



# RECOVERY FOR ALL

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Proposals to Strengthen the National Housing Strategy  
and End Homelessness



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## EXECUTIVE SUMMARY

The Canadian Alliance to End Homelessness (CAEH) **Recovery for All** campaign recommends an enhanced federal commitment (with timelines and targets) as a way to implement a rapid and extensive response and to end homelessness. The current pandemic adds urgency to this objective with the intent to prevent those temporarily housed during COVID-19 from being returned into an emergency shelter system that perpetuates chronic homelessness.

**Recovery for All** recommends a higher objective than those in the National Housing Strategy (NHS) by providing affordable and supportive housing, and enhanced rental support to some 350,000 low-income individuals and families; it sets out the steps and investments necessary to end all homelessness, such that those experiencing emergency situations and at risk of becoming homeless face only a brief and temporary period of instability and are quickly rehoused.

The current pandemic has demonstrated the consequences of Canada's housing crisis, and the urgency to progressively realize the human right to housing. This is particularly true for the wide range of those who are disproportionately represented in homeless populations.

The country must do a better job at providing safe, supportive and affordable housing to Canadians. All stakeholders must make every effort to achieve the goal of Recovery for All.

This report details the key initiatives and strategies needed to implement that plan. It is an action plan for a purposeful and meaningful process to end homelessness. It also seeks to ensure effective preparedness for future large-scale emergencies and pandemics.

And to achieve these aims, it recommends a substantial increase in funding directed to end homelessness in the federal NHS, complemented and supported by actions from provincial, territorial, and municipal governments, including housing stakeholders.

### Two complementary sets of actions are needed to end homelessness:

- Reduce the inflow into the homeless service system
- Accelerate the outflow in the form of permanent housing move-ins from the homeless system

### Activities to accelerate flows out of homelessness:

1. **Increase people's capacity to pay**, either through income assistance (e.g. national guaranteed income) or funding for rent supplements or housing benefit to enable financial capacity to secure and sustain appropriate housing.
2. **Pursue opportunities to acquire and redeploy existing properties** (e.g. motel and hotel, student rooming houses and Airbnb, and potentially surplus office properties) as permanent supportive housing. Some current owner-operators may be financially stressed and willing to sell these assets. In addition, there are properties coming onto the market regardless of COVID. An acquisition purchase program can facilitate this purchase and re-use.
3. **Pursue options to rapidly expand the stock of permanent supportive housing options** – initially drawing on the Vancouver pilot and now Toronto adoption of using modular units to construct supportive housing projects, with construction and occupancy possible within 12 months.

4. **Augment (3) with expanded funding to construct permanent supportive housing** and to fund necessary support services (including converting parts of emergency shelters into permanent housing or redeploying resources from emergency shelters).<sup>1</sup>

### Activities to prevent and stop future growth of homelessness:

5. **Strengthen homeless prevention.** Strengthen eviction prevention policies and practices to minimize flow into homelessness. This should include assessing and strengthening diversion and transitional services with enhancements in Reaching Home, including wide implementation of By-Name Lists (BNL). Aided by real time BNL data, co-ordinated access systems are effective local tools to assess, and where necessary recalibrate, the homelessness service delivery system. In some instances, this process has identified gaps in that existing system, so funding may be required to strengthen both diversion and transitional services, alongside co-ordinated system planning.
6. **Expand the supply of affordable housing** (i.e. rents below 80% of area median rent). This can help to offset the ongoing erosion of existing lower-rent units and to reduce the incidence of extreme housing cost burdens or inability to find housing within available household budgets. It is this lack of affordable housing that is becoming one of the largest causes of homelessness. And while assistance to address affordability only issues can be delivered through to the already planned Canada Housing Benefit, it is necessary to concurrently ensure a sufficient stock of moderate rental units.
7. **Expand construction of housing for Urban Indigenous Peoples** delivered by Indigenous Peoples. The challenges for Indigenous households to secure appropriate and affordable housing is especially notable. Discrimination in rental markets is a significant impediment to housing stability that contributes to the disproportionately large count of Indigenous peoples experiencing homelessness. To reduce Indigenous homelessness, solutions are needed to both reduce the flow of Indigenous people into homelessness and to accelerate outflows into permanent housing. To do so, it is critical to expand affordable housing options. This can best be pursued under a targeted allocation of new affordable funding to support to expansion of non-profit housing for Indigenous Peoples delivered by Indigenous Peoples.
8. **Address the erosion of existing naturally occurring affordable housing (NOAH) stock.** This erosion phenomenon resulted in the loss of over 320,000 units renting below \$750 (affordable below \$30,000 income) between 2011 and 2016. To replace these losses with new rentals at \$750 rents would require in excess of \$60 billion in capital subsidy. One factor in this erosion is the purchase of existing properties by Real Estate Investment Trusts (REIT) and capital funds (as well as smaller individual investors). Enabling non-profit community providers to compete with private investors to purchase such existing NOAH assets is a way to expand the scope of the non-profit sector and the stock of housing preserved at moderate to affordable rents, reducing the leakage into REIT portfolios.
9. **Regulate purchase of NOAH properties.** In addition to enabling non-profit acquisition, it is desirable to curtail the practice of acquisition by REITs and capital funds, which contributes to eroding the affordable stock. This might be pursued by regulating sales, including the Montreal approach of a right of first refusal, or by strengthening lending rules or rent regulation that enables vacancy decontrol.

These proposed initiatives in combination will contribute to assisting 350,000 individuals and families who are currently homeless or at risk of becoming homeless. This is comprised of the complementary initiatives designed to enable an immediate response to persisting homelessness within the context of a COVID-19 recovery framework as well as sustaining efforts toward the ultimate goal to end homelessness.

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<sup>1</sup> For clarity, these actions are listed independently. In reality hybrid options are also possible. This is especially the case for permanent supportive housing, which in addition to place based PSH this can be complemented through scattered site PSH with rent supplements and leased units from private and non-profit landlords.

These initiatives include:

**Dedicating part of the already planned NHS Canada Housing Benefit (CHB) as a Homeless Housing Benefit (HHB)** to specifically target those seeking to exit the emergency shelter system and those experiencing hidden homelessness, unable to afford existing housing options (i.e. scattered site PSH options, provided additional wrap-around supports are in place and sufficiently funded). This will immediately assist 10,000 homeless persons and incrementally add a further 5,000 per year. Over 10 years, this will expand to a cumulative total of 55,000 assisted with costs initially at \$50 million rising to \$290 million as the number served ramps up each year.

**Expanding the supply of permanent supportive housing** through a combination of acquiring and repurposing existing properties, such as motels and small apartments, using modular construction to quickly expand this stock, and building new permanent supportive housing. It is proposed that 50,000 units of permanent supportive housing be created over the next 10 years at an annual capital cost commencing at \$950 million, aggregating to \$10.4 billion over 10 years). This must be complemented with funding for health and well-being supports.

**Expanding the stock of affordable housing via both acquisition and new construction.** The overall target includes 75,000 units via an acquisition approach plus 170,000 new build – of which 30,000 will be developed, owned and managed by Indigenous providers. Annual capital funding approximating \$3.8 billion is required (total of \$38 billion over 10 years).

## Conclusion

This report highlights the need to ensure a sufficient stock of low rent, affordable housing to reduce high rent stress and risk of homelessness, and to slow the ongoing flow into chronic homelessness. As such, it combines the separate objectives of the NHS to reduce renters in need and reduce homelessness.

It proposes to assist a total of 350,000 families or individuals: including 245,000 affordable units, with a blend of new build and preserving existing NOAH stock through non-profit acquisition; 50,000 Permanent Supportive Housing spaces to end chronic homelessness; and 55,000 assisted through portable Housing Benefit.

These proposed outcomes build on the initial objectives of the NHS. The unique impact of the COVID-19 crisis creates a critical juncture to evaluate and reset the original targets, with an emphasis on using the recovery phase to ensure housing for all.

In total these proposals call for a substantial enhancement of the funding scheduled in the NHS. As the National Housing Strategy Act, 2019 recognizes the human right to housing, the proposed plan is necessary to ensure that this right can be progressively realized. This aligns with the CMHC Board adopted objective that by 2030, **everyone in Canada has a home that they can afford and that meets their needs.**

And it strengthens that objective by creating a framework that by 2030 **everyone will have a home to go to and to stay in.**

## Glossary of Terms Used

**Affordable housing:** A general term with wide-ranging meaning. Adopted in the 1990s to distinguish this from social housing built before that time. Here it refers to housing provided at rents below normal market levels, usually at 80% of median rent or below. It usually involves capital subsidy to achieve lower rents, rather than the ongoing subsidy used in social housing (see below).

**Housing Benefit (HB):** A monthly allowance, paid to a low-income household to help them afford their rent. Essentially a conditional income transfer, calculated with a formula based on household income, actual rent paid, and often maximum local rents. The HB program under the National Housing Strategy (NHS) is the Canada Housing Benefit (CHB), administered by the provinces and territories with varying program names. This type of assistance is also called a housing allowance.

**Permanent Supportive Housing (PSH):** A building operated specifically to house tenants with support needs, which may be long-term disabilities, age-related needs, mental health challenges, or leaving homelessness under place-based Housing First programs. It includes support services by specialized staff, either on-site or readily available, to help residents with housing stability, management of health or addiction issues, and daily needs. May involve support services from community agencies.

**Rent Supplement:** A contractual agreement between a funder (usually a province or municipality) and a landlord, to provide units at subsidized rents to eligible households. Tenants are usually selected from a social/affordable housing access system (waiting list), or from clients prioritized under a Housing First program. Normally the tenant pays rent-g geared-to-income (RGI) and the landlord receives the rest of the agreed market rent from the funder, with annual indexing.

**Scattered Site Supportive Housing:** Housing units leased by a supportive housing provider in ordinary (non-supportive) private-landlord or social/affordable housing buildings. Tenants are usually selected from a supportive housing referral system, a Housing First program, or the client base of the support provider. Usually involves a rent supplement agreement, and support services from community agencies.

**Social Housing:** Housing built or purchased under the subsidized housing programs of the 1950s to early 1990s, and related funding. Owned and operated by provincial or municipal housing agencies, community-based non-profits, Indigenous organizations, or cooperatives. Rents are set administratively at below-market levels, including rent-g geared-to-income (RGI) in almost all cases and market or “low end of market” rents in many cases. Each provider receives ongoing operating subsidy or rent supplement under an agreement with the funder (provincial, territorial, municipal, or other). Tenants are usually selected from people prioritized in a social housing access system (waiting list).

## INTRODUCTION

The pandemic has exposed a serious weakness in Canada's social safety net, including those in precarious employment and consequently at risk of losing their housing. And most relevant for this brief, especially among those that have no home – people experiencing homelessness.

Edicts to “go home and stay home” have no effect for those without homes, and physical distancing is challenging for those experiencing homelessness, including those who are staying in emergency shelters, sleeping unsheltered, or couch surfing.

As Canada learns from this current experience, it will need to redesign our social safety net to be much more resilient. An adequate supply of safe and affordable housing is now understood to be an important part of that planning and preparedness, as we plan for a second wave of COVID-19 and in advance of the next pandemic.

The pandemic presents an opportune juncture to revisit and evaluate the pace and scale of the implementation of the National Housing Strategy (NHS). Are there elements that could be refined or bolstered (e.g. an expansion of the scale and scope of Reaching Home) or things that are currently missing (e.g. an acquisition fund)?

