National Housing Council
Improving the National Housing Strategy (NHS): Analysis of the Progress of Bilateral National Housing Strategy Programs, Research Report

Background
The first National Housing Council (the Council) was announced on November 22, 2020 and has initiated its work to provide advice to the Minister for Housing and Diversity and Inclusion on the effectiveness of the National Housing Strategy (NHS) and how to further the housing policy of Canada. One of the three priority areas identified by the Council for 2021-2022 includes an analysis of NHS Programs and the extent to which they are addressing the needs of households in core housing need and those experiencing homelessness in Canada.

The Council commissioned Blueprint ADE to conduct in-depth research and analysis on the affordable housing supply created under the bilateral National Housing Strategy Programs. The result is a report titled *"Analysis of Progress of Bilateral National Housing Strategy Programs, Research Report"*. Findings from this research will help inform the Council's recommendations to the Minister of Housing and Diversity and Inclusion.

About the Report
The report focuses on four major bilateral programs under the NHS designed to address core housing need: the Canada Community Housing Initiative (CCHI), the Provincial/Territorial Priorities Funding Priorities (PTPF), the Canada Housing Benefit (CHB), and the Northern Housing Initiative (NHI). Although the Federal Community Housing Initiative (FCHI) does not fall under federal-provincial/territorial bilateral agreements, it is also included due to its similarity to and close relationship with the CCHI.

Key findings:

- The programs studied in this report will not meaningfully increase the supply of community housing.
- Current funding levels fall short of what is needed to address the housing needs of Indigenous peoples and address housing needs in the North.
- The CHB is a critical part of the NHS that could allow the government to address unmet need. However, current levels of funding fall short of what is needed to meet demand for the benefit. If the benefit were scaled up, there are opportunities to target it more specifically to households in need.
- The new multilateral framework presents potential advantages in program reporting and monitoring, but thus far these advantages have not been realized.

Next steps:

As part of this analysis, the Council's working group on Improving the NHS has also completed another research report on the implementation of the Rapid Housing Initiative. These reports will ultimately inform constructive, evidence-based advice to the Minister of Housing and Diversity and Inclusion in a final report with recommendations expected in the early fall.

If you have any questions about this work, please contact the National Housing Council Secretariat at nationalhousingcouncil@cmhc-schl.gc.ca.

Disclaimer

Please note that the views expressed in this report are the personal views of the author and does not reflect the views or position of the National Housing Council, CMHC or the Government of Canada. The National Housing Council, CMHC, and the Government of Canada accept no responsibility for the views expressed in such research report or any consequences that may arise in using or relying on this literature review.

About the Council

In July 2019, the National Housing Strategy Act (NHSA) became law. The NHSA, among other things, recognizes that a National Housing Strategy supports the progressive realization of the right to adequate housing. The Act includes the establishment of a National Housing Council (the Council). The Council's mandate is to provide advice to the Minister of Housing and Diversity and Inclusion and further the housing policy of the Government of Canada and the National Housing Strategy. Drawing on the diverse expertise and experience of its membership, the Council promotes participation and inclusion in the development of housing policy through the diversity of its members and engagement with communities.

RESEARCH REPORT

Analysis of the progress of bilateral National Housing Strategy programs

Prepared for the National Housing Council Working Group on Improving the National Housing Strategy

August 2022

Blueprint

Project Team

Conor Beer
Senior Associate, Blueprint ADE

Thomas McManus
Principal Associate, Blueprint ADE

Alex Rand
Associate, Blueprint ADE

Simon Harding
Senior Associate, Blueprint ADE

Yvonne Nyawira
Project Manager, Blueprint ADE

Acknowledgements

We would like to thank the National Housing Council, including Tim Ross, Tim Richter, Caroleen Stevenson, Maya Roy and Ann McAfee, for their support of this work, and for their thoughtful guidance on its direction and form. We also thank the Canada Mortgage and Housing Corporation for sharing their data and knowledge, and officials from each of the provinces and territories for sharing their knowledge of the programs covered by this report. Any errors or omissions remain those of the authors.

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Executive Summary

The National Housing Strategy

- In 2017, the Government of Canada launched the National Housing Strategy (NHS). This strategy comprises over 10 major programs intended to address housing need and homelessness in Canada.
- The announcement of the NHS was followed in 2019 by the National Housing Strategy Act, which formally recognized the right to housing in Canada, and established accountability mechanisms for the NHS, including convening the National Housing Council and appointing a Federal Housing Advocate.
- This report focuses on four major bilateral programs under the NHS designed to address core housing need: the Canada Community Housing Initiative (CCHI), the Provincial/Territorial Priorities Funding Priorities (PTPF), the Canada Housing Benefit (CHB), and the Northern Housing Initiative (NHI). The Federal Community Housing Initiative (FCHI), although it does not fall under federal-provincial/territorial bilateral agreements, is also covered due to its similarity to and close relationship with the CCHI.
- This report serves as a companion to another report prepared for the National Housing Council, Analysis of Housing Supply Created by Major Unilateral NHS Programs (Blueprint, 2022). That report summarizes existing evidence on the characteristics of those in housing need in Canada, then analyzes the potential of housing created by the Rental Construction Financing Initiative and National Housing Co-Investment Fund to lift Canadians out of core housing need.

