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To: Chair and Members of Planning and Development  
Committee

From: Edward R. Sajecki, Commissioner of Planning and  
Building

Originator's file:

CD.06.AFF

Meeting date:  
2016/11/14

## Subject

**Information Report (All Wards)**  
**Comments on National Housing Strategy (NHS)**  
**File: CD.06.AFF**

### Recommendation

That the report titled, "*Comments on the National Housing Strategy*" from the Commissioner of Planning and Building, dated October 25, 2016, be received and forwarded by the City Clerk to Canada Housing and Mortgage Corporation (CMHC).

### Background

The lack of affordable housing is a significant challenge across the country and is a serious matter that needs to be addressed. A National Housing Strategy (NHS) with a bold vision and long term plan is needed to address this growing concern amongst Canadians. Supporters for a NHS have been advocating for many years to bring a plan forward and to find ways to combat the issue of housing affordability.

The goal for Canada's NHS will be to develop robust affordable housing solutions that respond to the challenges faced by Canadians. In developing this strategy, themes such as sustainability, affordability, inclusivity and flexibility will be explored. Furthermore, Canada's NHS will aim to develop a vision for housing that:

- speaks to all Canadians
- addresses the full housing continuum from homelessness to ownership housing
- enhances the lives of those who are most vulnerable
- ensures housing is the focal point of communities, and
- identifies the significance of housing in order to reach other social, economic and environmental objectives

In order to shape a NHS, CMHC began public consultations in June 2016. The focus is to understand the challenges Canadians are experiencing in obtaining affordable housing. Canadians from all walks of life have been engaged to better understand their view on what the NHS should achieve. Public consultations took place on-line and through focus groups. The City provided a response to CMHC through a written statement outlining how to shape the NHS and the principles to be included (attached as Appendix 1).

The results of the consultation will be released on November 22<sup>nd</sup>, National Housing Day. The City will monitor the progress in the development of a NHS and continue to participate in the discussions.

**Comments**

Mississauga is facing considerable affordable housing challenges. One in three households spends more than 30% of their income on housing. Through the work on the Affordable Housing Program, it has been determined that both lower and middle income households, the forgotten middle, are struggling with housing affordability.

As a 2<sup>nd</sup> tier municipality, the upper-tier (Regional government) is the Service Manager (SM) and accountable for providing housing. The Region has elected to focus on the most vulnerable, by reducing the waiting list for those in need of housing. However, this approach does not address the growing needs of the middle income households – the ‘forgotten middle’, or workforce, who cannot afford to rent or buy a home in Mississauga (Figure 1).

In order to ensure the ‘forgotten middle’ is addressed, the City needs the support of all senior levels of government. New funding mechanisms and powers granted at the federal level are necessary to achieve the reform in the housing system.



Figure 1: Examples of middle income households include people working as journalists, social workers, and registered nurses.

A comprehensive review of the taxation laws and other revenue generating tools should be a priority. Land value capture and personal income tax deductions for second units are emerging ideas to incent new affordable housing. Some notable taxation programs in the United States include the Low Income Housing Tax Credit to assist new construction and rehabilitation of current affordable rental housing, and Tax Exempt Housing Bonds that finance low-cost mortgages for lower income first-time homebuyers. Capital incentive programs include the National Housing Trust Fund which provides grants dedicated to preserving, rehabilitating and

increasing the supply of rental housing and the Florida Community Loan Fund which offers financing to non-profit organizations to develop affordable housing.

Additionally, a reassessment of past federal housing programs should be undertaken, and renewed to drive interest among housing providers to build purpose-built rental housing. Capital cost allowances and upfront soft cost deductions provided a financial stimulus for much of the existing historical rental stock.