The Canadian Alliance to End Homelessness (CAEH) Recovery for All campaign is recommending improvements to the National Housing Strategy as a way to implement a rapid, achievable and cost-effective approach to ending homelessness. The current pandemic adds urgency to this objective so that next time, we are prepared with permanent housing solutions rather than having to rely on emergency measures, such as temporary, shelter motel and hotel accommodations.

A permanent housing approach is also consistent with the commitments of the National Housing Strategy Act, 2019 to the progressive realization of the right to housing, as well as the vision adopted by the CMHC board, that everyone should have a home to go home to. This means ending homelessness, which in turn means housing all those currently in shelters or on the streets. It also means preventing future homelessness, beyond short-term emergency assistance. The Recovery for All proposals would ensure a National Housing Strategy more consistent with the legislated federal commitment to the Right to Housing.

### The CAEH has framed the *Recovery for All* campaign around a 6-point plan.

#### Our six point plan to end homelessness:

- 1 A Federal commitment (with timelines and targets) to the prevention and elimination of homelessness, with expanded federal investment in community-based homelessness responses.
- 2 A national guaranteed minimum income to ensure those in greatest need have minimum financial resources to help them meet their basic needs and prevent homelessness when times are tough.
- 3 Construction of 300,000 new permanently affordable and supportive housing units and enhanced rental support for low-income Canadians to address Canada's housing and homelessness crisis.
- 4 Meaningful implementation of the right to housing to surface and resolve inequities and systemic/structural breakdowns that contribute to homelessness and housing need.
- 5 Implement measures to curtail the impacts of financialization of rental housing markets by limiting the ability of large capital funds (including Real Estate Income Trusts - REITs) to purchase 'distressed' rental housing assets.
- 6 Implementation of an Urban and Rural Indigenous Housing and Homelessness Strategy that is developed and implemented by urban, rural and Northern Indigenous peoples and housing and service providers.

To achieve these six elements, a comprehensive set of initiatives is required. This report elaborates on the key initiatives and strategies needed to implement that plan. It is an action plan for a purposeful and meaningful process to end homelessness and to ensure effective preparedness for future large-scale emergencies and pandemics.

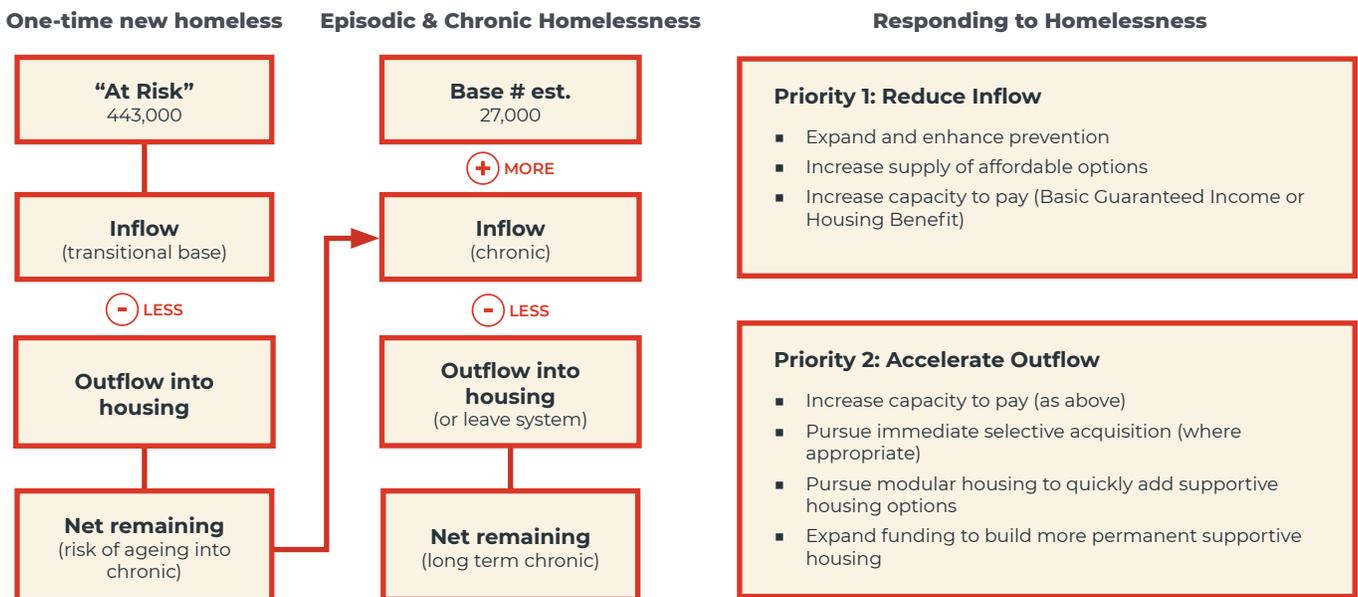
These proposed initiatives support a plan to both end existing chronic homelessness and to prevent further homelessness. They are encapsulated in two broad approaches: averting a return to the pre-COVID status quo emergency shelter system; and creating a housing system that reduces the risk of homelessness – so that being homeless is never more than a brief and one-time experience. The proposed plan aligns with Reaching Home’s four outcomes areas but seeks to expand and accelerate the Reaching Home outcomes.

### Reducing the inflow and accelerating the outflow

Figure 1 conceptualizes the flows into homelessness and the risk of becoming chronically homeless. An important dynamic is the churn of chronic individuals – some are housed but unsuccessful in sustaining, and therefore return into homelessness. Others leave the system and are never seen again. Still others leave but return.

Together with the ‘newly chronic,’ these aggregate to create an ongoing inflow. The reduction in chronic homelessness is therefore slowed by this dynamic and the total chronic number remains a moving target. If the current estimate is that there are 27,000 chronic homeless, creating 27,000 housing spaces and placements will not get to zero – the total requirement is much larger, in order to absorb the ongoing demand and newly chronic persons (a realistic target is described later).

### Conceptualizing and responding to the homeless challenge



The figure frames the two key priorities needed to end homelessness.

Priority 1: **Reduce the new inflows**

Priority 2: **Accelerate the outflow**

These two overarching priorities and associated outcomes can be pursued using a range of complementary funding and programming initiatives. Given the COVID-19 context, the present report outlines options that immediately respond to the recovery with an emphasis on permanent and affordable housing for those currently in temporary accommodations. It then examines additional options to address the two priorities, namely, reducing inflow and accelerating outflow.

## Minimize return to the pre-COVID status quo

**The immediate priority must be to prevent the return of the estimated 10,000 temporarily housed homeless individuals back into the shelters and streets<sup>2</sup>.** In order to manage community transmission of COVID-19, many emergency shelters have secured space in motels, hotels, and other temporary facilities. As the crisis abates and the economy re-opens, these temporary arrangements will terminate, with the risk that individuals and families are returned to emergency shelters or to the streets. Instead of perpetuating the homeless crisis we must plan for a different and more dignified response.

The COVID-19 recovery phase presents a unique opportunity to end the practice of shelter overcrowding and long-term (chronic) shelter stays.

This requires a set of initiatives to house those leaving temporary COVID-19 accommodations. Because creating new spaces takes some time, this inevitably begins with assistance to pay for housing. But because there is an absolute shortage of appropriate low-rent options, this must be accompanied by initiatives to add to this stock, i.e. a dual approach.

In the immediate short term, it is expected that there will be some softening of demand in the rental market. This is due to some students remaining home as universities continue to offer courses online, together with broader reduced levels of migration. And in many cities, new regulations restricting short-term rentals will take effect, causing some short-term rental, self-contained units to return to the regular rental market. This may enable Housing First initiatives, as well as the purchase of student/Airbnb-type properties.

To support the goal of **Recovery for All**, a series of initiatives are outlined below. These begin with some that might assist in immediately minimizing returns to shelter and build out with additional options to concurrently reduce the flow into homelessness (i.e. address “at risk” and accelerate exits from homelessness).

### Activities to accelerate flows out of homelessness:

1. **Increase people's capacity to pay, either through income assistance** (e.g. Guaranteed Basic Income) or funding for rent supplements or housing benefit to enable financial capacity to secure and sustain appropriate housing.
2. **Pursue opportunities to acquire and redeploy existing properties** (potentially including motel and hotel, student rooming houses, Airbnb properties and potential convertible office property) as supportive housing. Current owner-operators may be financially stressed and willing to sell these assets in addition to these properties coming onto the market regardless of COVID-19. An acquisition purchase program can facilitate this purchase and re-use<sup>3</sup>.
3. **Pursue options to rapidly expand the stock of permanent supportive housing options** – initially drawing on the BC experience and now Toronto adoption of using modular units to construct supportive housing projects.
4. **Augment (3) with expanded funding to construct permanent supportive housing** and to fund necessary support services (including converting parts of emergency shelters into permanent housing or redeploying resources from emergency shelters).

In all cases, support services will be required, although the intensity of supports will vary across clients, depending on acuity levels.

To the extent that many of these services are already being delivered within an emergency shelter setting, or via community agencies, it will be necessary to devise ways to redesign and redeploy the delivery approach and associated funding for wrap-around supports, both for community-based scattered rentals as well as new

2 A CAEH survey of two-thirds of the Reaching Home communities enumerated 7,380 placements into temporary accommodations. Adjusting to the full universe of 61 communities suggests an immediate target of 10,000 placements to avoid the temporarily housed homeless individuals repopulating emergency shelters.

3 Pre-COVID, the Yellowknife Women's Society was already seeking to acquire a 42-unit motel in Yellowknife and found that the NHS co-investment fund did not support acquisition. Such barriers must be corrected by creating a dedicated well-designed acquisition funding program.

permanent supportive housing. This requires pro-active system re-planning and re-configuration within the homelessness sector.

Some additional funding will also be required as the number of beneficiaries initially increases. However, better use of existing financial resources, as already promoted by Coordinated Access and system planning initiatives, can minimize requirements for additional new funding.

### **Activities to prevent and stop future growth of homelessness**

It is readily accepted that emergencies arise; as a result, there will continue to be a critical role for emergency shelters. However, these should respond to the immediate emergency. This requires a system that includes diversion, when possible, or transitional sheltering and support until permanent affordable housing is secured.

The prevention of homelessness refers to “policies, practices, and interventions that reduce the likelihood that someone will experience homelessness. It also means providing those who have been homeless with the necessary resources and supports to stabilize their housing, enhance integration and social inclusion, and ultimately reduce the risk of the recurrence of homelessness.”<sup>4</sup> There is an emerging body of knowledge regarding the prevention of homelessness, including transitional supports for people exiting public systems (emergency health care, corrections, child protection); early intervention strategies such as Shelter Diversion and for youth, school-based early intervention; Evictions Prevention; Housing Stabilization supports, and systems wide prevention initiatives such as Duty to Assist.<sup>5</sup>

Eviction is a critical contributor to homelessness, so an obvious intervention is in the area of eviction mediation. And there is already a formal process that initiates an eviction with notice of arrears, so early interventions at this stage can be a key element of eviction (and thus homelessness) prevention.

### **Addressing low income**

A critical contributing factor in the growth of homelessness is persistent low income (poverty) and the high shelter cost burden of paying rent (as noted above, in the 2016 Census just over 530,000 renter households in Canada paid over 50% of income for rent).