Summary of the bilateral agreements, programs and funding

- Bilateral agreements: In 2018, the federal government signed bilateral agreements under the NHS with the provinces and territories (P/Ts) for the period 2018/19 to 2027/28. These agreements outlined federal funding for the Canada Community Housing Initiative (CCHI), Provincial-Territorial Priorities Funding (PTPF), and Northern Housing Initiative (NHI). In 2020 they were amended to include funding for the Canada Housing Benefit (CHB).
- Canada Community Housing Initiative (CCHI): The CCHI provides cost-matched funding to replace expiring provincial operating agreements for community housing. The CCHI replaces expired or expiring operating agreements under Social Housing Agreements (SHAs), which were signed in the 1990s to devolve responsibility for community housing to the P/Ts. Funding for the CCHI scales up over the course of the agreements from $70M in 2019/20 to $960M in 2027/28. However, from the perspective of housing providers, the CCHI replaces operating funding providers had previously received under SHAs rather than representing net new funding. It is designed primarily to repair and maintain affordability in the existing stock of community housing.
- Federal Community Housing Initiative (FCHI): The FCHI offers funding to housing providers with expiring or expired federal housing agreements. The FCHI is designed to serve housing providers not covered

by SHAs. Phase 1 (2018–20) provided $38M to help providers preserve affordable units. Phase 2 (2020–28) earmarks $580M in continued support.

- Provincial/Territorial Priorities Funding (PTPF): The PTPF provides cost-matched funds, which P/Ts can use at their discretion to support regional needs and priorities. The PTPF is similar to the former Investment in Affordable Housing (IAH) program, which ended in 2018/19. PTPF funding falls over time from $251 million in 2019/20 to $73 million in 2027/28. From 2019/20 onwards, PTPF funding is below the average funding provided to provinces through the Investments in Affordable Housing program (IAH).
- Canada Housing Benefit (CHB): The CHB provides funding for the creation of a new portable housing benefit, a form of housing support in which a rent subsidy is paid directly to tenants, reducing the effective rent the tenant pays in private market housing. P/Ts have considerable flexibility to design the CHB to meet needs within their jurisdictions, which has resulted in variations in the provincial/territorial designs. Funding for the CHB ramps up from $89 million in 2019/20 to $450 million by 2027/28 and is net-new funding.
- Northern Housing Initiative (NHI): The NHI allocates a flat amount of annual funding to the territories to support housing. The level of funding for the NHI remains stable at $30 million per year throughout the course of the agreements.

Bilateral agreements—targets

- The bilateral agreements contained a set of federally developed targets. These targets pertain to the bilateral agreements overall; they are not linked to specific programs. Overall, the agreements aim to:
  - Maintain the 330,000 units of existing social housing identified in 2018.
  - Expand the number of rent-assisted social housing units by 15% (approximately 50,000 additional units).
- Community housing stock will not reach 2015 levels even if the NHS meets its targets: The NHS aims to maintain affordability in existing community housing units and expand community housing by 50,000 units. However, our analysis suggests that the number of community housing units that are receiving operating funding from provincial and territorial governments has declined substantially since 2005. While the bilateral programs studied here will stop further decline, they will not return unit numbers to even 2015 levels. We estimate that even if the NHS meets its 50,000-unit target, Canada will still have roughly 96,000 fewer units of government-funded community housing than it did in 2015.
- Funding for Indigenous and Northern housing appears out of step with the level of need: Indigenous peoples in Canada experience considerably higher rates of housing need than non-Indigenous Canadians: 20% of Indigenous peoples are in core housing need (CHN), and Indigenous peoples are significantly over-represented in the shelter system. The territories (Nunavut, Northwest Territories and Yukon) have by far the greatest housing need per capita. This is most stark in Nunavut, where 47% of households were in CHN in 2016. Based on the targets outlined in the bilateral agreements, the CCHI and PTPF are not designed to meet additional housing needs of Indigenous peoples; rather, they preserve the status quo of Urban Native housing. In the 2022 budget, the government committed an additional $4.15 billion to Indigenous housing. This commitment falls short of past estimates of what is needed to close the affordability gap for Indigenous peoples ($9.7–$27.5 billion in capital contributions).

Bilateral agreements—monitoring and accountability

- Accountability framework: The bilateral agreements set out an accountability framework, under which P/Ts must report on their individual targets for bilaterally funded programs and their progress toward those targets. This framework is meant to ensure that P/Ts and the federal government are "mutually accountable" and report on program outcomes in an "open, transparent, effective, and timely manner." [1]
- Information on the progress of the bilateral programs is not readily available: Information about the progress of the bilateral programs was obtained through specific, targeted requests by the National Housing Council that were fulfilled over the course of four months. This information remains difficult or impossible to access by researchers and the public.
- Outcomes reporting thus far has limited utility for program evaluation: P/T reporting on program outcome summary statistics thus far has been inconsistent and has left Canada Mortgage and Housing Corporation (CMHC) and researchers without even a high-level overview of progress made under the Housing Partnership Framework nationally to date. CMHC has indicated that it is working with P/Ts to improve and standardize reporting, which has the potential to greatly improve the summary information that policymakers and researchers have access to.
- Project-level data collected through the framework is designed for program administration, not evaluation or research: The project-level and financial information collected through the framework are designed to meet CMHC's operational needs, rather than support detailed analysis of programs from a public policy perspective. A key goal of the research work culminating in this report was to understand what has been produced through the Housing Partnership Framework (HPF) programs thus far and compare this to what we know about the housing needs of Canadians, in order to better understand if programming needs to be adjusted to meet the needs of Canadians, and if so, how. These data do not support this goal. Collecting and making available project-level descriptions of each unit and project completed thus far, including its location, the date it was completed, its characteristics and its rent would greatly improve the ability of researchers and policymakers to compare program outputs to data on current and forecasted housing need and ensure that the government can make evidence-based funding and program decisions.

