to cross-subsidize the redevelopment, which will not be reflected here). And as noted earlier while federal subsidy agreements have expired, most non-profit and co-operative owners continue to operate and continue to provide affordable rents. Many are now receiving subsidy via the province or municipality, including under new agreements via FCHI and CCHI.

The AHI/IAH program permitted private for-profit proponents, who executed time limited “Contribution Agreements” which prescribed maximum affordable rents. Most of these had a duration of 20 years (although CMHC only required a minimum 10-year compliance, PTs and municipalities required longer). Some of these agreements may not have been enforced and some may have expired (or will soon do so), so these units would exit the universe (into the private market universe). It would be useful to have an inventory and to track this “expiring use” issue, but no data or process currently exists to do so.

While this examination of historic data sources has developed an estimate of the total remaining universe of social and affordable housing, CMHC has worked on creating a datafile by requesting data-sharing from the PTs. A data-sharing agreement has not yet been formalized with Quebec so the SAHS notes that the universe excludes projects being administered by the province – many of these were, however, under cost-shared arrangements (Public Housing and pre-1994 Social Housing), so should be known to CMHC although former administrative data files that would have had this data appear to have been lost or destroyed.

In developing the SAHS data file, the questionnaire or admin data has identified the year of completion so the data can be segmented into the timeframes of the three previously described eras. This then allows a comparison between the derived data generated here and the SAHS file. And because SAHS excludes a large portion of projects in Quebec, the comparison can be adjusted to exclude the Quebec data.



Derived estimates vs SAHS	Variance
Pre-1995	21,422
1996-2003	(4,445)
2004-2019	(25,759)
Overall (pre 2020 NHS)	(8,782)

Overall, after adjusting for the uncollected Quebec data the total via each approach is relatively close with a total variance of only 8,782 units (2%).

However, within each era, there are some larger variations that net out in the cumulative total but reveal discrepancies in specific eras. Part of this could simply be a data bleeding effect due to estimates of data based on completion year versus commitment year. It is potentially also due to undercounting.

For the pre-1995 era, there were substantial unilateral projects and units in Ontario from 1988-1996 – here estimated at 38,000 based on Suttor (2016). Other research suggested a number closer to 60,000 which would explain the variance of almost 21,000 in these estimates vs. SAHS.

There is a shortfall of almost 26,000 after 2003, part of which may be an undercount of projects completed under the Housing Trust related provincial unilateral outside of AHI. Or it could relate to private proponent projects under AHI/IAH in which rents are no longer restricted, so have become market units (and properties now in RMS).

Therefore, additional investigation ideally at a provincial scale could be used to narrow the focus and pursue any remaining missing addresses in order to generate a more complete datafile. Additionally, securing access to Quebec data would further complete the total pre-NHS universe.

## Conclusion and recommendations

This methodological review was undertaken in the context of a data void and lack of usable data and reporting over the post 1994 period. It reveals that it can be very challenging to recreate and enumerate activity long after the fact.

Going forward, with new initiatives under the NHS – both under bilateral initiatives and under unilateral federal initiatives generating new units and assisting new households, it is critical to implement more rigorous mechanisms to collect incremental additions to the stock, as they happen.

For newly constructed units, this can most easily be achieved by flagging NHS and bilateral agreement related projects in the CMHC monthly starts and completions survey – and at

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completion directing these into the Social and Affordable Housing Survey (SAHS), rather than the Rental Market Survey). CMHC enumerates all starts and completions for centres 50,000 and greater and can readily capture and collate this data each month. Estimates will be required for smaller geographies, but these generate a relatively small number of additional social-affordable units.

For existing social units renovated or redeveloped, as well as social units lost due to end of subsidy agreements (without renewed agreement) and person/household-based assistance, an additional administrative data file will be required with inputs from provinces and territories, as they administer the existing legacy portfolio where such redevelopment and intensification may occur. Elements of this may be included in the bilateral reporting requirements. For those jurisdictions where CMHC continues to administer the legacy stock (Quebec, PEI and co-operatives in some provinces) CMHC will need to generate this programmatic data to net out any change in older stock against additional units.

Active monitoring and use of program data integrated with completions data can readily and cost effectively generate a real time (or at least monthly) data file with annual summaries to monitor progress more accurately under the National Housing Strategy and any other new social-affordable housing initiatives.

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Appendix A: detailed estimates

Estimating the pre NHS baseline (to March 2019)							
	CHS , AHI/IAH/CEAH		Unilateral PT activity		Combined	SAHS 2022	Variance
pre 1995	After netting out expiries and terminated programs						
		Canada					
	Residual stock from pre 1986 era	432,271			432,271	395302	
	Additions between 1986-94	88,432	Ontario 1988-95 *	38,600	127,032	96358	
	Less units in Quebec prov administered	(89,065)			(89,065)	excludes QC administered	
	<b>Subtotal pre 96 (excluding QC admin)</b>	<b>431,638</b>		<b>38,600</b>	<b>470,238</b>	<b>491,660</b>	<b>21,422</b>
1996-2003	No CMHC or PT until 2003		BC 1994-2001	6,273		SAHS 1996-2003 excl QC	
			Quebec	4,302			
			Ont	3,900			
				<b>14,475</b>	<b>14,475</b>	<b>10,030</b>	<b>(4,445)</b>
2004-2019	Primarily AHI/IAH with CEAP 2009-11**		Mainly via Housing Trusts to PTs 2006-08				
		81,947	unknown number***		81,947	56,188	
	<b>Sub total 1996-2003</b>	<b>81,947</b>			<b>81,947</b>	<b>56,188</b>	<b>(25,759)</b>
	<b>Grand total (without QC pre 95)</b>	<b>513,585</b>		<b>53,075</b>	<b>566,660</b>	<b>557,878</b>	<b>(8,782)</b>
	<b>Grand total (add back in QC pre 95)</b>	<b>602,650</b>		<b>53,075</b>	<b>655,725</b>	<b>557,878</b>	<b>(97,847)</b>
*	Collected from provinces as part of 2018 research in to BC and QC policy innovations, augmented by Sutter 2016 Table 8.4, 8.5						
**	New stock via combination of AHI/IAH/CEAP This data estimated from CMHC claims admin data						
***	Affordable Housing Trusts allocated 1.4B between 2006-09 direct to PTs with no cost sharing - no reporting on units completed - all undertaken as unilateral PT initiatives. Trust Funds incl \$300k to North; \$300K to on reserve and \$800k provinces - could be used for retrofit as well as new - some PTs rolled into on going PT programs, notably in BC, AB and QC						