



September 23, 2024

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Review Panel on the Financialization of Purpose-Built Rental Housing  
National Housing Council  
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Dear Sam Watts, Ann McAfee, and Maya Roy:

On behalf of the Government of Canada, I would like to thank the review panel for the report on the financialization of purpose-built rental housing. I am grateful to the review panel for your work on this important topic, as well as the participants who contributed their experiences and expertise through this process. I recognize the important milestone that is marked by this first ever review panel on a systemic housing issue under the **National Housing Strategy Act** (NHS Act), and note the significance of this contribution towards helping to ensure that the needs and experiences of affected communities remain central to our approach to solving the housing crisis and supporting those with greatest need. Pursuant to section 17.2 (1) of the NHS Act, I am pleased to respond to the report and its recommendations.

The housing crisis we face today has made finding a safe, long-term home more difficult for too many Canadians across the housing continuum, from coast to coast to coast. The crisis has had a disproportionate impact on low-income renters, and particularly those who face systemic barriers including Indigenous peoples, racialized groups, seniors, people with disabilities, those fleeing gender-based violence, newcomers, and other equity-deserving groups.

This didn't happen overnight. Decades of underinvestment in housing and restrictive planning policies have led to a widening housing supply gap, which has contributed to steep rent increases and the lack of affordable housing options. There simply aren't enough homes being built to meet the housing needs of everyone in Canada.

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In 2017, Canada started investing in housing again through the launch of the National Housing Strategy (NHS). For the first time in decades, our country invested in more housing for low-income and vulnerable Canadians, we started incentivizing rental construction, and we created programs to make it easier for people to buy their first home.

This allowed us to achieve near record levels of home construction, and the fastest pace of building in decades.

However, as we came out of the pandemic, housing pressures grew. A lot of Canada's housing stock was purchased while interest rates were low and more people came seeking opportunities in Canada. Then higher interest rates slowed the economy, including home construction.

Today, the national housing crisis presents one of Canada's greatest social and economic challenges.

That is why, in April 2024, the Government of Canada came forward with **Solving the Housing Crisis: Canada's Housing Plan**. The Plan charts an ambitious whole-of-government approach to solve today's housing supply and affordability crisis through a broad suite of measures, reiterated in and supported by Budget 2024. Not only will these measures help to build more homes, make it easier to rent and own a home, and help Canadians who cannot afford a home, but they include key initiatives that respond to the Panel's recommendations with respect to both increasing the supply of affordable rental housing and strengthening tenant supports and protections.

### **Increasing supply of rental housing and addressing affordability**

Through Canada's Housing Plan and Budget 2024, the Government of Canada has focused on accelerating housing supply to lower housing costs. We have introduced a series of measures to unlock millions of homes in the coming years. These measures will make it easier to build homes at a faster pace by helping to remove regulatory and zoning barriers and bring down the cost of homebuilding by providing low-cost financing, making land available and incentivizing builders of purpose-built rental units through tax measures. We are also building up Canada's residential construction workforce, by better aligning our immigration levels planning and skilled trades training with housing priorities, as well as investing further in innovative housing solutions and designs.

The Government's overall strategy to leverage and enhance existing programs, while introducing new targeted initiatives, will help improve housing affordability and address housing needs, including for renters and vulnerable populations.

## **Increasing supply of rental housing**

In order to build more rental homes faster, through Budget 2024, the Government of Canada is providing an additional \$15 billion to the Apartment Construction Loan Program (ACLP) following the funding of \$15 billion announced in the 2023 Fall Economic Statement, bringing the total to \$54.9 billion. We are also reforming the program to make the loans easier to access by builders of rental housing, including for student and seniors housing projects. Under Canada Builds, we are leveraging the ACLP to scale up rental homes by making the federal financing available to provinces and territories who come forward with their own ambitious housing plans.

To further incentivize housing supply, the Government has eliminated the GST from new rental apartment projects, co-ops and student residence projects until 2031.