Modelling the Canada Housing Benefit

- A portable housing benefit (PHB) is a form of housing affordability support in which a rent subsidy is paid directly to tenants, reducing the effective rent the tenant pays in private market housing.
  - PHBs are thought to be a useful demand-side complement to supply-side interventions like community housing provision that can enable governments to address affordability needs in a flexible and cost-effective way.
  - Some note that PHBs are not a panacea, and should be accompanied by community housing provision, supports for tenants and rent control.
- P/Ts were given considerable latitude in their housing designs and have integrated the benefit with their existing housing affordability program offerings. The benefit designs fall into one of three groups. P/Ts have either (a) used the benefit to fill gaps in eligibility for an

1 Note: Québec is exempt from some parts of this accountability framework, and instead reports on program progress and targets through existing public reporting mechanisms.

existing provincial /territorial PHB, (b) used the benefit to stack with or enhance an existing provincial/territorial PHB or (c) developed a new PHB.

To understand the potential effect of the benefit, we simulate each provincial benefit design using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) under three scenarios: (a) as an entitlement (no budget constraint), (b) under maximum cost-matched funding, where benefits are allocated in order of need among the eligible population and (c) under maximum cost-matched funding, where benefits are allocated randomly among the eligible population.

Using this approach, we answer five research questions:

How much funding would be required to deliver the benefit to all those who are eligible for it?

- We estimate that the cost of serving all households eligible to receive the benefit in 2022[2] would be approximately $3.5 billion, well beyond the maximum level of funding for the benefit under bilateral agreements. Consequently, the benefit must be rationed among the eligible population.

How much need will the CHB address under current budget constraints? How much need could it address if it were an entitlement?

- Under 2022 levels of funding, we expect that the benefit will have only a moderate effect on the national level of housing need, lifting about 0.5–1% of all households out of CHN, and reducing the national housing affordability gap by 0.6–0.7%.
- If delivered as an entitlement, meaning that all those eligible for the benefit could receive it, the benefit could lift almost 11% of households out of CHN and reduce the national affordability gap by approximately 8%.

Who is eligible for the Canada Housing Benefit? Who will receive the benefit?

- Overall, the benefit tends to target low-income households with a shelter-to-income ratio (STIR) over 30%.
- There are some households eligible for the benefit with who are not in CHN. If benefits were allocated efficiently, our simulations indicate that these households would receive only a small portion (<3%) of program funds under current levels of funding. If the program were delivered as an entitlement, however, we expect that these households would get a somewhat larger share of total program funds.

Who is excluded by the benefit eligibility criteria?

- In our simulations, there are a large number of households in CHN that are not eligible for the benefit. Many of these households are excluded because they are eligible for or are receiving other forms of housing support, while some are excluded by other provincial/territorial benefit design features.

What depth of benefit would be received by those who are eligible?

- The depth of support we estimate could be provided by the benefit varies considerably across P/Ts.
- In some provincial designs, the benefit would close the gap between income and 'affordable rent' (30% of household income) for nearly all recipients. In others, the benefit would close this gap for only some or none of those eligible. In some designs the benefit is meant to close the affordability gap in combination with existing provincial/territorial housing affordability support programs.

2 Based on our understanding of provincial benefit eligibility criteria – see Appendix B for further detail.

Conclusions

- The programs studied in this report will not meaningfully increase the supply of community housing: Even if the CCHI and PTPF targets are met, Canada will still have fewer units of government-supported community housing than in 2015. The impact of the NHS is to halt further decline in the stock of community housing rather than to expand it to, or beyond, levels seen in the recent past. Community housing is an important part of the Canadian housing landscape: it offers units that are more affordable to low-income tenants than much of the 'affordable' housing created by new unilateral NHS programs and promotes stability and inclusion for residents that is associated with positive individual and community outcomes.
- Current funding levels fall short of what is needed to address the housing needs of Indigenous peoples and address housing needs in the North: The bilateral programs studied here preserve the existing stock of Indigenous housing and offer very modest funding to build new housing in the North. Existing funding falls far short of the levels needed to meaningfully address the disproportionately high rates and depth of housing need among Indigenous peoples, particularly in the territories.
- The CHB is a critical part of the NHS that could allow the government to address unmet need. However, current levels of funding fall short of what is needed to meet demand for the benefit. If the benefit were scaled up, there are opportunities to target it more specifically to households in need:
  - The CHB could play a critical role in meeting immediate housing affordability needs; however, at current levels of funding, we estimate the benefit will have only a modest effect on the national level of housing need. If expanded to serve all eligible households however, we estimate that it could lift almost 11% of households out of CHN.
  - If the program is expanded, there are opportunities for additional streamlining of benefit designs to target need more specifically. It is important that expanded benefit designs consider the potential effects on rent inflation.
- The new multilateral framework presents potential advantages in program reporting and monitoring, but thus far these advantages have not been realized: Federal and P/T governments agreed to work together under the HPF. High-quality monitoring and reporting on programs were seen as a potential benefit of this collaboration. However, so far, this advantage has not been realized. Much of the data collected has not been made available to the public and is of limited use for research or program analysis. Enhancing data collection, monitoring and reporting is critical to ensure that Canada fosters a data-driven and evidence-informed approach to housing policy

Introduction

Purpose

In August 2021, Blueprint ADE was contracted by the National Housing Council Secretariat to analyze the alignment of key federally administered programs designed to increase affordable housing supply under the National Housing Strategy (NHS) with the needs of those experiencing core housing need (CHN) and homelessness.

