



## Fall economic update scores poorly on housing

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If the federal government's recent economic update regarding housing was a term paper, CHEC's senior academic researchers would barely give it a passing grade.

And there would be a comment at the bottom of the paper saying something like: "You have great potential, Federal Government, but you seem unfocussed and unable to go beyond the superficial. Time to start taking your studies seriously because the term is almost over."

The update cited several measures to boost housing supply, including:

- An extra \$15 billion to build more than 30,000 new rental homes across Canada, starting in 2025-2026.
- An additional \$1 billion over three years to build more than 7,000 new affordable homes, starting in 2025- 2026.
- A new Canadian mortgage charter suggesting reasonable payments for borrowers.

We asked Professors Steve Pomeroy, Duncan Maclennan, Carolyn Whitzman and Jim Dunn to assess the economic update, which was expected to provide the resources necessary to match the depth and urgency of Canada's housing crisis.

The consensus was that the update represented the proverbial "too little; too late." Specifically, the professors said the update:

1. did nothing to solve the housing crisis in the immediate term
2. provided just \$1 billion for affordable housing when much more is required and postpones action to 2025
3. emphasized a broad supply approach while saying little about the people and kind of housing needed most



4. missed the opportunity to stop the loss of affordable housing through a non-profit acquisition program and leverage public spending with private finance
5. didn't address the need for an income supplement (via expanded or reformed Canada Housing Benefit) so the most vulnerable can afford the most basic level of shelter
6. didn't announce an intention to flow more federal funds through strategic, long-term Federal/Provincial/Municipal, housing-infrastructure partnerships
7. did nothing to address the structural impediments to resolving the housing crisis, i.e. creating a more coordinated process both within the federal government and between the three levels of government

“The proposed supply response does not address the immediate crisis – getting people out of tents now, before winter – because it takes 3-4 years to build. More critically, it defers this investment until 2025,” CHEC Industry Professor Steve Pomeroy said. “There is no action on mitigating the crisis that is worsening as we speak.”

Maclennan agreed: “There should really be, as in Covid responses, an immediate, emergency response from all orders of government, and especially the provinces who claim housing as ‘local, social policy.’”

Carolyn Whitzman, a housing policy consultant and expert advisor to the Housing Assessment Resource Tools project said: “I would agree with Ray Sullivan, head of the Canadian Housing and Renewal Association, when he gave a “C-” to the housing chapter of the Fall Economic Statement. There were a few small new gestures towards expanding affordable housing, mainly extending the GST exemption for new purpose-built rental announced last month to co-ops. Yet the Co-operative Development Program, announced in the same 2022 Budget as the Housing Accelerator Fund (HAF),



remains unimplemented, even as HAF is rolled out across the country.”

Maclennan has identified the fragmented nature of Canada’s housing governance, split between three levels of government, as the primary cause of its failure. “I think that long term progress is more about changing the governance of housing policy,” he said. “None of that was adequately dealt with in the paper.”

And planning solutions that take effect several years down the road fails to recognize the seriousness of the crisis affecting Canadians now, he said.

CHEC Director Jim Dunn agreed “100 per cent” with criticism that the update does nothing to address the crisis for several years. “There needs to be a lot more targeted to nonprofit groups. And we need to figure out how to boost their capacity to build more supply. And then we need to do more immediate things, in particular, acquiring existing rental would have a huge impact right now. And it would stop us from losing so many units. For every new unit that housing programs created between 2011 and 2021, we lost 11 in the private market. So let's find ways to keep people housed.”

Pomeroy described the government’s failure to provide funding to non-profit groups to acquire affordable housing before it is scooped up by financializing landlords as “my greatest disappointment.” Losing existing affordable housing just adds fuel to the inflation fire, he said.

“Without fixing the hole in this bucket, all the new spending on supply will be negated. Sadly, the Emperor (Minister) is fiddling as Rome burns!”

Whitzman was highly critical of the \$15 billion in additional loan authority to the existing



Rental Construction Financing Initiative (RCFI), rebranded as the Apartment Construction Loan Program (ACLP):

“The federal government is caught in a trap of its own making. Its National Housing Strategy, meant to provide relatively stable and long-term funding stream over the 2018-2028 decade towards stated targets of ending chronic homelessness and reducing core housing need, is headlined by two programs that make minimal progress towards those targets. Only 3% of the homes created by the Rental Construction Finance Initiative, by far the largest initiative, are suitable and affordable to those who are in core housing need, let alone homeless people. Yet this is the program that received an additional \$15 billion in the Fall Economic Statement. Meanwhile, the Rapid Housing Initiative, the only NHS supply program that was actually meeting the needs of those who are homeless, remains a series of one-off announcements rather than an ongoing program. It was not referenced in the Fall Economic Statement.”

Although disappointed with the major points in the economic update, the senior researchers weren't critical of everything. They pointed to the extension of the GST exemption to co-ops, increased funding for Indigenous housing, and extending the role of the Canada Infrastructure Bank in support of housing, as three important positive initiatives.