At the September 13<sup>th</sup>, 2016 Affordable Housing Advisory Panel meeting, a roundtable discussion identified priorities for a NHS. Based on this discussion, and themes in the City's work on the Affordable Housing Program, the City has identified the following strategic directions it believes should be considered in the development of a NHS:

- continue to fund existing social housing
- create new programs and policies to support new affordable homeownership
- create new programs and policies to encourage purpose-built rental housing
- provide funding to address middle income affordable housing needs
- undertake a review of taxation laws and implement systems reforms
- design predictable, transparent and enduring housing programs
- provide surplus federal land for affordable housing
- provide leadership in data to understand the scope of the problem
- address the underlying causes of affordability issues

### **Strategic Plan**

The need to address affordable housing requirements originated from the Strategic Plan "Belong" Pillar. Two strategic goals relate to affordable housing – Ensuring Affordability and Accessibility and Support Aging in Place. Three actions link to the work underway for the affordable housing strategy:

Action 1 – Attract and keep people in Mississauga through an affordable housing strategy.

Action 6 – Expand inclusionary zoning to permit more housing types and social services.

Action 7 – Legalize accessory units.

### **Financial Impact**

Not applicable at this time. The financial impact will be determined based on the direction of the NHS.

### **Conclusion**

The challenges of housing affordability are complex. The City recognizes affordability can only be effectively addressed with a long term commitment by all levels of government and through the ongoing cooperation and collaboration of local non-profits, housing developers, and individual property owners. The City welcomes the opportunity to work in partnership with

stakeholders across the housing continuum to address affordable housing needs in the community.

**Attachments**

Appendix 1: Canada Mortgage and Housing Consultation  
Let's Talk Housing - Mississauga Response



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Edward R. Sajecki, Commissioner of Planning and Building

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## APPENDIX 1:

### Canada Mortgage and Housing Corporation Consultation Let's Talk Housing Mississauga Response

Mississauga, like other large growing cities, is facing considerable affordable housing challenges (last page has key facts). One in three households in the City spends more than 30% of their income on housing. Affordability is more of an issue for renters (43% face affordability challenges) than owners (27% face affordability challenges) with 5,688 households on the centralized waiting list for subsidized rental units.

Affordable housing is also needed for middle income households (those earning between \$55,000 and \$100,000). The demand for affordable housing has meant that many of these households are either in housing they cannot afford or occupying housing that is not available to those with the lowest incomes. Action is required to address the housing needs of the “**forgotten middle**” segment of the population.

The City is developing its own Affordable Housing Program and is exploring all the tools available to address the challenges; however, the City must rely on senior levels of government for financial support and housing assistance programs.

Mississauga is in a two-tier municipal administrative system where the upper-tier regional government is the Service Manager responsible for housing. The property tax base is not sufficient to provide the financial support needed for affordable housing initiatives. Mississauga will continue to support the Service Manager for social and subsidized housing with available tools at its disposal but also recognizes the need to promote affordable housing for middle income households and the workforce.

The following are strategic directions which the City believes the federal government should consider in the development of a National Housing Strategy.

#### **1. Continue to Fund Existing Social Housing**

The federal government's social housing operating agreements are beginning to expire. Under these agreements the federal government provides subsidies to low-income tenants until the mortgages are paid off. If funding is not provided to social housing operators to continue to subsidize these tenants some of the immediate consequences will mostly impact cities (e.g. increased homelessness and other social costs)

*Action: The federal government should continue to fund existing social housing developments after federal operating agreements have expired to protect the most vulnerable households.*

## 2. Support Middle Income Affordable Housing Needs

In many larger cities there are limited housing choices for middle income households (those earning between \$55,000 and \$100,000). These households represent a major component of the local workforce. Increasingly they struggle to find suitable housing close to where they work yet are unable to access housing assistance programs because their incomes are too high.

