



Canadian
Federation
of Apartment
Associations

Fédération
Canadienne Des
Associations
De Propriétaires
Immobiliers

NOV 2017

New CMHC core need data again shows the **need** for a portable housing benefit

On November 15 this year CMHC reported that 1.1 million renter households were in core housing need in 2016. Since there are a total of 4.5 million renter households, that is about one in four renters. The vast majority of renters in core housing need are in core housing need due to affordability, because they pay more than 30 per cent of their gross household income on their rent (and need to pay that much to rent a unit of suitable size at the median rent in their community.) Among homeowners, 574,000 households were in core housing need out of a total of about 8,840,000 owner households. About

one in 15 homeowners is in core need, while one in four tenants is. Presumably the connection is that if you have a good income, you can buy your home, but if you don't, you usually rent.

CMHC's data also shows that about one third of households leave core need each year, while roughly the same number of households enter core need. Another one in three households exit core need within two years, and they are also replaced. That churn shows the fallacy of attempting to address affordability mostly through building more social housing.

In April 2016 the federal government and CMHC began the consultation to create Canada's first-ever National Housing Strategy. Broad consultation showed that affordability was the primary issue.

On November 22, Prime Minister Justin Trudeau and Housing Minister Duclos announced a strategy that includes:

- \$4B for a new portable Canada Housing Benefit (over 6 years, from 2020 – a major step in the right direction)
- \$15.9B to repair and build social and affordable housing (over 10 years)
- \$4.8B to maintain rent subsidies for existing social housing tenants and co-op members (over 10 years).

Many other features in the NHS are also worthy of approval, including:

- The target to reduce chronic homelessness
- The priority being placed on contributions to repairing and retrofitting existing rental housing
- The planned campaign to reduce NIMBYism around affordable housing.

For more information, see www.cfaa-fcapi.org.

If by a miracle, or a herculean effort, Canada built a million social housing units to house the renter households who are in core need this year, we would still have to build another half million units the next year, and

another half million the year after that, and so on. Building one million social housing units would cost more than 250 billion dollars. Just paying the interest on that money would cost 7.5 billion dollars per year.

cont'd on page 37



In addition, the vast majority of households in core housing need are not homeless or living in tents. They are living in adequate housing, which costs them an unacceptably high proportion of their income.

Through a housing benefit attached to low-income renters, the problem of housing affordability could be cut in half at an incremental cost of 1.2 billion dollars per year. Then when households leave core need their benefit can be readily re-directed to the households that have entered core housing need.

One point two billion dollars amounts to about 15 per cent of what the federal government is now committed to spend on the Canada Child Benefit, or 2 per cent of what it spends on Old Age Security and the Guaranteed Income Supplement for Seniors. A portable housing benefit would target poverty and housing needs in an extremely efficient and cost-effective way.

As well as being cost-effective, portable housing benefits:

- allow tenants a wide choice of where to live;
- achieve income mixing without the cost of subsidizing middle income tenants;
- use the existing economical housing stock, rather than newly built (and therefore expensive) housing;
- allow the available funding to be spread more equitably among more low-income tenants;
- allow flexibility in program design to respond to different regional needs and provincial budgets;
- allow the provision of assistance quickly;
- can eliminate deep core need regardless of a household's place on a chronological waiting list;
- allow tenants to keep their housing assistance when they move to take a new job (which is good for them and the economy);
- avoid the stigma often associated with public housing;
- can easily be used in rural areas and small towns where there are no large rental buildings; and
- can be administered at very low cost.

Because of those advantages, almost all other First World countries use portable housing benefits to a significant extent. Those countries include: Australia, Austria, Belgium, Czech

Republic, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States.

Why not implemented in Canada?

So with all these features in their favour, why are portable housing benefits not used more in Canada? It comes down to jurisdictional issues among the federal, provincial and territorial governments. For 50 years, the federal government considered that a housing benefit was not really a housing program; and so, year after year it directed its money to subsidizing bricks and mortar through CMHC.

Only recently has the federal government allowed the provinces to use its housing money for portable housing benefits or rent supplements. In contrast, BC, Manitoba and Quebec have been using portable housing allowances for 40 years with 100 per cent provincial funding. Only recently have other provinces begun to use portable housing benefits, sometimes with their own funds and sometimes on a cost shared basis. (The problem is that the provincial programs are limited in coverage, in part because federal housing money could not be directed to those programs.)

What other housing supports are needed?

CFAA and landlords recognize that some people need more than just financial help to maintain a stable home. For those people other support services can be used along with portable housing benefits or rent supplements. In particular, the chronic homeless require significant supports as well as money, and such supports can sometimes be better provided in supportive housing environments. Therefore, individuals with special needs, including addictions, mental illness, or serious disabilities, may be better served by providing public or social housing, or providing rent supplements and support services, rather than portable housing benefits.

However, for the vast bulk of low-income people, portable housing benefits are the optimal housing support.

Want to stay up to date?

Sign-up for CFAA's National Outlook e-newsletter to receive up-to-date news on what is happening across Canada, as well as industry insights and insider information on CFAA happenings. Email communication@cfaa-fcapi.org to start receiving National Outlook today!