This latter issue is intensifying as the availability of lower rent housing is rapidly being eroded.<sup>6</sup> And as rents in many cities have been increasing two-to-three times faster than the rate of inflation, the associated stresses are especially challenging for those on income assistance and low wages.

These are primarily economic issues, as distinct from mental health and substance abuse as factors contributing to housing instability. They also relate more to those experiencing short-term and one-time homelessness (the estimated 100,000 annual flow of new persons into non-chronic homelessness is described below), rather than the chronic. Of course, preventing an initial entry can also reduce the commencement of a path into chronic homelessness.

Empirical work (Kneebone et al 2016) have examined the effect of small increases in income (via income assistance) as well the provision of rental allowances on the potential demand for homeless shelter beds (i.e., the number of persons ‘at risk’ that fall into homelessness due to inability to pay rent).

4 Stephen Gaetz & Erin Dej. (2017). *A New Direction: A Framework for Homelessness Prevention*. Toronto: Canadian Observatory on Homelessness Press.

5 “Duty to Assist” is a broad strategy to offer assistance to people identified at risk of, or are new to homelessness, and to remedy the situation within 60 days. This innovation began as prevention legislation in Wales but has since been adapted by the British and Scottish governments. To learn more, see: Gaetz, S., Schwan, K., Redman, M., French, D., & Dej, E. (2018). *The Roadmap for the Prevention of Youth Homelessness*. A. Buchnea (Ed.). Toronto, ON: Canadian Observatory on Homelessness Press.

6 As described in this blog post, between 2011 and 2016 over 320,000 existing moderate rent affordable units were lost from the affordable part of the private rental market.  
<http://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>

Using a data set covering a cross section of 51 cities across Canada, their analysis suggests that even modest assistance programs can have a significant effect, at least on those becoming homeless for economic reasons (i.e., loss of or lack of income, or excessive rent burdens). Both modest levels of income assistance and/or rental assistance were found to reduce shelter demand by almost 20%, and together could result in a reduction of emergency shelter demand by over one-third (Kneebone et al 2016).

Clearly the policy options already noted in (1) above can be effective in these situations – increase capacity to pay, either through income benefit or funding for rent supplements or housing benefits.

### **Additional sets of initiatives more focused on preventing future occurrence and growth in homelessness are:**

- 5. Strengthen homelessness prevention.** Strengthen prevention policies and practices to minimize this source of newly homeless. This should include assessing and strengthening diversion and transitional services with enhancements in Reaching Home, including wide implementation of [By-Name Lists](#) (BNL). Aided by real-time BNL data, a [Coordinated Access](#) system can be an effective local tool to assess, and where necessary recalibrate, the service delivery system to enhance homelessness prevention. In some instances, this process will identify gaps in existing systems, so funding may be required to strengthen both diversion and transitional services, alongside coordinated system planning.
- 6. Expand the supply of affordable housing.** This can offset the ongoing erosion of existing lower-rent units to reduce the incidence of extreme housing cost burdens or inability to find housing within available household budgets. It is this lack of affordable housing that is becoming one of the largest causes of homelessness.
- 7. Expand construction of housing for Urban Indigenous People delivered by Indigenous Peoples.** The challenges for Indigenous households to secure appropriate and affordable housing is especially notable. Discrimination in rental markets is a significant impediment to housing stability that contributes to the disproportionately large count of Indigenous people experiencing homelessness. To reduce the flow of Indigenous into the homeless population, it is critical to expand affordable housing options. This can best be pursued under a targeted allocation of new affordable funding to support to expansion of non-profit housing for urban Indigenous Peoples by Indigenous Peoples.
- 8. Address the erosion of naturally existing affordable housing (NOAH) stock.** This erosion phenomenon resulted in the loss of over 300,000 units renting below \$750 (affordable below \$30,000 income) between 2011 and 2016. One factor in this erosion is the purchase of existing properties by Real Estate Investment Trusts (REITs) and Capital funds. Enabling non-profit community providers to compete with REITs to purchase such existing NOAH assets is a way to expand the scope of the non-profit sector and the stock of housing preserved at moderate to affordable rents and reduce the leakage into REIT portfolios.
- 9. Regulate purchase of NOAH properties.** In addition to enabling non-profit acquisition, it is desirable to curtail the aggressive practice of acquisition by REITs and capital funds, which is rapidly eroding the affordable stock. This might be pursued by regulating sales, including the Montreal approach of a right of first refusal, or by strengthening lending rules or rent regulation that enables vacancy decontrol.

## **Quantifying the goals**

The **Recovery for All** campaign proposes creation of 300,000 new permanently affordable and supportive housing units and enhanced rental support for low-income Canadians over the next decade to address Canada's housing and homelessness crisis. This section provides the basis for this target.

In order to monitor progress in achieving the stated goal to end homelessness, it is necessary to have a count of total homelessness, including current numbers, as well as some estimate of potential new flows. Since different responses and activities can more effectively address differing challenges and circumstances, it is also useful to disaggregate the homeless and at-risk population and then to align initiatives as appropriate.<sup>7</sup>

<sup>7</sup> While efforts to expand shelter use data By-Names Lists (BNL) and undertake Point-in-Time (PIT) counts have expanded, it remains challenging to fully enumerate and characterize the homeless population. Further efforts are needed to strengthen capacity to accurately enumerate and monitor flows into and out of homelessness. This report draws on the best data currently available, but with the caveat that this data is deficient.

For the present exercise, the primary data sources enumerating the target populations are:

- For currently homeless: Point-in-Time (PiT) count estimates and annual shelter utilization rates.
- For potential new homeless: an estimate of persons at risk based on those with a very high shelter cost burden (paying over 50% of their income on rent).<sup>8</sup>

The most recent aggregated PiT enumeration for the 61 participating communities in Reaching Home identified 32,005 individuals experiencing homelessness (ESDC, 2018). Of these, 60% (19,200 persons) were identified as having been homeless for six months or more (chronic homeless) while 8% (2,560 persons) were noted as being episodic (defined as having three or more episodes of homelessness lasting less than six months).

Interpolating this data suggests an estimate of chronic and episodic homelessness of 21,760. It is however acknowledged that the PiT inherently underestimates to real total (for example omits the hidden homeless). Reflecting this, the Homeless Partnering secretariat at ESDC identifies a closer estimate at 27,000 who are currently chronic.<sup>9</sup>

This 27,000 number is however a static point in time assessment and does not capture an ongoing flow into chronic homelessness, nor the return of Housing First beneficiaries that have not been successful.

Recent research and data on the experience in seeking to house chronic homeless persons and families has found that there is an ongoing flow that acts to replenish this static count – like a breached dam, while water is removed, more flows in. This is revealed in the persisting and perhaps increasing high number of chronic homelessness, despite efforts (and some success) to reduce this number.

Between 2015 and 2019 a total of 21,254 individuals, most chronic homeless, were housed across Canada by local organizations supporting the 20,000 Homes Campaign.<sup>10</sup> Yet there has been no net reduction, and potentially an increase in the chronic count since 2014. This is associated with an ongoing flow of persons who become chronically homeless for the first time—i.e., persons who reach the 180-day threshold. All of this points to the need to prioritize the prevention of homelessness.

The actual number of chronic is much higher than this 27,000 number and accordingly, in framing its 6-point plan with targeted outcomes, CAEH recommends a target of 50,000 chronic homeless placements. This can include some mix of scattered site housing allowances and supports with community placement, as well as the creation of place-based permanent supportive housing units.

### **This emphasizes the need for three-pronged action to:**

- 1. Assist persons experiencing chronic homelessness by enabling them into stabilized housing;**
- 2. Slow or stop altogether the entry of persons into homelessness for the first time; and**
- 3. Speed up the time it takes to house persons currently experiencing homelessness (to avoid any further growth of chronic homeless).**

The first and immediate challenge is to create supportive housing options for individuals, in order to reduce chronic homelessness across Canada. The current estimates suggest that a target of 50,000 supportive housing options be created and that this should be pursued as quickly as possible, at most within 5 years.

8 Additionally, 'at risk' will include those transitioning out of systems such as child welfare and correctional institutions, veterans, those impacted by domestic violence and family estrangement as well as those marginalized within the housing system, notably newcomers, refugees, LGBTQ2S+, and racialized populations, Indigenous families and individuals. In the absence of good data to individually enumerate these populations, and with some overlapping characteristics, the broader "at risk" metric of paying over 50% is used here as a proxy estimate to establish the magnitude of "at risk".

9 Correspondence with Homeless Partnering Secretariat May 2020.

10 For more on CAEH's 20,000 Homes Campaign, see <https://caeh.ca/20-000-homes-campaign-beats-goal/>

In the current context of the COVID-19 pandemic, an additional emphasis should be placed on preventing the return of those temporarily placed out of emergency shelters.

The accompanying challenge is to slow or stop future growth in homelessness. And notable among the population at risk of becoming homeless are Indigenous individuals and families, impacted by the residual traumas of colonialism and also confronting discrimination in housing markets, which results in a disproportionate number of Indigenous (including First Nations, Métis and Inuit) in the homeless count.

Efforts to create stable affordable housing can have a significant upstream effect in reducing this high incidence of Indigenous homelessness. This suggests expansion of affordable housing created and operated by Indigenous for Indigenous.

Additionally, because the 2018 National Point in Time count identified that 50% of currently homeless individuals had their first experience of homelessness before they were 25 years old, the need to robustly address youth homelessness through a focus on prevention rather than just chronicity should be prioritized.

Together these populations add up to a larger population “at risk”.<sup>11</sup> And due to the unpredictable nature of both their circumstances and the capacity of the local system to respond, it is very challenging to estimate the scale of this future inflow.

As a proxy for “at risk” that may capture many of these individuals and families, one option is to use renters experiencing excessively high shelter cost burdens, i.e. renters currently paying over 50% of income for rent. According to the 2016 census data file, 530,000 renter households are paying over 50% for their shelter costs; of these, 443,000 are in core need).<sup>12</sup>

With such high rent burdens, many households experience stress and may fall into arrears and evictions—issues that may well be exacerbated under the prevailing COVID-19 pandemic and lost employment income.

And drilling into the core need data, while the gender of those paying over 50% is not available, the CMHC core need data provide the gender of the primary household maintainer for those in core need (1.16 million renter households). Among all renter households the primary maintainer is evenly split with 50% being female and 50% being male. However, the core need statistic reveals that female-led families or singles are in much greater need – 57% of core need renter households are female led. And among Indigenous renters living off reserve, 64% of those in need are female-led families or singles.

Another approach is to consider total unique shelter users. The Homelessness Policy Directorate at ESDC publishes annual reports tracking shelter utilization.<sup>13</sup> The latest includes trends from 2005 through 2016. This reveals an estimate of 129,000 unique shelter users in 2016 (down from 156,000 in 2005). If the estimated 27,000 chronic shelter users were removed from the shelter system, that would leave roughly 100,000 new shelter users each year.

ESDC data also shows that the number of longer stays in (chronic) homelessness in these counts has been increasing over time. In part, this reflects former chronic that may have been housed but who have not been successful in sustaining the housing (return to homelessness).

But as noted above, in the absence of pro-active initiatives to slow and stop inflows and to accelerate responses, the lingering of newly-homeless individuals within the shelter system or in unstable housing (e.g.