This first phase of work culminated with a report titled Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs.[3]

This report builds on that work by analyzing programs administered bilaterally by Canada Mortgage and Housing Corporation (CMHC) and provinces/territories (P/Ts). This work is completed by a third report, which takes an in-depth look at the implementation of one federally administered NHS program, the Rapid Housing Initiative (RHI).

This research and the resulting reports will support the National Housing Council Working Group on Improving the NHS to improve programming under the NHS by identifying ways in which existing programs could be refined to better address housing need and homelessness in Canada.

In this report

This report is divided into seven main sections:

- Section 1 – Approach: this first section outlines the scope of the report and the data sources and methods used.
- Section 2 – National Housing Strategy: this section provides an overview of the NHS and its high-level targets.
- Section 3 – Summary of the bilateral agreements: this section presents a descriptive summary of the funding arrangements, federally developed targets and monitoring and accountability framework under the NHS. It then provides a summary of the background, design and implementation of the four NHS bilateral programs and the Federal Community Housing Initiative (FCHI).
- Section 4 – Bilateral agreements—funding and targets: this section looks at how funding is distributed across the four NHS bilateral programs and how this changes over time. It also presents a critical analysis of the federally developed targets for the bilateral NHS programs.
- Section 5 – Bilateral agreements – monitoring and accountability: this section describes monitoring and accountability under the bilateral agreements, including Action Plans, Progress Reports, and financial reporting.
- Section 6 – Modelling the Canada Housing Benefit: this section provides a summary of the provincial housing benefit designs before presenting a detailed microsimulation analysis of the designs.
- Section 7 – Conclusions and implications: the report concludes by offering some high-level conclusions based on what we have learned over the course of the three reports.

3 Beer et al., 2022.

Approach

This section outlines the scope of this report and defines key measures used in our analysis.

Scope

In this report, we focus on four NHS programs under the Housing Partnership Framework (HPF), a multilateral agreement between the Government of Canada and provincial/territorial governments. These four programs are:

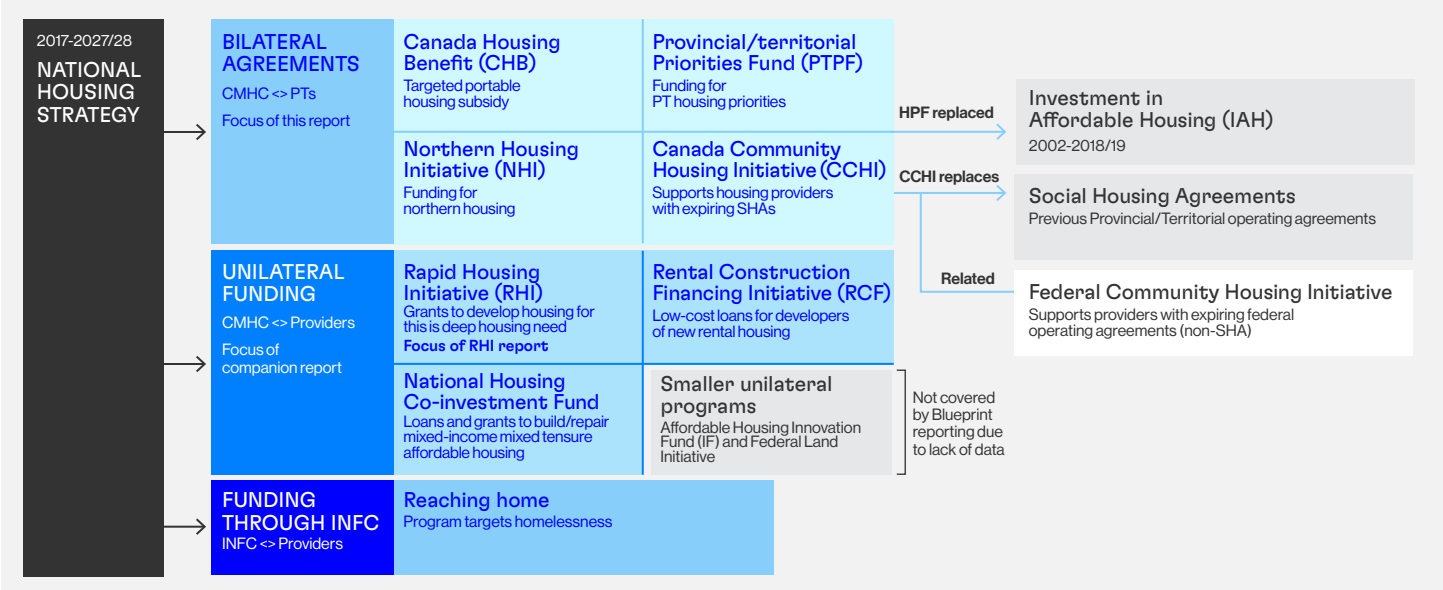
- Canada Community Housing Initiative (CCHI)
- Provincial/Territorial Priorities Funding (PTPF)
- Canada Housing Benefit (CHB)
- Northern Housing Initiative (NHI)

We also discuss the Federal Community Housing Initiative (FCHI). The FCHI is an NHS program, but unlike the other four programs covered in this report it is funded unilaterally by the federal government. However, its purpose, design and implementation closely resemble the CCHI, which makes it worthy of discussion here.

This report also makes reference to the unilateral NHS programs and non-NHS policies and activities in the housing sector, in order to add depth and nuance where needed.