To better meet the housing needs of vulnerable groups, the Government of Canada is increasing the supply of affordable housing and repairing existing homes through the \$14.6-billion Affordable Housing Fund (AHF), including \$1 billion in the 2023 Fall Economic Statement to continue supporting projects in affordable and community housing, urban Indigenous community housing, and mixed-use market or affordable rental housing, and \$976 million in Budget 2024 to build deeply affordable housing, supportive housing, and shelters for the most vulnerable. As of June 2024, the AHF has committed \$9.4 billion to create more than 37,000 new units and repair or renew more than 165,800 units, including more than 23,700 new units and more than 130,500 repaired units that rent for under 80% median market rent.

The Government of Canada has also made historic investments in co-operative housing, through \$1.5 billion announced in Budget 2022 and the 2023 Fall Economic Statement. Recently launched, the Co-Op Housing Development Program is the largest investment supporting the co-op housing sector in the last 30 years. This program demonstrates the Government's commitment to growing the non-market housing sector. The first application window launched on July 15, 2024.

Through the new Public Lands for Homes Plan announced in Canada's Housing Plan and Budget 2024, the government is unlocking underused public land for housing by reviewing the government's entire portfolio of federally owned land to identify properties that are suitable for housing and will partner with homebuilders, not-for-profits, and co-ops to build affordable housing on federal sites, as well as leading a Team Canada effort to use federal, provincial, territorial and municipal public lands across the country. Among other measures, this Plan includes a \$116.9 million top-up to the Federal Lands Initiative which is expected to unlock a minimum of 1,500 additional homes, including 600 additional affordable homes. The Federal Lands Initiative, which was first launched in 2019, supports the transfer of surplus federal lands and buildings at discounted to no cost, to be developed or renovated for use as affordable housing. Since its launch, as of June 2024, the program has committed over \$120 million to support the creation of more than 3,700 units, of which more than 1,500 will be under 80% median market rent.

Taken together, these initiatives will contribute to closing the supply gap for rental housing and affordable housing units.

I note your comparisons between Canada's investment in social housing and those investments in other developed OECD countries. The Government of Canada is using every lever at its disposal to address the housing crisis, including tax measures, repayable and forgivable loans, grants and contributions.

While we know there is more to be done to meet everyone's housing needs, we have taken significant steps towards the progressive realization of the right to adequate housing, and we must continue to work together to leverage the capacity, expertise and investments of all partners in the housing system.

As the federal Minister of Housing, Infrastructure and Communities, I will continue to report to Parliament on a triennial basis on the effectiveness of the NHS, including programs aiming to increase the supply of rental housing. NHS results are also available online, and are updated on a quarterly basis, providing a one-stop source of information on the progress of the NHS. We are committed to monitoring progress and outcomes of NHS programs as it is crucial to understand how public investments are driving improved housing outcomes for Canadians.

### **Addressing long-term affordability of rental housing**

I thank the review panel for its recommendation to keep rental housing funded by the Government affordable in perpetuity. Through our programming, we have maximized the duration of affordability requirements over the long term. That said, our program design also takes into account financing risks faced by proponents.

For example, in the context of the AHF, which has a minimum affordability duration requirement of 20 years, the majority of proponents are mission driven organizations or levels of government that provide affordable housing and it is anticipated that affordability could reach beyond the 20 years during which it will be monitored. Maintaining government ownership of public lands enhances the feasibility of supporting affordability over even longer time horizons. That is why the Public Lands for Homes Plan will further enable leasing of public lands so more public land stays public and affordable homes stay affordable.

We recognize that homes are where people live and should not be treated as a speculative financial asset class for large investors. While we work to keep affordable housing affordable, it is important to acknowledge that most rental housing will continue to be built and managed by the private sector, as you noted in your report. Increased private sector participation will be critical to accelerate new housing and address the scale of the challenge facing our nation. While I note the panel's recommendation to reserve government funding and financing for existing purpose-built rentals for the non-profit or public sector, I also recognize the expertise, capacity, and the scale of the investment that the private sector is positioned to contribute to addressing this housing crisis. No one player alone can address this crisis. All sectors have a key part to play in ensuring everyone has a safe and affordable place to call home. I am eager to work with the community housing sector as well as the private sector to adequately and effectively incentivize the creation and maintenance of affordable housing. In the meantime, I agree that we need to better understand the role of financialization on purpose-built rental housing to inform the appropriate responses.