11 The intersectional dimensions of homelessness and housing need should also be acknowledged. Homelessness is disproportionately experienced by people who are marginalized in multiple ways, including newcomers, refugees, LGBTQ2S+, and racialized populations.

12 The reason for the discrepancy between the two figures is that, in order to be considered in core housing need, households must be deemed unable to afford adequate and suitable housing in their community. In this case, 85,000 of the households in question have incomes above their local core need threshold, and this renders them ineligible for core need status. Core need is the official CMHC measure of housing need and assesses if household lives in housing that is in poor condition, overcrowded or requires them to spend over 30% of income, and also applied an income benchmark developed based on local median rents at 30% of income.

13 <https://www.canada.ca/en/employment-social-development/programs/homelessness/reports-shelter-2016.html>

couch surfing) or living on the street result in some proportion eventually aging into chronicity and add to the aforementioned growing number of chronic.

While the vast majority of those using emergency shelter services experience homelessness only once and only temporarily, there remains a risk that some may experience additional challenges, and without appropriate interventions will evolve into chronic homelessness – interventions are required to minimize or eliminate this on-flow.

The estimate of 129,000 annual unique shelter users reflects roughly one quarter (25%) of this “at risk” group paying over 50% (530,000). In order to establish an effective prevention approach, it will therefore be necessary to manage this risk and reduce the associated flow. Netting out those served by direct initiatives targeting chronic homeless, this means creating a minimum of 100,000 affordable housing opportunities annually with appropriate levels of staffing support.

This is not, however, an ongoing indefinite annual increment. Historical research on both the dynamics of poverty (Economic Council of Canada) and the dynamics of core housing need (CMHC 2009) reveal that two-thirds of [both income assistance and social housing] beneficiaries have better circumstances and income that enables them to move out of core need after 2-3 years, and thus no longer require assistance.

As such, part of the annual budgets—e.g., for a Housing Benefit—can be redirected to assist a significant proportion of households at risk and on waiting lists for social housing. Similarly, with a sufficient affordable housing stock in the private market, improved employment options and minimum wage, reinforced by counselling to improve labour market employment skills and options, households assisted through direct provision can also move on and free up this limited stock for others transitioning from crisis to housing stability to self-reliance.

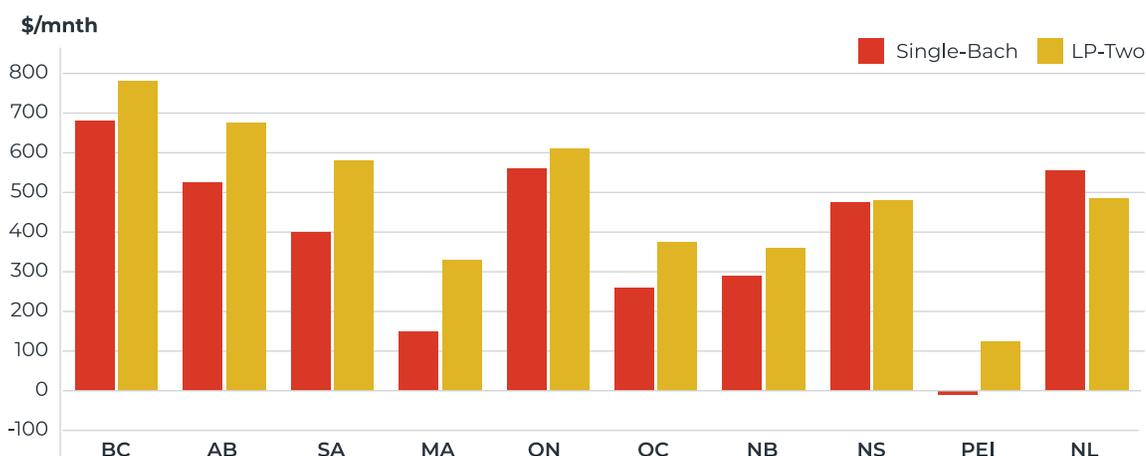
In order to establish a sufficient stock and set of affordable housing options to facilitate this turnover and flow, it is recommended that funding initiatives be adopted to facilitate the creation of 300,000 affordable housing opportunities (including the 50,000 permanent supportive housing or housing benefit ) over the next decade.

## DETAILING THE NECESSARY INITIATIVES

### 1. Increasing people's capacity to pay

A critical factor contributing to homelessness is the insufficient stock of existing rental units with rents that align with the capacity to pay – both relative to the shelter allowance within social assistance, or at 30% of minimum wage. As illustrated below, the gap between the income assistance benefit intended to cover housing cost and the median bachelor (for single) or two-bed (lone parent with one child) apartment ranges from \$0 in PEI up to almost \$700 in BC, with an average of \$390 for singles and \$478 for the lone parent.<sup>14</sup> These are based on the provincial average rent – the gap will be greater in higher cost markets.

#### Difference between shelter component and median rent - single and lone parent



Source: Shelter rates Maytree Foundation, rents CMHC market survey

This places low-income households at risk of eviction. It also makes it extremely difficult to implement a Housing First approach as clients simply have no capacity to pay these rents, and there are too few low-rent options (very few rental units with rents below 80% of median). Even if they pursue units with rents at 80% of the median, the average national gap is still \$240 (single) and \$272 (lone parent).<sup>15</sup>

Clearly, improving the capacity of households to pay rent is essential if either objective of the present report (namely, reducing the flow into homelessness or accelerating the flow out) is to be achieved.

#### Improving income

Canada's recent experience with the Canada Emergency Response Benefit (CERB) has accelerated calls by advocates in favour of creating a national guaranteed income. Many advocates and analysts (notably including former Conservative Senator Hugh Segal) have suggested that based on this new experience, it may be an

<sup>14</sup> Saskatchewan, Quebec and NB do not have a distinct shelter allowance, so this uses 50% of the total benefit (which approximates the ratio of shelter to total in most provinces).

<sup>15</sup> While many Housing First programs do include rent supplement assistance, as the stock of low rent units erodes it becomes increasingly difficult to find affordable properties to use rent supplements; and the cost of rent supplements is increasing.

opportune time to explore more seriously the adoption of a national guaranteed basic income (GBI). With a well-designed and sufficiently funded GBI, there would be no need for rental assistance or housing benefit.

There are many variants in the design of a national GBI, and how it might complement and partially replace elements of the existing social safety net, it is beyond the scope of this brief to examine and evaluate these. Moreover, it will take time to design and negotiate a national GBI.

The Recovery for All Campaign would support a form of Guaranteed Annual Income, but in this paper we are proposing an immediate option for a rent-based income allowance, or housing benefit to accelerate progress on ending homelessness.

### **Implementing an enhanced Canada Housing Benefit**

The NHS has already created the concept of a Canada Housing Benefit (CHB), explicitly focused on directly alleviating high affordability burdens. The CHB is being implemented at the provincial-territorial level. It is desirable for the federal government to both encourage designs that dedicate a portion of any CHB to the objective of ending homelessness.

As such, this could include larger allowances that are sufficient to secure housing for those exiting shelters as well as using the CHB as a mechanism to respond to those at risk falling into difficulty (i.e. prevent and divert from shelters).

As outlined in the NHS, the CHB is proposed as a cost-matched initiative to be designed and implemented by the provinces and territories, with federal cost matching up to a total of \$2 billion in federal funding over the duration of the NHS. It was scheduled for implementation as of April 2020, but to date has not been implemented, except in Ontario.

The province of Ontario has executed an amendment to the NHS bilateral agreement to add the CHB (in Ontario brand the Canada-Ontario Housing Benefit, COHB) and has issued detailed program guidelines. Ontario has modelled their design and guidelines on a previous portable Housing Benefit Pilot. BC has also executed a bilateral. While details of the Housing Benefit design have not yet been released officials have indicated that BC will direct this new initiative to expand their existing Homeless Prevention Program (via rent supplements to secure rental housing).

By the same token, it is expected that other provinces/territories which have a pre-existing shelter allowance program (notably Saskatchewan, Manitoba, and Quebec) will also lean on experience from existing programs and may similarly adapt and scale up those programs. However, at the present juncture, no formal designs or action plans (as required under the NHS) have been published.

But even without these details, it is possible to identify some suggestions on a potential design and enhancement of a model CHB.

The current funding allocation is a federal contribution of \$2 billion to be matched to a total of \$4 billion, which is planned over the remaining 8 years of the NHS. Effectively, the annual national budget is in the order of \$500 million. The NHS further proposed that the CHB would provide, on average, assistance up to \$2,500 per household per year, which implies a target of 200,000 households per year. This could include the same household all 8 years or multiple different households for a portion of the 8-year duration.

As such, the budget and potential participation is rationed. The overall funding envelope establishing a maximum of 200,000 households is insufficient to assist all renters in core need (1.1 million), renters in need experiencing only an affordability problem (715,000) or even to assist the 530,000 renters in need that the NHS targets to address.

The limited funding level therefore requires prioritization and targeting (as distinct from a universal entitlement, for example the nature of the UK Housing Benefit).

As an example, the Canada-Ontario version of the CHB expands beyond the target group of an initial pilot portable benefit targeting survivors of domestic violence and human trafficking to add persons experiencing or at risk of homelessness, Indigenous persons, seniors, and people with disabilities, as well as households living in community housing (impacted by expiring federal subsidy).

## Creating a Homeless Housing Benefit

Ideally, in response to the pandemic and identified temporary relocation of homeless out of emergency shelters, other provinces and territories currently finalizing design and implementation plans for the CHB variant in their jurisdictions will identify and target the priority of housing the homeless. A more targeted CHB (e.g. a Homeless Housing Benefit) can be an effective mechanism to help reduce homelessness. Alternatively, broadening eligibility and increasing funding of the CHB can help to manage and reduce risk of new flows into homelessness.

To do so requires that the level of assistance is greater than the initially proposed average of \$2,500. This equates to just over \$200 per month, which when combined with the income assistance shelter maximum for singles remains insufficient to cover the rent of the lowest quintile rents, and such units are seldom available. This is particularly challenging in larger urban housing markets where housing availability and affordability are most acute.

In order to enable those exiting or being diverted from homelessness to secure appropriate housing, a housing benefit of \$300-600 would be required for singles, and one of \$300-\$800 would be required for lone parents. Costs would potentially be even higher in some cities, such as Toronto and Vancouver. While premised on addressing the shortfall in social assistance shelter payments, these assistance levels would also be appropriate for those in minimum and low-wage employment.

For the purpose of costing, a realistic assumption is that an average benefit ought to be worth \$400 for singles and \$600 for lone parents and other families.<sup>16</sup> This equates to \$4,800 and \$7,200 annually. It is assumed that all recipients remain housed and in receipt of the benefit, although the beneficiary could change as an original recipient secures employment and no longer requires it—or in the case of those with higher need—the beneficiary moves into permanent supportive housing.

To avoid repopulating shelters, an immediate commitment should be made to house 10,000 households (8,000 individuals, 2,000 families); in each of the next 3 years, a further 5,000 households should be assisted to a total of 25,000 over four years.

As new recipients are added each year, the costs incrementally increase. This can be negotiated as an immediate refinement/enhancement to the CHB (currently in implementation) or as a separate federal initiative

As permanent affordable and supportive housing acquisition and construction is added (as will be discussed below), some beneficiaries may move off the CHB and be replaced by newly housed individuals and families.