- A variety of programs are required to address affordable housing needs along the housing continuum from homelessness (deep need) to home ownership (work force housing)
- Engaging stakeholders across the housing continuum from cooperatives and social enterprises to non-profit and private developers will facilitate innovation and address housing challenges
- Providing support to middle income households frees up more affordable units for those in deep need
- Middle income households need more affordable rental and ownership housing supply to be developed

*Action: The NHS should speak to the need to have adequate affordable workforce housing in proximity to employment areas to support sustainable, healthy and complete communities and the economy.*

## 3. Support Affordable Home Ownership

Home ownership can encourage movement away from subsidized housing, allowing households to build capital and gain financial security. The supply of affordable ownership housing is needed to support middle income households and move people away from poverty.

- Affordable ownership supports different households (e.g. families, multi-generational households)
- Affordable ownership can ensure subsidized and social housing units are available for those in deep need
- Home ownership is needed for long-term financial security in an era of diminishing pensions
- Ownership supports the creation of stable communities where people develop ties and participate in civic life
- Affordable ownership is often sought by employers to support their labour force needs

*Action: The NHS should support home ownership through innovative grant, loan and taxation programs (e.g. shared equity mortgages, revolving loan programs, income and other tax credits to create second units).*

#### 4. Encourage Purpose-Built Rental Housing

Rental housing provides flexibility in housing choices that is needed for those with affordability issues and at different stages of the life cycle (e.g., students, older adults).

- Increasing the proportion of rental housing for greater diversity in the housing stock is a common concern among municipalities
- The vacancy rate of 1.6% in Mississauga is well below a balanced market
- Demand for rental housing will continue to grow particularly for younger households with the introduction of the new mortgage stress test
- Existing rental stock needs to be preserved and rehabilitated (e.g. Mississauga is losing an average of 75 units per year in rental housing conversions)
- New purpose-built rental housing is needed as this provides security of tenure as compared to rental units in the secondary rental market
- Rental housing supports the labour force and enhances labour force mobility across markets

*Action: The NHS should develop programs to assist landlords, to maintain, upgrade and beautify properties in order to promote reinvestment and renewal of the older rental stock (e.g. Tower Renewal).*

*Action: The NHS should provide favourable financing and taxation (e.g. loans and tax credits) programs aimed at improving the existing rental stock and stimulating new construction.*

#### 5. Provide Surplus Federal Land For Affordable Housing

One of the greatest challenges in developing affordable housing is the cost of land.

- Mississauga does not have extensive vacant land holdings and currently very few surplus sites that could be developed for affordable housing.
- The federal government has large land holdings in most Canadian cities.

*Action: The NHS should speak to how a generous portion of surplus federal lands should be designated for affordable housing purposes through the disposition process.*

*Action: The development of these sites for affordable housing could be better coordinated by all levels of government.*

#### 6. Design Predictable, Transparent and Enduring Housing Programs

The market is unlikely to create new affordable ownership or rental housing at the required affordability thresholds without external financial assistance. However no “one-size fits all approach” will work. Programs should be:

- **predictable** so that developers can anticipate and adequately respond to proposal calls
- **transparent** so that there is clarity on how public funds are spent
- **enduring** over the long-term as it may take several cycles of a program to generate interest and competition

- **reality-driven** reflecting real time needed to bring a project to the market

*Action: The NHS should establish flexible programs that are predictable, transparent, enduring and based in reality.*

## **7. Provide Leadership in Data to Understand the Scope of the Problem**

There is a lack of standardized, accessible data that outlines the scope of the affordable housing problem.

- National standards are required to measure needs and progress for affordable housing
- Ongoing monitoring and resource support is required regarding the creation of affordable units
- Consistent methodology and data availability is required across municipalities similar to vacancy rate data

*Action: The NHS should require CMHC to take a leadership role to provide information at the municipal level (not just CMA) to assist with the development of local municipal programs.*

## **8. Address the Underlying Causes of Affordability Issues**

The affordability challenge relates directly to income and the availability of secure employment with wages levels that will allow households to thrive. Business restructuring is increasingly resulting in:

- The growth of precarious employment
- The lack of living wages

*Action: While beyond the scope of the NHS, the federal government should also address these and other underlying causes of affordability issues.*

# Mississauga Affordable Housing Challenge