### **Protecting the supply of affordable housing**

The Government of Canada recognizes the importance of preserving the affordability of existing units and preventing further loss of affordable housing. For many years, the community housing sector has called on the federal government to create a dedicated acquisition fund. Social impact investors and foundations have also been calling on the Government to create pathways to enable them to support affordable and community housing. In response, Budget 2024 announced \$1.5 billion in funding for a new Canada Rental Protection Fund. Co-led and co-funded with partners, the fund will mobilize investments and financing from the charitable sector, private sector, and other orders of government to create a sustainable source of capital that will enable affordable housing providers to acquire units, prevent them from being redeveloped into out of reach condos and luxury rentals, and preserve rents at a stable level for the long term.

I value the input that the review panel has provided to inform the design of this important initiative. The insights that you gained, through your engagement with experts, civil society, stakeholders and people with lived experience of housing need and homelessness in the course of the review panel hearings, will help us design a program that is most effective in preserving existing affordable housing units. The Government is also engaging with other partners including the community housing sector, foundations and social impact investors, other levels of government and Indigenous housing organizations on the design of the Fund to help ensure it is also positioned to support the long-term sustainability of the community housing sector.

I thank the review panel for its recommendation regarding a rental acquisition program that would allow community housing providers to cover needed repairs as well as ongoing maintenance and capital costs to support the long-term success of the project. This consideration will be taken into account in the context of the design of the Rental Protection Fund, which will aim to allow sufficient flexibility for community housing providers to expand and manage their portfolios as they see fit so as to maximise their impact over the long term.

The Rental Protection Fund will complement the existing Federal Community Housing Initiative (FCHI) and Canada Community Housing Initiative (CCHI) that help to protect affordable housing and support the community housing sector. Launched in 2018, the FCHI has been providing rental assistance and transitional funding to community housing providers with expired or expiring federally administered operating agreements, to maintain the affordability of existing units and prevent the loss of these units as historical funding agreements expire. As of June 2024, FCHI Phase II has provided direct support for more than 9,900 low-income community housing units with operating agreements, which supports the continuing availability of more than 43,700 community housing units. As part of the bilateral agreements with provinces and territories, the CCHI provides predictable, long-term funding to protect, regenerate and expand social and community housing.

I note the review panel's recommendation to create non-market housing bonds to fund non-market housing providers' acquisition and operation of affordable rental housing. Through the Housing Plan, we are expanding the Canada Mortgage Bond (CMB) program, which will enhance the capacity to finance social housing loan pools and multi-family loan pools that have a minimum of 20% of loans insured under the affordability stream of MLI Select, a CMHC multi-unit mortgage loan insurance product. The expanded CMB will assist community housing providers in accessing financing to build more affordable housing.

### **Strengthening tenant supports and protections**

Renters across the country are facing exorbitant housing costs and a shortage of affordable rental housing options. In addition, renters or prospective renters can experience discrimination and housing insecurity, exacerbated by the already limited rental supply and when their landlords do not follow provincial laws. Housing is essential to the dignity and well-being of individuals and housing should be treated as homes for people. I note the negative tenant experiences shared with the review panel and the identified potential impacts of financialization. Tenants' rights must be respected, and tenants should not worry about losing their homes to renovictions and other unfair practices, such as illegal rent increases.

While our investments to boost the supply of affordable housing will mitigate some of the impact on renters as new supply comes online, more needs to be done to protect and support renters. That is why the Government of Canada has introduced a suite of measures to help protect renters from unfair rental practices.

## **Housing support for tenants facing precarity**

To provide relief for rising housing costs for some of Canada's most vulnerable individuals, the Government of Canada introduced the Canada Housing Benefit (CHB), a joint investment of \$4 billion (2020 to 2028) with provinces and territories. It provides direct financial assistance to households, because no one should have to choose between paying their rent and putting food on the table. Thirteen distinct CHB programs were co-developed with provinces and territories and are delivered by provincial and territorial partners to address the unique housing affordability challenges experienced in each jurisdiction.

As of June 2024, more than 154,500 households across the country have been supported by the CHB. Budget 2021 announced additional federal funding of \$315.4 million for the CHB to be cost-matched by provinces and territories from 2021-22 to 2027-28, to provide targeted financial assistance for survivors of gender-based violence. An additional \$99 million, also to be cost-matched by provinces and territories, was announced in 2023 to provide further support to households in housing need. In addition to the CHB investments administered by provinces and territories, the federal government provided one-time \$500 payments to low-income renters to assist with their housing costs in 2022 and 2023.