The cost to implement this form of immediate housing to address 10,000 temporary COVID-19-related homeless persons and families is estimated initially (2020) at \$52.8 million, rising to an annual cost of \$132 million in year 4, when a caseload of 25,000 is reached (see costing section and appendix A for details).

It is noted that this expenditure is well within the current NHS planned spending for the CHB which, as noted above, provides \$500 million annually (cost shared 50/50 by the federal and provincial/territorial governments).

Beyond this immediate dedication of CHB to reducing homelessness (25,000 assisted in next 5 years), ongoing funding of the CHB can continue to make some allocations to support Housing First programs. The NHS already targets assisting 300,000 renters in need over the 10 years of the NHS, so even if 5,000 per year

<sup>16</sup> Here the social assistance benefit level for a lone parent is used. In core need data, the vast majority of those in need are singles and lone parents, typically because they have only one earner or beneficiary. Couples and two-parent families have greater earning capacity and while requiring larger dwelling size, the higher cost is offset by the higher earnings. For this reason, the lone-parent allowance is used here as a proxy for families.

continue to be dedicated to supporting Housing First, this program can also contribute to reducing the flow of those at risk, due to high rent burdens. These pre-announced allocations are separate from the current proposals.

Note that this excludes the additional cost to deliver Housing First supports to these new tenants.<sup>17</sup> Intensity of support will vary accordingly to individual need. However, to the extent that these individuals experiencing chronic homelessness have relocated out of the shelter, and provided the ongoing inflow replacing them is slowed and eventually stopped (i.e. emergency functions will remain, but there would be no more chronic occupants in shelters), existing resources that previously flowed via the shelters can be gradually redeployed to be delivered on a community support basis. Enhancements to Reaching Home, as described later, can assist in this redeployment by potentially funding Housing First supports. Additional new support funding will likely also be required, imposing some costs on provincial-territorial health and social assistance budgets. In any scenario that reduces chronic homelessness, the provinces would receive the bulk of the cost savings as the highest cost systems impacted by homelessness are largely provincial, for example health care, corrections, policing and social services.

As this rental assistance approach is much quicker than building new units from scratch, it is logical to front-end these housing allowances with scattered community leases – taking advantage of what will be a soft rental market and more willing landlords (e.g. get a 2- to 5-year lease).

Subsequently, as physical units come on stream as in 2, 3, 4 below, clients can relocate as needed into permanent supportive housing and affordable homes and reduce and reuse these CHB allocations across the broader at-risk population and targeting new chronically homeless.

## 2. Pursue opportunities to acquire and redeploy existing properties as permanent supportive housing.

Given the absolute lack of low rent options, even when assisted with a modest Housing Benefit, there is a critical need to expand housing options at low-moderate rent affordable to social assistance recipients and to do so quickly.

It is far quicker to acquire an existing property with a unit configuration that is workable for supportive independent living than it is to build new (which is a multi-year process and can take at minimum 2-3 years before occupancy)

**Acquisition example: The Yellowknife Women's Society** recently pursued acquisition of a 42-unit motel property in Yellowknife. The 2-story property provides small self-contained units (kitchenette and bathroom) and is well suited to conversion into permanent supportive housing. The acquisition cost plus minor renovation of the office and restaurant for staff offices, counselling and common dining is estimated at under \$100,000 per unit, well below the cost to build new in the Northwest Territories.

CMHC Co-investment fund requirements for accessibility and energy efficiency may add a further \$45,000 per unit to the total cost. The property is currently being used as temporary accommodation during COVID-19 physical distancing protocols and will be immediately available to avoid returning to the emergency shelter.

<sup>17</sup> As discussed further in the costing section below, it is proposed that that funding responsibility be divided with the federal funds focused on creating supply (capital) while the PTs fund supports. Here the existing plan to evenly cost share the ongoing subsidy for CHB is retained. To the extent that there is redeployment of existing mainly provincial funds and potentially some cost savings as homeless person use of emergency services declines, these two can be redeployed.

With an expected decline in tourism, and student demand such properties face challenging post-COVID-19 prospects. As such, current motel/hotel owner-operators may be financially stressed and willing to sell these assets.

This would include smaller rooming house type properties that have been converted into student shared accommodation but can be readily reconverted for occupancy by formerly homeless singles.

Similarly, with the new-found experience of home-based work, many companies propose to reduce their office spaces, so there may be a surplus of office property that might be converted.

An acquisition purchase program is required to facilitate these types of purchases and re-use. This requires a design that removes or has greater flexibility around the existing accessibility and energy efficiency criteria of the NHCF, as these are difficult and costly to implement in an acquisition (vs. new build approach).

The potential properties available for acquisition is unknown; however, including motels and student-type accommodation, it is conceivable that 2,000-5,000 units may be achievable. This approach should be selective and ensure acquired properties are in reasonable condition and can be readily converted to a supportive housing use, without major renovations. This will require the capacity to undertake due diligence and appropriate assessment of the acquisition option (including fair and competitive pricing).

If targeting individuals exiting homelessness (who primarily depend on social assistance benefits) the rent paying capacity of tenants will be very limited. This means that capital funding covering the full capital cost would be required.

Alternatively, if the tenants are eligible to receive the CHB, or a targeted rent supplement this will generate a better net income flow that can then lever debt and reduce the capital requirements.

It is also noted that many municipalities are currently leasing motel/hotel space for temporary homeless placements – now homeless, formerly for Syrian refugees – some of whom remain in these “temporary” accommodations. These lease expenditures could be better used to support purchases (i.e. fund mortgage payment).

Values and potential purchase prices also depend on location – well located properties in areas of redevelopment and intensification have values premised on underlying land, not of capitalized income basis. However, purchase of these properties can provide an immediate occupancy, with the larger development opportunity of the site pursued downstream following detailed planning and securing approvals and financing.

As in the Yellowknife example, motel acquisition may be more suited to smaller cities; but it should be pursued on an opportunistic basis.

Assuming the approach extends into smaller cities, the average acquisition cost may be in the order of \$100,000 per unit or less and, allowing for modest renovation, average costs might be up to a total of \$150,000. For costing, an average of \$120,000 is assumed, which may be high especially for rooming house type properties.<sup>18</sup>

This would not be a large program; but it would facilitate selective acquisition when good opportunities arise. And it provides an effective interim approach to quickly find existing housing for those that may otherwise return into emergency shelters, so can be a tool for communities where acquisition opportunities are identified.

Given uncertainty about the potential number of units that could be acquired, for the purpose of estimating potential expenditure, costing is estimated per 1,000 units acquired.

<sup>18</sup> Another example is the purchase in May this year of an existing motel in Victoria. Here, the cost per unit is far higher, at \$280,000 per unit, but the value reflects the location and underlying redevelopment value of the property.

- Assuming 1,000 units acquired, a program that is funded with a 100% grant would require investment of \$125 million.

While potential acquisitions are uncertain, it is estimated that potentially 5,000 units appropriate for formerly homeless individuals (includes motels, small hotel, rooming houses and small apartments, especially when most units are bachelor and one-bed) could potentially be acquired over 5 years. This implies capital subsidy support of \$625 million over 5 years.

### **3. Rapidly expand the stock of permanent supportive housing using modular units**

In 2018, BC, in collaboration with the City of Vancouver, initiated a new program as a rapid response to homelessness. This was stimulated by the lack of low rent units to support Housing First initiatives.

The Rapid Response to Homelessness initiative sought to add 2,000 units of supportive housing, targeting chronic homeless persons. To achieve the goal of rapidly creating units, they worked with a manufacturer of modular units, already active in manufacturing for remote worker camps in the oil sands and other resource communities. The modular approach proved very effective and BC completed 2,000 units across the province in 13 months. Actual assembly on site typically takes only 3 months but planning and approvals extend this out to around 1 year.

Many of the developments in BC were erected on temporary leased sites, but can just as easily be permanent, although this requires funding to assist in land cost.

The City of Toronto has recently announced a similar initiative with an initial phase of 250 units and has committed to provide 1,000 units within their 10-year Housing TO Action Plan 2020-2030.

The Toronto initiative involves a total per-unit cost of \$190,000 excluding land (the City is planning to leverage municipal surplus lands). This also excludes support costs; but as discussed above, in the absence of new support funding there is potential to redeploy staff from the emergency shelters and supplement funding from existing supportive housing agencies.

This is an approach with a proven track record in BC<sup>19</sup>, which can be readily scaled up nationally. This can expand employment in the existing modular factories; or, through some retooling, it can adapt under-used auto manufacturing plants that already have a production line system in place.

Given the experience in BC, it would not be unrealistic to achieve 5,000 units of modular housing annually on a national scale.

Potential costs, based on the recently approved Toronto model, are estimated at \$190,000 per unit. If manufacturing is scaled up to achieve economies of scale, it may be possible to lower this cost by up to 20%, or at least flatten it over the coming years.<sup>20</sup>

It is assumed land would be provided via surplus public lands. In the case of federal lands, it would potentially be accessed through focusing and enhancing the NHS' Surplus Federal Lands initiative.

Given the urgency to grow the stock of affordable appropriate permanent supportive housing both for new clients, as well as the urgency to extend permanent supportive housing to those high acuity clients temporarily in scattered private rental units, a target of 5,000 units is proposed annually for three years (total 15,000). These would come onstream and be available for occupancy in late 2020 or in 2021.

19 <https://www.bchousing.org/research-centre/library/transition-from-homelessness/modular-supportive-housing-resident-outcomes>

20 McKinsey and Company. 2019. Modular Construction – From Projects to Products. Retrieved from McKinsey and Company website: <https://www.mckinsey.com>

Potential costs, excluding any land cost or support costs, are estimated at \$190,000 per unit. As above, net capital (upfront) costs will depend on the income capacity of the homeless individual's assistance. If they receive ongoing Housing Benefit, this strengthens cash flow for the provider and levers financing, making it a preferable approach provided the Housing Benefit can be secured.

Potential targeting volume and costing is discussed below (along with targeting volume and costing for permanent supportive housing).

#### **4. Expand funding to construct permanent supportive housing**

While the modular approach can potentially remain in place, this can be augmented and complemented by creating new supply with a pipeline of ongoing regular construction. As such, an annual target can be developed for total permanent supportive housing with the initial years leaning more on modular to achieve occupancy more quickly, subsequently evolving into a blend once planning and approvals allow regular construction to catch up.

A number of cities and providers have undertaken development of purpose-built supportive housing, targeting a modest size of 20-30 units, with onsite supports.<sup>21</sup> This may be a good fit for individuals assessed with higher acuity and in need of the onsite support (while those with lower acuity may fit better with scattered private units, with lower intensity community-based supports).

Costs to construct new permanent supportive housing including land are estimated to average between \$200,000 to \$250,000 per unit. However, the cost in large urban centres would average between \$300,000 to \$350,000.

Lower capital costs might be achieved when more innovative micro-suite designs are used, as the small area per unit translates into more units.

For the purpose of costing, an average cost of \$225,000 is assumed, with a target of 5,000 units per year, including a blend of modular and wood-frame construction

Nationally, it should be possible to achieve 5,000 units per year beginning in years 3-4 and continuing at 5,000 units annually thereafter, to keep up with any future growth in high-acuity supportive need.

And as discussed for acquisition above, capital requirements will be directly influenced by whether tenants receive a housing benefit versus rely solely on very low-income support shelter payments.

