

# POLICY RECOMMENDATIONS

## AFFORDABLE HOUSING

### A PERSISTENT PROBLEM THAT REQUIRES URGENT SOLUTIONS

While there are many factors that push Canadians into food banks, one of the most pressing is the increasingly high cost of housing. Put simply, shelter is a non-negotiable priority for any individual or family. As shelter costs rise, households are sacrificing everything they can to keep a roof over their heads. This struggle often leads to fewer or no meals, poor health, debt, increased stress and mental illness, and the inability to pay other bills.

This March, 13.4 per cent of food bank users stated that their main reason for visiting a food bank was due to high housing costs. In a separate poll, three out of every five people in Canada reported housing as the largest obstacle to affording food – up from only one in five in 2020.<sup>91</sup>

Affordability isn't the only concerning issue in Canadian housing. Nationally, 45 per cent of renters are living in a dwelling that is either inadequate, unsuitable or unaffordable, while 23 per cent of renters are in core housing need.

The most troubling area of the housing market is not with those who own their home, but for those who rent. Once again this year, as our data shows, a majority of food bank visitors (two in three) live in market rental housing. Many of these renters are living within the lowest income groups and can spend well over 30 or 50 per cent, or even more, of their income on shelter costs.<sup>92</sup> Spending this portion of income on housing is considered a "crisis" level, leaving little left over for other basic needs such as food and putting people at risk of homelessness.

A slight glimmer of hope emerged with the federal government's introduction of the National Housing Strategy (NHS) in 2017, something that Food Banks Canada had advocated for over many years.

As part of the NHS strategy, the federal government committed to spending around \$20 billion (equally matched by the provinces and territories for a total of \$40 billion) over 12 years, with the ultimate goal of removing 530,000 (half of) households from core housing need and reducing the number of chronically homeless people by half by 2030.<sup>93</sup>

Those were positive developments backed by sound government policy, yet very little, if anything, has been done since the strategy was announced to help people who currently need the support of food banks because of their high housing costs.

Most of the NHS investments have been put toward loans for the development of market housing rather than directly addressing the needs of the people who most need help. A 2019 Parliamentary Budget Office report found that the NHS changed very little in terms of how much funding the government invested in affordable housing. In fact, it found that the NHS actually slightly reduced the funding targeted for those in core housing need.<sup>94</sup> Meanwhile, the erosion of affordable housing far outpaces its creation: for every affordable unit created, four are removed from the market.<sup>95</sup>

<sup>91</sup> Statistics in this section are derived from data collected from a national poll commissioned by Food Banks Canada and conducted by Mainstreet Research from February 25 to March 2, 2022, among a sample of 4,009 adults, 18 years of age or older, living in Canada. See Appendix A for more results from this poll.

<sup>92</sup> Canadian Rental Housing Index. (n.d.). *COST*.

<sup>93</sup> Government of Canada. (2017). *A place to call home: Canada's first National housing strategy*. <https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/placetocallhome/pdfs/canada-national-housing-strategy.pdf>

<sup>94</sup> Segel-Brown, B. (2019, June 18). *Federal program spending on housing affordability*. Office of the Parliamentary Budget Officer. <https://www.pbo-dpb.gc.ca/en/blog/news/federal-program-spending-on-housing-affordability>

<sup>95</sup> Housing Policy and Research Exchange. (2021, July 30). *Getting to 2030 – Examining how Budget 2021 helps Canada achieve its housing goals, and what we need to do from here* [Submission to Canada's Minister of Families, Children and Social Development and Canada Mortgage and Housing Corporation]. Maytree. <https://maytree.com/publications/getting-to-2030/>

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While units are being built and converted, there are still millions of Canadians looking for affordable housing. Right now, Canadians need more support to help cover the cost of housing. If the government is to find success in helping Canadians access affordable housing, they will need to focus both on (1) building and introducing new affordable units, and (2) helping make the existing market more affordable.

In Manitoba, the rent assist program aids 33,000 residents each year by providing funds that help bring rental costs closer to 30 per cent of income.<sup>96</sup> It was found that the added benefit allowed individuals to “focus on other aspects of their life such as furthering their education, raising and/or gaining custody of their children, and rebuilding their mental and physical health.”<sup>97</sup>

Further, 70 per cent of the tenants surveyed identified that the benefit allowed them to buy healthier groceries. With rents being a rather stable expense compared to others, the benefit allowed residents to make smart planning decisions with their funds.<sup>98</sup> Robust rent assist programs, like the program offered in Manitoba, can go a long way in reducing poverty and food insecurity among all renters.

Trends in food bank visits also point to another issue in the housing sector – students. Post-secondary students visiting food banks are up significantly from 2021, now representing 7.1 per cent of food bank visitors. It’s no surprise to find that post-secondary students are struggling so heavily when a large majority are allocating more than 30 per cent of their income to rents that have increased substantially over the past four years.<sup>99</sup>

This means that a vast majority of students are in core housing need in a market that is trending up. With students spending much of their time studying, there is little opportunity to earn additional income. On average, most student incomes are less than \$20,000 a year. Despite this, rents are 25 per cent higher for students than the rest of the population.<sup>100</sup> While housing is a nation-wide issue that impacts more than just students, there is a clear weakness in the student housing sector.

While the high cost of housing has been a root cause of food bank use for many years, the acute urgency of the matter and the need for government intervention has never been clearer.

<sup>96</sup> Cooper, S., Hajer, J., & Plaut, S. *Assisting renters: Manitoba’s Rent Assist in the context of Canada’s national housing strategy*. Canadian Centre for Policy Alternatives Manitoba Office. <https://policyalternatives.ca/publications/reports/assisting-renters>

<sup>97</sup> Cooper et al. *Assisting renters*.

<sup>98</sup> Cooper et al. *Assisting renters*.

<sup>99</sup> Utile. (n.d.). *Data and research*. <https://www.utile.org/en/data-and-research>

<sup>100</sup> Utile. (2022). *On student housing in Canada – Research report*. [https://uploads-ssl.webflow.com/604e1456a8cd2bab84c72bc8/6312321ae56ed92137241afb\\_FLASH\\_20220902\\_ENG\\_VF.pdf](https://uploads-ssl.webflow.com/604e1456a8cd2bab84c72bc8/6312321ae56ed92137241afb_FLASH_20220902_ENG_VF.pdf)

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We recommend that the government:

# 1

Immediately implement a national rent assist program based on an expanded version of the Canada Housing Benefit and include the development of an on-reserve rent assist program.

# 2

Explore community-targeted funding for the acquisition of affordable housing. In other words, providing capital funding (loans and grants) to non-profits so they may purchase and provide rental properties at or below the median market rent.<sup>101</sup>

# 3

Introduce new investments and address an important omission of the National Housing Strategy, to build supportive housing for people with mental and physical health disabilities, particularly for low-income and marginalized populations.<sup>102</sup>

# 4

Develop stronger regulations or taxations of financial entities (REITs, private equity funds, asset management companies, and pension funds) in the housing market.

<sup>101</sup> The Housing Policy and Research Exchange. 2021. *Getting to 2030*.

<sup>102</sup> Canadian Centre for Policy Alternatives. (2018). *Alternative Budget 2019: No time to lose*. <https://www.policyalternatives.ca/afb2019>