Figure 1 (below) depicts the unilateral and bilateral programs under the NHS, and how they are covered by the earlier companion report, and the report on the RHI. It also shows some of the other programs mentioned in this report and how they relate to current NHS programming. Together this report, the companion report, and the focused report on the RHI cover most of the programs under the NHS.

| Figure 1 | Major NHS housing affordability programs



Definitions

Housing need

CMHC often uses Core Housing Need (CHN) as a way of assessing the extent to which its programs are helping households with unmet housing needs. CHN is an indicator of whether a household's housing needs are being satisfied. Informally, a household is in CHN if its housing is too expensive, not large enough to accommodate its members, or is in poor repair. A household cannot choose to be in core housing need — if suitable and adequate housing were available locally at an affordable rent, a household would not be in CHN (see Box 1 for a detailed definition). CMHC often uses CHN to quantify the degree to which its programs are helping households with unmet housing needs.

| Box 1 | Defining Core Housing Need

A household is considered in CHN if it meets both of the following criteria (CMHC, 2019):

1. The household is below one or more of the adequacy, suitability and affordability standards (defined below); and,
2. The household would have to spend 30% or more of its before-tax household income to access local housing that meets all three standards.

The adequacy, suitability and affordability standards are defined as follows:

Adequacy: The housing is not in need of major repairs.

Suitability: There are enough bedrooms for the size and make-up of resident households, according to National Occupancy Standards requirements.

Affordability: The housing costs less than 30% of before-tax household income.[4]

However, CHN is an imperfect way of identifying households experiencing housing need. The 30% threshold for affordability has not been empirically validated or updated in several decades. Furthermore, the definition of core housing need excludes those experiencing homelessness, as shelters are typically provided free of charge. There are also ways in which housing can be inadequate or unsuitable for its residents that are not captured by CHN; for example, CHN does not consider whether housing is accessible, or whether it provides its residents with additional supports they may need. We acknowledge that while CMHC programs target core housing need, internally, CMHC does not use the measure to assess the impact of its programs.[5]

4 For renters, shelter costs include rent, while for owners, they include mortgage payments (both principal and interest), property taxes and condominium fees. Housing costs for both owners and renters include payments for utilities (water, fuel, electricity) and municipal services.

5 This was confirmed in correspondence with CMHC officials.

Non-market housing

While these terms are often used interchangeably, throughout this report, we follow the definitions of 'social' and 'community' housing used in the bilateral agreements under the HPF.

Community Housing refers to "community-based housing that is owned and operated by non-profit housing corporations and housing co-operatives, or housing owned directly or indirectly by provincial, territorial or municipal governments or district social services administration boards and includes Social Housing."[6]

Social Housing refers specifically to housing that received or currently receives operating funding from a provincial or territorial government as part of a Social Housing Agreement (SHA) between CMHC and the province or territory.

6 Canadian Intergovernmental Conference Secretariat (2018)

2

The National Housing Strategy

Background

The Government of Canada first announced the NHS in 2017. The strategy comprises 10 programs delivered either unilaterally by the federal government, or bilaterally with P/Ts, along with other activities to promote innovation and research. The NHS was intended to help the government make real a "vision for housing in Canada" in which "[a]ffordable housing is a cornerstone of sustainable, inclusive communities and a Canadian economy where we can proposer and thrive."[7]

The announcement of the NHS was followed in 2019 by the passing of the National Housing Strategy Act (NHSA). The NHSA requires the NHS to:

1. Establish goals in relation to housing and homelessness.
2. Identify related priorities, initiatives, timelines and desired outcomes.
3. Focus on improving housing outcomes for persons in greatest need.

Critically, the legislation recognizes the right to adequate housing as outlined in the International Covenant on Economic, Social and Cultural Rights (IESCR) and commits the NHS to advancing a strategy that considers the "key principles" of a human-rights based approach to housing. The NHSA also committed to advance the progressive realization of the right to adequate housing and established accountability mechanisms, including convening a National Housing Council and appointing a Federal Housing Advocate, a position that was filled in early 2022.[8]

Funding

In 2017, the government committed $40 billion under the NHS. The initial commitment was expanded in 2019 and 2020. As of 2020, CMHC planned to spend $36.7 billion from 2018/19 to 2028/29 through the NHS. All versions of the NHS include significant non-budgetary commitments in their topline figures; as of 2021, these include $31.2 billion in loans and $7.4 billion in provincial/territorial cost-matching.[9]

Further commitments under NHS programs were made in the 2022 budget, including additional funding for the CHB and the RHI, a reallocation of funds away from the Rental Construction Financing Initiative (RCF) and National Housing Co-Investment Fund (NHCF) toward new co-op housing through a Co-operative Housing Development Program, additional funding to build housing in the territories and funding for an Urban, Rural and Northern Indigenous Housing Strategy.

7 Government of Canada, 2017.

8 National Housing Strategy Act, S.C. 2019, c. 29

9 Segel-Brown et al., 2021.

High level targets

Upon its launch in 2017, the NHS aimed to achieve four broad targets over the course of its implementation:[10]

- Cut chronic homelessness by 50%.
- Remove 530,000 families from housing need.
- Renovate and modernize 300,000 homes.
- Build 160,000 new homes.

In addition to the targets outlined above, the federal and provincial/territorial governments committed to an additional set of targets related to the presentation and expansion of community housing under the HPF (described in greater detail in the next section).

The strategy prioritizes specific vulnerable groups, including women and children fleeing domestic violence, seniors, people experiencing homelessness, people with disabilities, people living with mental health and addiction issues, veterans, young adults, racialized groups and newcomers and Indigenous peoples.[11]

Following the passage of the NHSA in 2019, the federal government committed to ending chronic homelessness in Canada by 2030. However, some commentators have pointed out that the commitments made in 2017 do not match the ambition shown in the NHSA, which recognizes the right to housing. In particular, experts have argued that close adherence to international human rights would require a commitment to end homelessness (not just chronic homelessness), and a greater proportion of spending to be allocated to programs targeting core housing need and homelessness. They propose that the NHS would need to be re-framed to address the needs of additional populations beyond those already targeted by the strategy.[12]

10 Government of Canada, 2017.

11 Discussions are underway through the National Housing Council to broaden this list to include other groups, including lone parent households.