The potential costs of adding 5,000 units annually via a blend of modular and new build is estimated between \$0.625 to \$1.125 Billion, depending on availability of a rental assistance Housing Benefit.

And as above, it is necessary to redeploy or add new funding to provide necessary support services. Ideally this would be pursued in partnership, with federal government funding 100% of capital cost, and provinces/territories then taking responsibility for ongoing support costs.<sup>22</sup>

#### **5. Strengthen homeless prevention**

Until recently, governments and communities in Canada have not prioritized the prevention of homelessness. There is an emerging body of knowledge regarding the prevention of homelessness, including:

<sup>21</sup> For example, InDwell micro suites in Hamilton; and a number of developments by HomeSpace Society in Calgary.

<sup>22</sup> Supports are estimated at about \$15k to \$20k per person per year and targeted to those with the highest support needs. Potentially these expenditures can be fully or partially offset through savings to the health, justice and social services budgets.

- Systems prevention and transitional supports to reduce the likelihood that people discharged from public institutions such as emergency health services, the criminal justice system and child protection become homeless
- Early intervention strategies such as:
  - shelter diversion
  - for youth, “youth reconnect” programs, school-based early intervention and enhancing family and natural supports
- Evictions prevention
- Housing stabilization supports that focus on enhancing well-being such as Housing First
- System-wide policy and practice interventions such as “Duty to Assist”<sup>23</sup>

Coordinated system planning can be an effective local tool to assess— and, where necessary, recalibrate—the homelessness service delivery system. In some instances, this process will identify gaps in that existing system, so funding will be required to strengthen both prevention and housing supports.

Additional funding through Reaching Home to further strengthen system planning and co-ordination, Housing First supports and improve homelessness prevention is required. This should include:

- Maintaining the additional funding allocated for COVID-19 response (+\$157M/year), refocusing that funding from emergency response to ending homelessness
- Expanding the Rural and Remote Stream to \$50M/year
- Developing a new funding stream at \$75m/year to prevent homelessness for women, children and youth
- Developing a national definition of homelessness that accounts for the unique ways women, youth, Indigenous and racialized peoples experience homelessness

## 6. Expand the supply of new affordable housing

The dramatic erosion of existing naturally occurring affordable housing (NOAH) is perhaps the single most important issue and has the potential to completely negate investments under the NHS. The current targets in the NHS are insufficient to even offset these losses, so it is critical to increase targets for new affordable development – including deeply affordable rental homes.

And while a Canada Housing Benefit can be effective in addressing affordability issues, it is rendered less effective (or extremely expensive) in housing markets where low-moderate rent rentals are in short supply.<sup>24</sup> Therefore, it is critical to manage or offset the ongoing erosion of existing lower rent units to reduce the incidence of extreme housing cost burdens or inability to find housing within available household budgets.

It is this inability to find and lack of affordable housing that is becoming one of the largest causes of homelessness.<sup>25</sup> So this proposed increased supply is not solely to reduce the number of renter households in need; it is directly intended as way to reduce and manage the flows into homelessness.

The NHS current proposes to add 150,000 new affordable units over 10 years (includes 50,000 via redevelopment and intensification of existing community housing sites and 100,000 on new sites). This implies an average of 15,000 new units per year.

23 To learn more, see: Stephen Gaetz & Erin Dej. (2017). [A New Direction: A Framework for Homelessness Prevention](#). Toronto: Canadian Observatory on Homelessness Press.  
Gaetz, S., Schwan, K., Redman, M., French, D., & Dej, E. (2018). [The Roadmap for the Prevention of Youth Homelessness](#). A. Buchnea (Ed.). Toronto, ON: Canadian Observatory on Homelessness Press

24 As noted earlier, it is assumed that the NHS plans to assist 300,000 renters in need via the CHB will remain in place and deliver assistance in parallel with these proposals.

25 PIT Counts, such as those in Metro Vancouver PIT track an increase in the number and proportion of people who became homeless due to affordability issues (as reported by BCNPHA)

Housing starts in the first two years since the NHS implementation have fallen far below these targets, reflecting necessary pre-development planning timeframes. Many projects are, however, in the approval pipeline, both under the PT Provincial Priorities funding stream as well as under the of the National Housing Co-investment Fund. So there is potential to accelerate construction and availability.

It is proposed that the target be raised from the planned 150,000 to 250,000 units, in addition to the 50,000 units of permanent supportive housing (via a blend of acquisition, modular and new build).

The target population for this element is the larger at-risk population facing high rent burdens and also vulnerable individuals and households including women, youth, racialized and Indigenous peoples.

It will include lone-parent and two-parent families, and extend above those on social assistance, so rent potential and thus capacity to lever financing will be possible. Capacity to support debt financing can be further augmented by building into the intermediate rental market, which will enhance rent revenues for non-profit providers to cross subsidize lower-rent units. As such, grant funding will be potentially required to cover up to only half of the total construction cost (this can be reduced where low-rate NHS financing is provided by CMHC to stretch leverage to maximum levels).

And with a blend of unit sizes that included both singles and families, an average unit construction cost of \$250,000 to \$300,000 is estimated (closer to \$350,00 in Toronto and Vancouver). So, assuming stacked rent supplements of Housing Benefit to enable very low-income assistance rents, grant contributions (which can include in-kind contributions such as land, waived municipal fees and charges, and fundraising) are estimated at \$125,000 to \$150,00 per unit (upwards of \$200,000 in Vancouver and Toronto).

Thus, to produce 25,000 units annually will require annual subsidy expenditure (across all governments and partners) of \$2.25 billion/year (plus low rate NHS financing loans).

## **7. Expand supply of non-market housing owned and managed by Indigenous Peoples for urban Indigenous Peoples**

As noted, there is a disproportionately high representation of Indigenous persons and families in core need (off reserve) and more so in homeless counts and shelter use data. And among those in core need two thirds (64%) are female-led families or singles.

A key factor in the high Indigenous homeless count are racist and discriminatory systemic barriers that restrict access and reinforce evictions that result in the downward spiral into homelessness. To reduce the flow of Indigenous peoples into homelessness, it is critical to expand a full range of affordable housing options. This can best be pursued under a targeted allocation of new affordable funding to support the expansion of non-profit housing for Indigenous by Indigenous.

For this reason, it is proposed that a specific allocation be made exclusively for urban Indigenous proponents be created. This would be part of a distinct Indigenous housing strategy targeted to urban Indigenous peoples living off reserve in both small and large cities. And while a number of Indigenous housing providers remain (as a legacy of Canada's former Urban Native Housing Program) there is also a need to fund, rebuild and extend the capacity of Indigenous provider organizations to enable expansion of housing options dedicated to the Indigenous population.

Proposed target: of the 25,000 affordable units proposed annually in (6) above, a minimum 3,000 per year (10% of all) should be allocated to urban Indigenous providers.<sup>26</sup> This allocation could be tailored locally to the proportion of Indigenous Peoples experiencing homelessness and housing need in a community or region.

<sup>26</sup> In total there are 92,600 Indigenous First Nations off reserve in core need: 32,000 of these paid over 50% of income for rent in 2016. So this target seeks to align with this number of "at risk".

## 8. Create funding mechanism to enable non-profit purchase of existing market rental assets

In (2) above, the opportunity to purchase existing properties appropriate as part of a Housing First approach is examined. That focused on the acquisition of motels, small hotel, rooming houses and small apartments, where units would be vacant and made available for affordable housing.

The larger issue is the erosion of the existing naturally occurring affordable housing (NOAH) stock. This erosion phenomenon resulted in the loss of over 300,000 units renting below \$750 (affordable below \$30,000 income) between 2011 and 2016.<sup>27</sup>

In many cases, the existing tenants are likely low-moderate households, who without these homes will face challenges finding housing that is reasonably affordable.

While the erosion is related to a combination of factors, including demolition for redevelopment, a significant reason is the purchase by investors, including small as well as large capital funds and REITS. And in the post COVID-19 context, there is real concern that REITS may sweep up properties from financially stressed smaller landlords.

It is proposed that an important way to help offset this impact and to preserve NOAH properties is to encourage and enable non-profit providers to pursue acquisition (effectively emulate behaviour of REITS but with a different objective – one of preserving affordability rather than maximizing profits).

In this case, the objective is not to repurpose the use to target low-income core need (or to facilitate Housing First as in (2) above), but to continue to operate on a market basis, albeit without excessive rent increases. Many NOAH properties exist with rents in the 80% to 100% of market median. Continuing to operate on a moderate market basis—even allowing rent increases at the rent guideline (e.g. 2%)—will keep rents below the median level while maintaining general affordability.

As an illustration, using an Ottawa property where current rents are at 85% of median. Over a 10-year period increasing at only 2% versus the 5% or 8% that rents have increased recently in Ottawa will leave rents \$462 to \$830 less than would be the case at these higher rates of increases.

Based on an analysis of annual property transactions over the past 5 years across Canada's major metropolitan areas, it is estimated that sales of rental investment properties include as many as 40,000 to 55,000 units annually.

A non-profit acquisition program would seek to acquire only properties where rents remain below the market median, and where the property is in reasonable condition (allowing non-profits to avoid extensive retrofit costs). On this basis, it is estimated that the program could potentially acquire between 5,000 to 10,000 units annually (for costing an average of 7,500 is assumed).

This acquisition approach does require a level of expertise and sophistication to undertake due diligence in the purchase (including appraisals, building condition audits and environmental assessment reports, etc.). In some locations such organizations exist, including the technical resource groups that support development especially in Quebec and remain in some other jurisdictions. To the extent that there is limited capacity, one option would be for CMHC or a Provincial Housing Corporations to facilitate such a purchase.<sup>28</sup>

<sup>27</sup> To replace this loss via new affordable development and achieve rents at or below \$750/month will require capital subsidy in excess of \$200,000 per unit. So the cost of this erosion in aggregate (for 300,000 units) exceeds \$60 billion

<sup>28</sup> There is a strong precedent for CMHC to directly intervene to purchase assets. AS a mortgage insurer, CMHC already can foreclose on rental assets where the owner is in arrears, and historically did so. More recently on behalf of the federal government CMHC introduced an Insured Mortgage Purchase Program. Under this program, the government stands ready to purchase up to \$150 billion of insured mortgage pools through CMHC. This action is intended to provide stable funding to banks and mortgage lenders in order to ensure continued lending to Canadians. Ironically this liquidity provides funds for these lenders to fund mortgages to the capital funds purchasing the existing properties. On the same basis that the erosion of NOAHs creates a critical issue harming the housing system and more particularly low-income Canadians, the federal government could similarly ask CMHC to purchase NOAH properties on behalf of non-profits and subsequently transfer either the asset of the operation responsibility to a non-profit provider.

Continuing to operate the property at current rents (and with annual guideline increases as noted above) creates the capacity via net rental income to finance much of the cost to purchase. Grant support is required only to cover the down-payment equity, generally 20% to 30% of the cost. And the amount that can be financed can be increased potentially below 20%, if low rate financing can be secured under NHS programs (i.e. the financing rates available under the RCFI and NHCF).

This would require financing to cover roughly \$1 billion with an equity or grant contribution totaling \$340 million annually.

## **9. Restricting sale of NOAH properties**

In addition to enabling non-profit acquisition, it is desirable to curtail the aggressive practice of acquisition by capital funds, which is rapidly eroding the affordable stock.