I note the review panel's recommendations to establish the CHB as a permanent federal program and broaden the eligibility criteria to include all low-income tenants spending over 30% of their household income on rent. The CHB was designed with the intent to address unique local needs, allowing each jurisdiction to determine how they prioritize funding. The CHB works to complement other initiatives that help keep rents affordable, such as rental assistance to providers or housing subsidies.

While the CHB programs provide housing benefits directly to tenants, the Provinces and Territories (PT) Priority Funding, along with FCHI and CCHI noted previously, also provide PTs with funding they can use to support vulnerable renters to keep their rents affordable, including low-income households. Overall, funding committed through these programs provides affordability support to more than 356,000 households, as of June 2024.

## **Tenant protections**

With rental discrimination, renoviction and other unfair practices at play, renters are at risk of experiencing housing insecurity and instability, which heightens the risk of homelessness. Renters have rights. While tenant rights and landlord-tenant relations fall under the jurisdiction of provinces and territories, the Government of Canada is committed to working with our provincial and territorial partners to better protect and support renters in Canada and help ensure that renting a home is fair, open, and transparent.

The Blueprint for a Renters' Bill of Rights, announced on September 16, 2024, is part of the Government's commitment to advancing the right to adequate housing through improving housing access and affordability. The Blueprint outlines key principles that can be adopted across the country to better support renters. These principles support a fair and effective renting system. Working together with provinces and territories, we will look to advance our principles-based approach to drive collective and meaningful change in the renting system and level the playing field for those who rent. This includes ensuring everyone has a safe and affordable place to call home, fostering transparency and fairness in renting practices, addressing inequity in renting including rental discrimination, and safeguarding the rental housing system through education and regulations. I appreciate the insights that the review panel members provided to Housing, Infrastructure and Communities Canada, as these have been valuable in informing the design of the Blueprint.

This will be complemented by the \$15 million Tenant Protection Fund announced in Budget 2024 that will provide funding to organizations to support access to legal information and advice services for tenants facing legal housing matters. Together, these initiatives will strengthen awareness and understanding of renters' rights.

### **Better data to respond to unmet housing need**

Our government knows that having accurate information and data is crucial for understanding the root causes of housing challenges and housing need. With more robust data, we can better identify gaps, track progress, and implement effective solutions to ensure safe, affordable housing for all Canadians.

With the launch of the NHS, we expanded our data collection and dissemination capabilities in collaboration with key partners including Statistics Canada and Employment and Social Development Canada. Through the Housing Needs Data initiative, the Canadian Housing Survey, the Social and Affordable Housing Survey-Rental Structures, and the Rental Market Survey, along with our Core Housing Need/Severe Core Housing Need measures, we are able to better measure housing need and assess trends in socio-economic and well-being outcomes over time. Further, Budget 2024 provided \$20 million over four years to modernize and enhance the collection and dissemination of housing data, including municipal-level data on housing starts and completions. These initiatives help us to better understand the housing landscape, develop data-driven responses to the housing crisis, and monitor the progress of our actions, including the National Housing Strategy and Canada's Housing Plan.



In closing, I thank you once again for the report and its recommendations. Through Canada's Housing Plan and Budget 2024, the Government of Canada is committed to rapidly expanding rental housing supply, including the expansion of affordable housing supply and growing the non-market housing sector, and implementing measures to help protect tenants. The Government of Canada remains committed to furthering the progressive realization of the right to adequate housing as affirmed in the International Covenant of Economic, Social and Cultural Rights, in alignment with the NHS Act. Together, the measures I have outlined above will help mitigate the potential negative impacts of financialization. In the meantime, it is critical to ensure that members of impacted communities can share their experiences to inform how these measures are working, including through review panel processes.

Your work as the review panel on the financialization of purpose-built rental housing is important to upholding the principles of a human rights-based approach to housing by enabling the participation of people with lived experience of housing need and/or homelessness to inform policy. The insights that you have presented will continue to inform the implementation of the NHS and Canada's Housing Plan.

Please accept my best regards.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Fraser', written in a cursive style.

The Honourable Sean Fraser, P.C., M.P.  
Minister of Housing, Infrastructure and Communities