12 Among other critiques — see Biss & Raza, 2021 for further reading.

3

Summary of the bilateral agreements

In this section, we provide an overview of the bilateral agreements signed between the federal government and each province and territory. We also describe the design and broad objectives of the four programs covered by the agreements: the Canada Community Housing Initiative (CCHI), Provincial/Territorial Priorities Fund (PTPF), Canada Housing Benefit (CHB) and Northern Housing Initiative (NHI).

Overview

In April 2018, federal, provincial and territorial ministers responsible for housing (with the exception of Québec) endorsed the Housing Partnership Framework (HPF), which "[set] the foundation for federal, provincial, and territorial governments to work together toward achieving a long-term shared vision for housing."[13] Under the framework, P/Ts must commit to collaborate to improve housing affordability and accessibility. They must also share data and information with the aim of improving program development, making delivery more effective and aligning housing policies and planning with other policy areas to create more comprehensive housing solutions. While not covered by the Framework, P/Ts were also invited to support decision-making and provide co-investment in federal programs designed to increase affordable housing supply, like the National Housing Co-Investment Fund.

The endorsement of the HPF was followed by the signing of bilateral agreements between the federal government and P/Ts under the NHS covering the period 2018/19 to 2027/28. These agreements describe the federal funding for each of the first three programs under the NHS (CCHI, PTFPFand NHI), and outline a set of federally developed targets and a framework for monitoring progress toward them. The agreements were amended in 2020 to add funding and targets for the CHB.

Below is a high-level summary of funding, federally developed targets and monitoring and accountability under the bilateral agreements.

Funding

The CCHI, PTPF, and CHB are cost-matched. In order to receive funds through these three programs, P/Ts must match CMHC spending.[14] The agreements do not guarantee any funding: P/Ts must spend at least 50% of the maximum cost matched allocation, and can cost match up to a pre-determined maximum allocation under each program.[15]

The bilateral agreements do not allow for the reallocation of funds across programs and do not allow for the redistribution of funds across fiscal years without prior approval from CMHC. Unused CMHC funding for a given fiscal year may be redistributed from one P/T to another with consultation between CMHC and P/Ts.

The NHI is not cost-matched. This means that the territories, the only jurisdictions eligible for the NHI, are not required to match federal funding under this program.

13 Canadian Intergovernmental Conference Secretariat, 2018.

14 P/T cost-matched funding may come from provincial government, municipal government or other sources such as private sector, the voluntary sector, charities and individual donors.

15 For the PTPF and CCHI, P/Ts have one year after submitting claims to cost match at the initiative level.

Federally developed targets

Federally developed targets are not tied to specific programs, but rather represent the goals of the NHS across the bilateral agreements signed by P/Ts. These targets are:

A. Eliminate or significantly reduce housing need for at least 490,000 households, including 300,000 households supported by the CHB.

B. Based on the number of social housing units still supported by SHAs, or federal-provincial programs as of March 31, 2019:

   a. 330,000 units continue to be offered as social housing, including no net loss of urban native social housing units.

   b. At least 20% of existing social housing units repaired (roughly 60,000 units), including repairing urban native social housing units to good condition.

   c. The number of rent-assisted social housing units expands by 15% (approximately 50,000 units).

These federally developed targets will be discussed in more detail in Section 4 (Bilateral agreements—funding and targets).

Monitoring and accountability

As part of the NHS, every three years P/Ts[16] are required to produce an action plan, which describes how they will meet the targets. Based on the metrics laid out in the action plans, P/Ts submit Progress Reports to CMHC on a biannual basis. Provinces also submit an Annual Audited Statement of Disbursements to CMHC once every fiscal year. This is discussed in greater depth in Section 5.

We now turn to the four programs funded under the bilateral agreements and the unilaterally funded FCHI.

Bilateral programs

Canada Community Housing Initiative (CCHI)

Design and implementation

The CCHI provides cost-matched funding to P/Ts to replace expiring operating agreements for social housing. The funding offered by the CCHI must be used to "protect, regenerate, and expand Social Housing and Community Housing." It also requires the preservation of urban native social housing units, including no net loss of units, and improvement to existing units through repair and capital replacement.

Overall, P/Ts plan to use the CCHI funding to preserve affordability in existing community housing and expand the supply of low-income community housing relative to the 2018 baseline.[17] It is best thought of as a replacement for expired or expiring operating agreements between P/Ts and community housing providers. Many P/Ts are also using it to carry out repairs or other building upgrades, including energy retrofits and improvements to accessibility. Some P/Ts have used the funds to expand rent-assisted community housing.

Background

From the 1960s through to the early 1990s, most of Canada's social and community housing stock was developed under unilateral federal programs or bilateral collaborations between federal and provincial/territorial governments. CMHC administered these programs. It held the operating agreements with housing providers, which supplied the ongoing funding used by providers to offer affordable rents to low-income tenants ("rent geared to income units", or RGI units).[18] Most of these

16 With the exception of Québec, which reports on its targets and progress through existing reporting mechanisms.

17 This baseline is considerably lower than the stock of government-supported community housing identified in years prior, as we discuss in greater depth in Section 4.

18 Pomeroy, 2021b.

agreements lasted 30–50 years, which generally aligned with the length of the mortgages on the buildings.