Montreal has implemented a bylaw to give the city the right of first refusal on property sales involving rental units with rents at affordable levels as a way to capture and preserve this important stock. Options to expand this practice should be considered across other jurisdictions.

And the attraction of rental property as investments is a result of the ability to substantially increase rental income, most often by taking advantage of vacancy decontrol that exists in many provinces (including BC, Ontario, Quebec, while Alberta has no rent control). If rents were increasing only at the rate of the rent guideline in provincial rent regulations the large increases would no longer be possible, and these assets would be less attractive to investors. For example, as part of the anti-inflation measures in the mid 1970s the federal government requested all provinces to enact rent control. To address this current crisis of affordable stock erosion the federal government could similarly request that provinces and territories again enact rent regulation to limit rent increases to a reasonable rent guideline (i.e. eliminate the practice of vacancy decontrol).

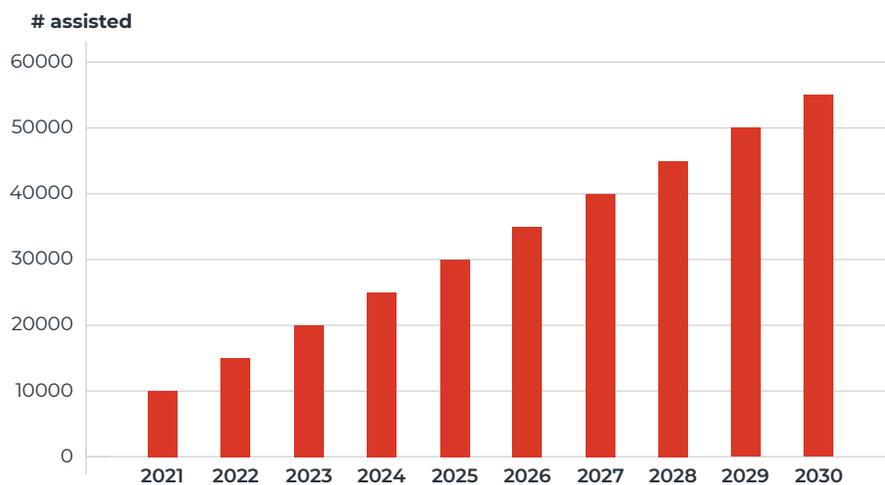
## Summary of proposals

The preceding section describe a series of complementary initiatives proposed to both slow the flow into homelessness (and onto chronic situations) and to accelerate the flow out of chronic homelessness.

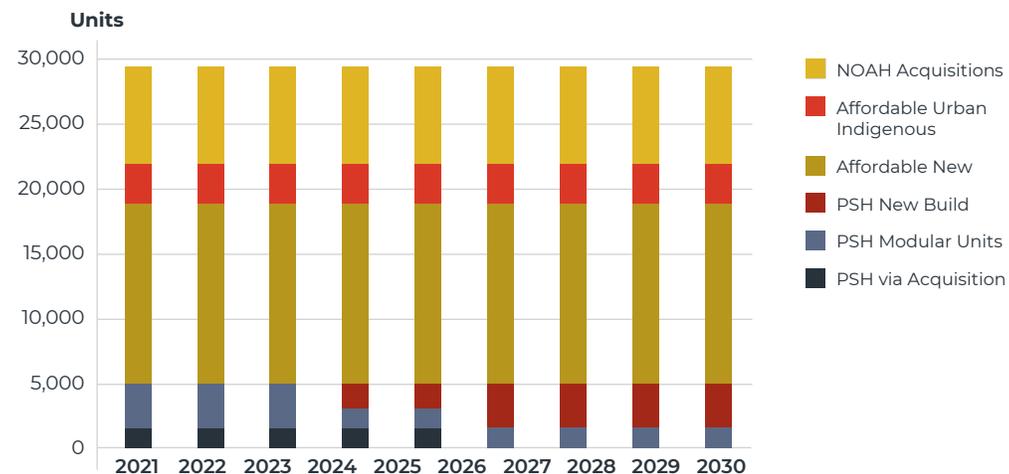
These can significantly expand current targets and funding under the National Housing Strategy and as such represent a proposed enhancement to the NHS with the specific objective of ending homelessness.

By way of summary, the proposed initiatives will contribute to assisting 350,000 individuals and families either in homelessness or at risk of becoming homeless. This is comprised of the complementary initiatives designed to enable an immediate response to persisting homelessness within the context of a COVID-19 recovery framework as well as sustaining efforts toward the ultimate goal to end homelessness.

### Annual Incremental Homeless Housing Benefit



### Annual new permanent and affordable



## Cost estimates to support this comprehensive Recovery for All plan

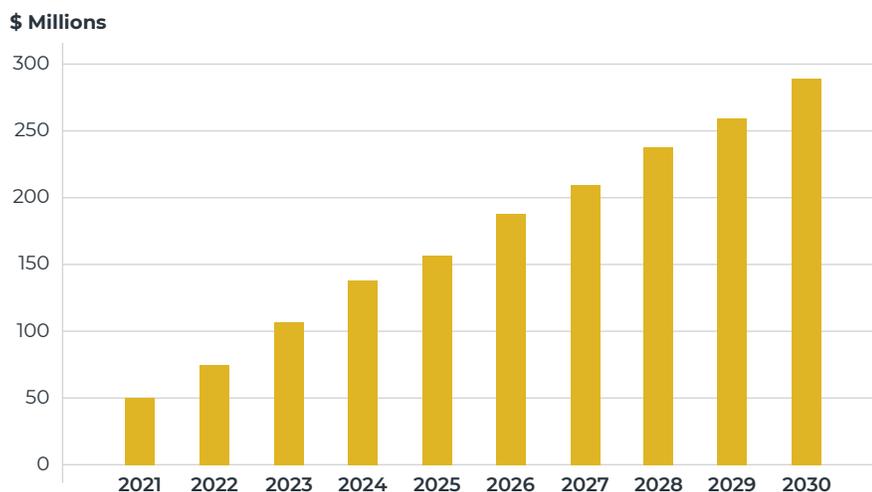
The review of proposals above identifies annual output targets for each of the initiatives discussed. These are summarized here, with some estimates of the associated annual expenditures required.

In the case of acquisition and new construction, these are annual new units added; in the case of a Housing Benefit, it is the incremental cumulative growth, as prior years' commitments continue to receive subsidy assistance.

As described above, the initial focus is on a Homeless Housing Benefit (HHB) to provide immediate help to secure independent supportive living and avoid return to shelters and the street. This is complemented by an incremental ramping up of new supportive and affordable housing.

### Cost of the Homeless Housing Benefit

The HHB initially targets 10,000 new beneficiaries (to facilitate immediate housing rather than a post-COVID return to emergency shelters), with annual increments of 5,000 new beneficiaries thereafter. Because prior years' beneficiaries continue to be funded, the units (and costs) are incremental.



The HHB commences at an annual cost of \$50 million, incrementally rising to \$290 million as additional beneficiaries are added each year (with prior-year beneficiaries still being assisted). By 2030 this incrementally growth will assist 55,000 households.

This expenditure is well within the already proposed NHS CHB budget (at an average of \$500million/year), although does require an explicit dedicated funding stream for homeless persons and families.

## Cost of expanding permanent supportive housing

In the case of acquisition for supported housing or to build modular or on-site permanent supportive housing, subsidy requirements will depend on how these are funded.<sup>29</sup>

Through this report, it has been assumed that where required, support services and associated cost would come from provincial programs. On this basis, to balance fiscal impacts the full capital costs are assigned to the federal government.

Further, the costing assumes capital grants at 100% of cost to fund the acquisition or building of permanent supportive housing. Because prior years' beneficiaries continue to be funded, the units (and costs) are incremental.

For this reason, it is assumed that for the proposed 50,000 units of permanent supportive housing all supportive housing options, targeting those primarily of income assistance and exiting the shelter system, or on a permanent disability benefit a deeper capital grant (covering 100% of estimated cost) is assumed.

The capital funding to add an increment of 5,000 PSH spaces per year is estimated at \$225,000 and commences at \$950 million per year. Over 10 years this requires an investment of \$10.4 billion.

## Cost of expanding the stock of affordable housing

In the case of affordable via acquisition or new build, moderate rents (approximating 80% median market) is assumed. This creates net rental income and capacity to carry financing. As a result, the per unit subsidy cost is lower than that for PSH above.

The overall target includes 75,000 units via an acquisition approach plus 170,000 new build – of which 30,000 will be developed, owned and managed by Indigenous providers.

As noted with funding in the form of one-time upfront capital grants (combined when possible with the low-rate, long-term financing facilitated under the NHS), annual capital funding of approximating \$3.8 billion is required (total of \$38 billion over 10 years).

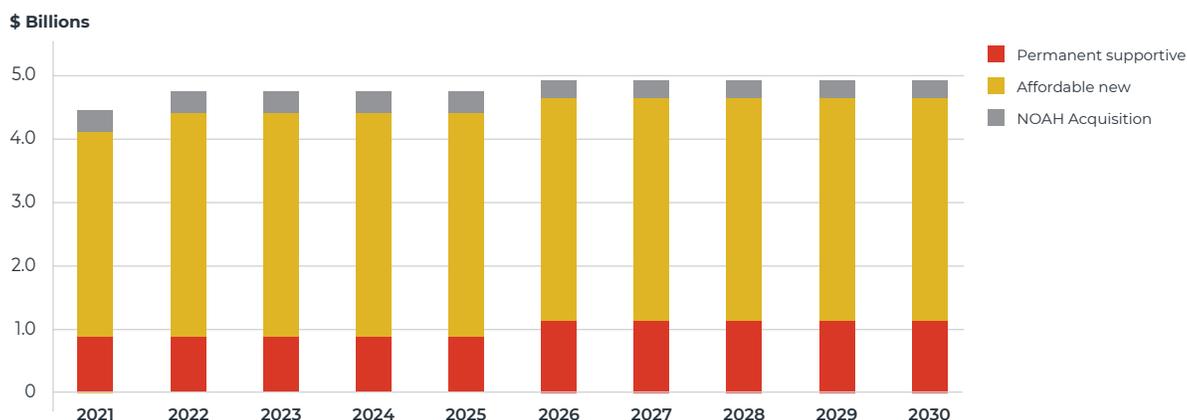
## Additional costs to strengthen and enhance Reaching Home

Additional expenditures totalling \$282 million per year are identified in order to:

- Maintain the additional funding allocated for the COVID-19 response (+\$157M/year), refocusing that funding from emergency response to ending homelessness
- Expanding Rural and Remote Stream to \$50M/year
- Developing a new funding stream at \$75m/year to prevent homelessness for women, children and youth.

<sup>29</sup> With a guaranteed Homeless Housing Benefit (HHB) or rent supplement agreement that established a higher (quasi-market) rent it would be possible to generate net income and carry debt. This would reduce immediate capital subsidy. Alternatively, if minimal rents (roughly equating to income assistance singles shelter allowances) are retained, there is little of no potential to lever debt, so a much larger capital grant is required.

## Annual Capital Cost Permanent Supportive and Affordable Units



These expenditure levels significantly exceed the announced funding under the NHS. These cost estimates also push beyond the objectives of the NHS (to reduce chronic homelessness by 50%) The **Recovery for All** proposes to end all homelessness, with the exception of responding to temporary and brief emergencies. As a result, it requires a higher level of investment.

