Executive Summary

The Federation of Canadian Municipalities and its Big City Mayor's Caucus have developed this report to advocate a long-term funding framework, together with a comprehensive national strategy focusing on eliminating chronic homelessness and significantly reducing the housing need problem that confronts one in every six (1.4 million) Canadian households.

Since 2001, Canada's municipal, provincial/territorial and federal governments have worked together with private-sector builders, landlords and community organizations on this issue. They have learned valuable lessons, strengthened their expertise and achieved modest results. In the past five years, some 27,000 assisted housing units have been added to the existing 600,000 built under pre-1994 programs. A strong foundation has been laid. Now it is time to build on this foundation.

A funding precipice

The main impediment to expanding these efforts is the scheduled expiry of all federal social housing funding programs in March 2009. This will mean the termination of $2 billion in funding available in the 2007-2009 period. At the same time, ongoing federal subsidies for existing social housing are already expiring and in the next 10 years annual spending on assisted housing will decline by an additional $500 million.

This federal spending is linked to provincial-territorial cost-sharing programs and agreements, so provincial-territorial treasuries with gain parallel reductions

The termination of these funding streams will seriously undermine efforts to attack the issue of homelessness and associated problem of lack of affordable housing. It will also weaken efforts in many cities to renew and revitalize neighbourhoods.

The consequence is that problems of homelessness and housing affordability, which are already straining the limited resources of Canada's cities, will undermine the economic well-being of these cities, which are widely acknowledged as the engines of national economic growth, competitiveness and productivity.

These are not just social issues; they are core economic issues. And they are not just local issues, they are national issues.

Why a national action plan?

Housing is a basic and fundamental issue affecting individuals and communities and an important determinant of health and well-being. It is also the largest asset for most families and a key element of both the wealth and health of individuals and the overall economy. Housing affects the national economy and a range of stakeholders including consumers, builders, developers, realtors, landlords and mortgage lenders.

All orders of government are involved in housing to some extent through regulation, policies and funding. Canada needs a long-term and sustaining funding framework for housing that provides sufficient and predictable funding to enable implementation of solutions locally. Canada's municipal governments have proven themselves ready and willing to fund, deliver and manage locally appropriate strategies and programs, but lack the fiscal capacity to respond effectively to the issues of homelessness and housing affordability.

Guiding Principles

In calling for a long-term sustaining approach, FCM is guided by the following principles:

- Build on our affordable housing legacies as a country that cares.
- A housed population is a productive and secure population.
- Housing is an essential component in the creation of healthy, well-functioning neighbourhoods/communities.
- Housing is by nature multi-jurisdictional and requires the ongoing participation of all orders of government, together with the private and ngo community sectors.
- Resources and action are required in all communities to reach every Canadian family and individual.
- Actions and funding must be both long-term and predictable and sustained.
- Housing assistance is effectively a form of income redistribution and should be funded through progressive income tax revenues, not through municipal property taxes.

The objective of the action plan is to secure new long term government investment to harness and maximize the impact of existing assets and new investment. Over a sustained period this will reduce homelessness, improve housing affordability and restore a well functioning housing system with healthy dynamic neighbourhoods.

Five targets, ten years

Canada's municipalities are proposing a comprehensive strategy over the next 10 years (2008-2017) to meet the following targets. The priorities are: (1) to preserve and enhance existing assets; (2) to reduce homelessness and the number of people needing housing; and (3) to expand the supply of affordable housing necessary to meet existing and future need.

1. End chronic homelessness in 10 years

Create 20,000 new transitional supportive and permanent affordable housing opportunities (2,000 per year) and appropriate support to stabilize underlying issues that contribute to chronic homelessness (e.g., mental health and addiction).

2. Expand the stock of affordable non-market housing by 15 per cent of total annual housing starts each year

A growing population creates new households, and an estimated 15 per cent of these new households will need housing. This means 25,000 to 30,000 new households in need per year. This goal aims to create enough new permanent affordable housing to stabilize housing need. This housing can include new construction and acquisition/preservation of existing market units.

3. Reduce the backlog in core housing need by 25 per cent over 10 years (35,000 households per year)

This will use a variety of approaches, including rental assistance and assisted home ownership, as well as new construction or acquisition/preservation, to expand the number of affordable non-market units.

4. Preserve and modernize Canada's existing social housing stock at the rate of 20,000 units a year and renew existing subsidies

One-third of existing social housing stock (220,000 units) is at risk. This goal will ensure they are retained and modernized and that expiring subsidies are renewed to ensure the units remain affordable.

5. Extend and revise the Residential Rehabilitation Assistance Program to improve conditions in existing private (homeowner and rental) stock to rehabilitate 10,000 homes annually.

This would continue to assist low-income owners and people with disabilities to rehabilitate existing homes and help private landlords (including rooming houses) to bring rental properties up to minimum standards while preserving affordable rents.

Targets acheiveable by recommitting and reinvesting existing funding

The estimated gross cost of implementing local strategies that will collectively meet these five identified target outcome levels is estimated at $3.35 billion annually to be shared by all orders of government.

However, this is not new money. Much of this is already being invested and is scheduled to end in 2009. Renewing commitments at a level consistent with current funding under the Residential Rehabilitation Assistance Program (RRAP), Homeless Partnering Strategy (HPS) and the Housing Trust Funds involves a total of $2 billion over two years (2007-2009). Most of this is matched with provincial investment. This can be augmented by reinvesting spending from expiring social-housing operating agreements (federal expenditures currently $100 million annually, rising gradually over the next 10 years to $500 million annually), also largely paralleled by provincial/territorial spending.

In addition, these estimates do not consider the revenues generated by the recommended housing market activity, which are estimated to generate more than $500 million tax revenue for the federal government and roughly $175 million for provincial/territorial governments. This fiscal offset substantially reduces the net cost to federal and provincial/territorial governments.

Municipalities will continue to provide in-kind contributions (staff coordination, waiving fees and charges and providing land) and municipal grants, as well as taking leadership to develop and help implement local action plans on housing and homelessness, working with both business and community stakeholders.

Overall, the targets can be achieved simply by the federal government committing to sustain federal spending at current (2007/08) levels and reinvesting ongoing savings in existing social housing subsidies as funding agreements expire and by provinces and territories matching these federal investments.