In the late 1990s, most of these agreements were devolved to P/Ts as the federal government looked to reduce its role in community housing. All but four P/Ts signed SHAs between 1997 and 1999, with British Columbia and Alberta signing later. Québec and Prince Edward Island were the only P/Ts not to sign SHAs with the federal government.[19]

The operating agreements began to expire in the late 1990s and will continue to expire throughout the term of the bilateral agreements. After the expiry of these agreements, many providers have not been able to offer the same level of subsidy without continued support, and some require additional funding to carry out repairs and maintenance. Previous reporting has estimated that up to half of provincial community housing, particularly from providers with operating agreements with the provinces, 'public housing,' 'urban native,' and 'post-1985 non-profit housing' cannot continue to offer the same level of rent subsidy without continued operating funding.[20]

As a result, during the period between the expiry of operating agreements and the introduction of the CCHI (and FCHI), an unknown number of providers have reduced the levels of rent subsidy offered to tenants, sold off units, or ceased operations entirely. Consequently, many tenants of these providers who rely on rental assistance to afford housing now face affordability challenges in the private housing market.

Federal Community Housing Initiative (FCHI)

Design and implementation

The FCHI is designed with a similar goal to the CCHI: to support tenants of community housing providers whose operating agreements have expired or will expire in the future. FCHI funding helps community housing providers by continuing to provide rental assistance to eligible households in community housing. Unlike the CCHI, however, the FCHI is not intended to support repairs or expansion of the existing community housing stock and provides only limited 'transitional' funding to select providers, rather than ongoing operating funding.[21]

In Phase 1 (2018–2020), $38 million was earmarked to continue to provide rental assistance at the 30% RGI level for eligible households. Phase 2 (2020–2028) provides $580 million to continue to provide rental assistance to tenants of community housing providers whose agreements expired after 2016. It also provides new rental assistance funding for tenants of housing providers whose agreements expired before 2016 but were excluded by previous program designs.

Background

While most housing agreements were devolved to P/Ts under the SHAs during the 1990s, a handful of agreements remained at the federal level. These agreements mostly support cooperative housing in Alberta, Ontario and British Columbia, and cooperatives and non-profits in Québec and Prince Edward Island.[22]

These agreements follow a similar pattern to the operating agreements that fell under the SHAs: they have either expired, or are soon-to-expire, and housing providers will not be able to sustain existing rental

19 As per conversations with CMHC officials.

20 As per conversations with CMHC officials.

21 Pomeroy et al., 2006.

22 Québec and Prince Edward Island never signed SHAs with the federal government, which means that their community housing remained under federal administration.

assistance to eligible households without continued support beyond the end of the agreements. Providers also face significant repair costs.

In response, the federal government began extending operating agreements to providers who had existing agreements with CMHC in 2016, as a temporary stop-gap measure prior to the introduction of the FCHI. This excluded providers whose agreements had already expired.

Provincial/Territorial Priorities Fund (PTPF)

From 2002 to 2018/19, P/Ts received cost-matched funding through Investments in Affordable Housing (IAH).[23] This was a bilateral fund that aimed to maintain and increase the supply of affordable housing units; it could also be used to provide direct subsidies to households. Following its conclusion in 2018/19, this program was replaced by the PTPF.

The PTPF provides cost-matched funds, which P/Ts can use at their discretion to support the regional needs and priorities outlined in their action plans. In contrast to the CCHI, PTPF funding can be used to support a range of proponent types in addition to social and community housing providers. Landlords, cooperatives, tenants and homeowners are also eligible.

Implementation reflects the various provincial/territorial priorities outlined in the action plans. Most P/Ts use the PTPF to fund the expansion of subsidized housing in their jurisdictions, including mixed income and affordable housing, as well as social housing. Some use the funds to repair existing social housing stock.

Some P/Ts have developed programs to help low-income homeowners, particularly seniors, with repairs and to improve accessibility. There are also several programs that aim to improve access to homeownership to low-to-middle income households in areas with relatively affordable housing markets.

Some P/Ts use the PTPF to deliver supports for specific vulnerable groups, including enhancing support services and supportive housing, and investing in emergency shelters for people experiencing homelessness and women and children fleeing domestic violence.

British Columbia and Saskatchewan use the PTPF to augment their existing portable housing benefits (PHBs).

Canada Housing Benefit (CHB)

Design and implementation

The CHB provides funding for the creation of a new PHB. P/Ts were given considerable latitude in the design of the CHB within their jurisdictions, which has resulted in significant variations in design. However, despite inter-provincial differences, all CHB designs must meet the following set of criteria:[24]

- Targeted: All CHB benefit designs must target households in core housing need.
- Prioritized: The CHB is not an entitlement (unlike, for example, Income Assistance programs), which means there is not sufficient funding to offer the benefit to everyone in core housing need. Instead, funding is allocated to P/Ts on a per capita basis.[25] Benefits are to be prioritized for the following groups:
  - Vulnerable households, including NHS priority groups.
  - Households living in community housing but not receiving affordability support, or households waitlisted for community housing.
  - The general population of households in housing need renting in the private market, where there is no available community housing.

23 The program was initially called the 'Affordable Housing Initiative' — it was renamed in 2011.

24 As per bilateral agreements.

25 $1 million for each P/T, plus an additional per-capita allocation, as per CMHC officials.

- Direct: Benefits are paid to households (only to landlords with the recipient's consent).
- Portable: Households can use the benefit to pay for any market housing within the province.

We will discuss the inter-provincial variation in CHB design in Section 6 ("Modelling the Canada Housing Benefit").