But as past research has shown (HRSDC 2005, Pomeroy 2006, Stephen Gaetz, Tanya Gulliver, & Tim Richter 2014), there are substantial expenditures in the reactive emergency systems that can be reduced and to offset these proposed investments in ending homelessness.

The planned annual levels of activity, if continued over 10 years through 2030, will generate a total of 50,000 permanent supportive housing units; and 245,500 affordable units for those at risk (including 30,000 urban Indigenous). In addition, 55,000 individuals will be assisted on an ongoing basis in private market, community-supported existing housing with a housing benefit.

The costs are in the form of ongoing personal subsidy for the Homeless Housing Benefit and as one-time capital costs in the case of expanded stock, including both permanent supportive and affordable (with the latter including a specific allocation and cost to expand the urban Indigenous portfolio). Here, the capital expenditures assume that rent revenue and net income carry debt equal to half of the capital cost (75% for acquisitions) so the identified expenditure is only the grant portion.

## Additional costs to deliver supports

This array of new initiatives includes 50,000 units targeting individuals and families exiting the emergency system into housing stability. To achieve this stability requires some level of Housing First supports, ranging from Intensive Case Management (ICM) to Assertive Community Treatment (ACT) to modest level of support community support case workers (for example with Rapid Re-housing programs).<sup>30</sup>

These requirements will vary depending on the population being served and may also adjust over time as clients increase capacity for self-sufficiency and thus can remain stable with a lower intensity of supports.

The focus on this background report is on creating the housing platform that underpins a robust supportive housing system and reduces risk of future chronic homelessness. It assumes that some level of resourcing to deliver necessary support services already exists within the homeless-serving system and that these resources can be redeployed to serve residential-based populations. It is however likely that it will be necessary to augment existing support funding.

Also, past research has shown (HRSDC 2005, Pomeroy 2006, Stephen Gaetz, Tanya Gulliver, & Tim Richter 2014), there are substantial expenditures in the reactive emergency systems that can be reduced and to offset these proposed investments in ending homelessness.

Such estimates have not been examined in this brief. However, it is proposed that capital initiatives be funded primarily by federal funds, while ongoing support costs would be delivered through provincial-territorial budgets. This approach should be attractive to provincial and territorial governments who will receive increased federal housing investment, have the opportunity to optimize their homelessness investments into housing supports and receive the bulk of the cost savings achieved by ending homelessness.

## Potential economic and social impacts

In addition to ensure that National Housing Strategy Act, 2019 recognition of the human right to housing can be progressively realized, the proposed plan can also contribute to broad economic outcomes. These include both increase economic activity and a flow on effect to GDP, as well as a social impact in the form of reduced use and potential expenditure across the emergency systems impacted by homelessness: hospital use, policing and corrections and community services.

The economic impacts can be quantified based on levels of expenditure and drawing of Statistics Canada economic input model.<sup>31</sup> This provides estimates of the employment (FTEs) generated per \$ million of expenditure. The proposed plan involved a substantial level of investment in residential construction for both the permanent supportive housing and affordable housing, for which residential construction multipliers can be used. In addition, for supportive housing, staffing is required to deliver these supports, and a separate multiplier is generated by Statistics Canada.

<sup>30</sup> In scattered site Housing First, ICM is roughly \$15 -20k/per person per year. ACT is up to \$35k/person per year. Supports in supportive housing (place-based HF) for most homeless people would be in the range of ICM (i.e. \$15-20k). It is assumed here that Provinces would fund these support costs, with the benefit of savings in emergency services otherwise consumed by homeless persons; and the federal government would fund these capital investments.

<sup>31</sup> Statistics Canada. Table 36-10-0594-01 Input-output multipliers. Source: <https://www150.statcan.gc.ca/t1/tbl/en/tv.action?pid=3610059401>

The employment generated in in three forms:

- Direct jobs (e.g. onsite construction workers, or supportive housing workers)
- Indirect jobs (people working in supply train, such as delivery truck driver, lender)
- Induced jobs (due to those earning in direct and indirect jobs then spending income in economy).

For the two areas of activity in the proposed plan the employment effects are identified below. Supportive workers are assumed to be similar to the average of care facilities and social assistance case workers.

### Jobs (FTEs) per million

	Direct	Indirect	Induced	Total multiplier
<b>Residential building construction</b>	4.693	3.528	2.134	10.355
<b>Nursing and residential care facilities</b>	14.861	1.818	3.396	20.076
<b>Social assistance</b>	25.055	3.133	2.753	30.941

In the case of construction employment, this is time limited and ends when the project is completed. In the case of support workers, the employment is ongoing, and accumulates as additional units are supportive housing (either permanent place-based or scatter site community delivered). Estimates are based on the assumption that the cost per client for supports averages \$15,000 per year (reflecting a mix of low and high support need).

The annual construction and incremental additions to supportive and affordable housing noted above have a significant employment effect, which will be beneficial as part of a post-COVID recovery. Annually, the proposed plan generates in excess of 150,000 jobs. **Employment impacts (direct, indirect and induced)**

Annual construction jobs created (FTEs)	45,250
Annual supportive staffing jobs created (FTE's)	1,500
Cumulative support employment by year 10	15,000

## Conclusions

The background brief presents a comprehensive set of initiatives that together can end homelessness in Canada. It outlines an affordable and achievable path including measures that will create 500,000 jobs, save billions of dollars and rapidly address Canada's housing crisis.

It is acknowledged that there will always be emergencies, and thus a need for emergency shelters. We all have occasion to visit the emergency ward at the hospital – but no one ever remains in that emergency ward beyond the period of emergency treatment – so why through the lack of housing options do we plan and force individuals to “live” in an emergency shelter for months and years?

The COVID-19 pandemic has provided a wake-up call and broad awareness that not all Canadians have a home to go home to and to stay safe in. We must prepare now for a new phase of COVID-19 and future pandemics. A future pandemic, or an additional COVID-19 wave, is inevitable. Emergency preparedness planning must therefore emphasize minimizing the necessity to empty shelters and to use temporary accommodations in order to slow and stop the community spread of infectious disease.

This report places an urgent priority on ramping up housing options to minimize a return to the pre-COVID-19 status quo, of “housing” people in emergency shelters.

It does so by identifying immediate options: investing in an enhanced Homeless Housing Benefit to expand opportunities to secure existing housing and acquiring suitable properties such as motels and student rooming house type accommodations that may now be surplus and available.

It outlines initiatives to gradually expand the stock of Permanent Supportive Housing (PSH) in part because some persons experiencing chronic homelessness have acute needs and have a greater chance of achieving housing stability in PSH. It also does so because insufficient low-rent options exist in the market – and those that do exist are being rapidly eroded. This includes a blend of modular construction, a proven approach that can be implemented more quickly than building on site, as well as regular construction.

It also seeks to slow and end the flow into homelessness for the much larger number of individuals and households at risk – mostly due to low income and unaffordable rents, again exacerbated by an insufficient and eroding stock of low to moderate rental homes.

The overall target encompasses sub-targets for distinct populations including, most importantly, urban Indigenous individuals and families through adopting a for Indigenous by Indigenous approach.

And it combines initiatives that would both add to new supply and capture and preserve existing naturally occurring affordable housing (NOAH) units that are being eroded through an ongoing process of financialization (i.e., the purchase of existing moderate rent “underperforming properties” with the intent to raise rents and yields for investors).

The report highlights the need to ensure a sufficient stock of low rent, affordable housing to reduce high rent stress and risk of homelessness as well as slowing the ongoing flow into chronic homelessness.

Accordingly, it proposes to assist a total of 300,000 affordable units, including a blend of new build and preserving existing NOAH stock through non-profit acquisition. And this includes a target to create new housing opportunities totaling 50,000 permanent supportive housing spaces.

These targets build on the initial targets of the National Housing Strategy. The unique impact of the COVID-19

crisis creates a critical juncture to evaluate and reset the original targets, with an emphasis on using the recovery phase to ensure housing for all.

As the *National Housing Strategy Act, 2019* recognizes the human right to housing, the proposed plan is necessary to ensure that this right can be progressively realized. This aligns with the CMHC Board adopted objective that by 2030, everyone in Canada has a home that they can afford and that meets their needs.

The **Recovery for All** campaign supports CMHC's bold objective, while providing an actionable framework that by 2030 will ensure a decent and affordable home for everyone regardless of circumstance.

## Appendix A: Detailed unit production and costs

(as reflected in charts)

### Incremental units added to households assisted

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>1 Homeless Housing Benefit - incremental units</b>										
Stand-alone community support	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
HHB cumulative	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	55,000
<b>Incremental units added and households assisted</b>										
Permanent supportive housing										
<b>2 Motels &amp; rooming house acquisition</b>	1,000	1,000	1,000	1,000	1,000					
<b>3 Modular units</b>	4,000	4,000	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>4 New build</b>					2,000	2,000	3,000	3,000	3,000	3,000
<b>New affordable construction</b>										
<b>6 Affordable new build - regular</b>	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
<b>7 Affordable new build - urban Indigenous</b>	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>8 NOAH acquisition</b>	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
<b>Cumulative additions</b>										
Homeless Housing Benefit	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	55,000
Permanent supportive housing	5,000	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000
Acquired and new affordable housing	24,500	49,000	73,500	98,000	122,500	147,000	171,500	196,000	220,500	245,000
<b>Grand total units and assisted</b>										
Annual additions	39,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500
Cumulative	39,500	74,000	108,500	143,000	177,500	212,000	246,500	281,000	315,500	350,000

### Cost estimates (\$ billions)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	TOTAL
Permanent Supportive	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	<b>10.4</b>
Affordable New	3.1	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	<b>34.3</b>
NOAH Acquisition	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	<b>3.4</b>
Enhance Reaching Home	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	<b>2.8</b>
Homeless Housing Benefit	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	<b>1.7</b>
<b>TOTAL</b>	<b>4.7</b>	<b>5.1</b>	<b>5.1</b>	<b>5.2</b>	<b>5.2</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>	<b>52.6</b>

**Notes:****1. Estimated capital budget required per unit (net capital subsidy after utilizing project supported financing)**

<b>Permanent Supportive Housing</b>	<b>net subsidy per unit</b>
Motels & Rooming House Acquisition	\$50,000
Modular Units	\$225,000
New Build PSH	\$225,000
<b>New affordable construction</b>	
Affordable New build Regular	\$175,000
Affordable New Build - Urban Indigenous	\$225,000
NOAH Acquisition	\$45,000

**2. Homeless Housing Benefit**

Assumes average monthly subsidy of \$400 for singles; \$600 for families and a blend of 80% singles/20% family.

## Overall Summary of outcomes and impacts

### Housing Outcomes

#### Persons assisted

##### Reduced number of chronic homeless

	Individuals or families
Current backlog in system	27,000
Prevent future growth chronic homeless (without actions)	23,000
Number of households at risk removed from need	
Via housing Benefit	50,000
Via new additions to affordable stock	295,000

#### Additional affordable and supportive homes created

New permanent supportive housing spaces	50,000
New affordable housing units	140,000
New affordable housing targeting Indigenous	30,000

#### Existing private affordable rental homes acquired and preserved

75,000

#### Employment impacts (direct, indirect and induced)

##### FTE's

Annual construction jobs created (FTEs)	49,250
Cumulative construction jobs created (FTE's)	480,375
Annual supportive staffing jobs created (FTE's)	1,500
Cumulative support employment by year 10	15,000

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