The implementation of the CHB was set to start in 2020, although in some P/Ts its roll-out was delayed by the COVID-19 pandemic. To the best of our knowledge, as of Spring 2022, the CHB is currently being delivered across all P/Ts.

Background

The other programs under the bilateral agreements are all based on well-established supply-side aims (increasing community housing supply). However, the CHB, as a PHB, stands apart among the bilateral programs as a purely demand-side intervention.

PHBs first appeared in the Canadian housing policy landscape in British Columbia in the 1970s.[26] Since then, Québec, Alberta and Manitoba have developed PHBs, which can be used to subsidize private market housing for low-income tenants. Some P/Ts have offered unit-specific rent supplements, which involved negotiating agreements with landlords to subsidize existing market housing. With the introduction of the CHB, CMHC has encouraged all P/Ts to shift away from the unit-specific rent subsidy model and toward 'portable' benefits tied to the household.

Funding for the CHB and benefit design specifications were not included in the original bilateral agreements, but there was a commitment to develop them in collaboration with CMHC. Following consultations between CMHC and the P/Ts, amendments to the original bilateral agreements were signed, outlining the high-level design parameters of and funding for the CHB in each P/T.

Northern Housing Initiative (NHI)

Overview

The NHI provides each of the three territories with a flat amount of annual funding to support housing. Similar to the PTPF, the territories have considerable freedom to choose how they spend this money, but unlike the PTPF, NHI funding is not cost-matched. On top of the NHI, territories received additional funding in the 2022 budget to support affordable housing and related infrastructure.

Conclusion

This section has provided a high-level descriptive review of the bilateral agreements and a description of the four programs contained within them (CCHI, PTPF, CHB and NHI), plus one adjacent program (FCHI). We now turn to critical analyses of the NHS programs.

Overall, these brief summaries of the design, implementation and background of the four bilateral NHS programs (and the FCHI) suggest that three of them (CCHI, PTPF, NHI) are intended to replace existing programming that is winding down. The CHB, however, stands out as it is not intended to replace existing programs and entails a somewhat new concept: the portable housing benefit.

26 Bendaoud, 2021.

4

Bilateral agreements—Funding and targets

This following section presents the funding commitments made toward the four programs under the bilateral agreements and their funding trajectories over the lifetime of the agreements, and a critical analysis of the federally developed targets for the bilateral agreements.

Approach

Data

Bilateral agreements

Our primary source of information in this analysis is the bilateral agreements signed by the federal government and each P/T as part of the HPF. These agreements lay out a set of targets for the programs covered by these agreements to achieve collectively. They also outline the maximum cost-matched funding that CMHC will provide for each program over the lives of the agreements, and the maximum annual cost-matched funding for the first three years of the agreements (2019/2020–2021/22).

Action plans

As part of reporting requirements for the agreements, every three years P/Ts are required to outline what they plan to spend on the initiatives under the agreements, what initiatives they plan to use these funds on, and their expected progress toward the targets set out in the agreements. Action plans are discussed in greater depth in the following section.

For further details on how data were compiled, please see Appendix A.

Limitations

While these two sources together provide some useful information about the implementation of the programs under bilateral agreements, there remain substantial gaps in the publicly available documentation.

- Lack of updated information on CHB implementation: While all P/Ts were supposed to have updated their action plans to planned spending and targets for the CHB by 2020, by the date this report was completed only five updated plans had been shared with researchers.
- No action plan for Québec: Québec is not required to publish an action plan as part of its bilateral agreement. While it publishes housing statistics elsewhere, the formats differ, reducing comparability with data gathered from other action plans.

Analysis of funding

Figure 2 (below) shows the total federal spending under the bilateral agreements broken down by program for each fiscal year from 2019/20 to the conclusion of the agreements in 2027/28. It is important to note that these figures do not represent guaranteed funding, but rather the maximum total amount for which CMHC will provide cost-matched funding under each program. Nevertheless, the data do provide some idea of the intended funding trajectories of the four programs over the course of the bilateral agreements.

Canada Community Housing Initiative funding scales over the life of the bilateral agreements

CCHI funding increases over the lifetime of the agreements to coincide with the expiration of existing operating agreements. Funding scales up from $70 million in 2019/20 to $960 million in 2027/28 as more agreements expire.

While we are not able to compare funding for the CCHI to levels of spending by provinces on community housing, from the perspective of housing providers this is not net new funding since it effectively replaces previous funding under SHA operating agreements.

Provincial/Territorial Priorities Funding decreases substantially over the course of the agreements

PTPF funding decreases over time from $251 million in 2019/20 to $73 million in 2027/28. In all years after 2019/20, funding for the PTPF is below the average annual funding provided through IAH from 2011 to 2019.[27] Like the PTPF, IAH provided funding to P/Ts which they could spend on their individual housing priorities (such as constructing new affordable housing, among other goals).

The Canada Housing Benefit represents the majority of new funding

The bulk of the new funding in the bilateral agreements appears to come from the CHB, which increases from $89 million in 2019/20 to $450 million in 2027/28. Over the course of the bilateral agreements, the CHB represents around one-quarter of planned spending, assuming full cost-matching.

Overall, the agreements reflect a shift away from funding for programming which could support the construction of new community housing, and toward portable housing benefit provision

Overall, as compared to the pre-2018 housing funding landscape, a shrinking proportion of overall spending on housing affordability will go toward programs which can be used by P/Ts to construct new government-supported community housing (among other uses). Meanwhile, an increasing proportion of spending will go toward the CHB, a program which can be used only to deliver PHBs to households. At the same time, the federal government has allowed provincial/territorial governments to apply for project-specific funding through its unilaterally administered supply programs, such as the NHCF and RHI.

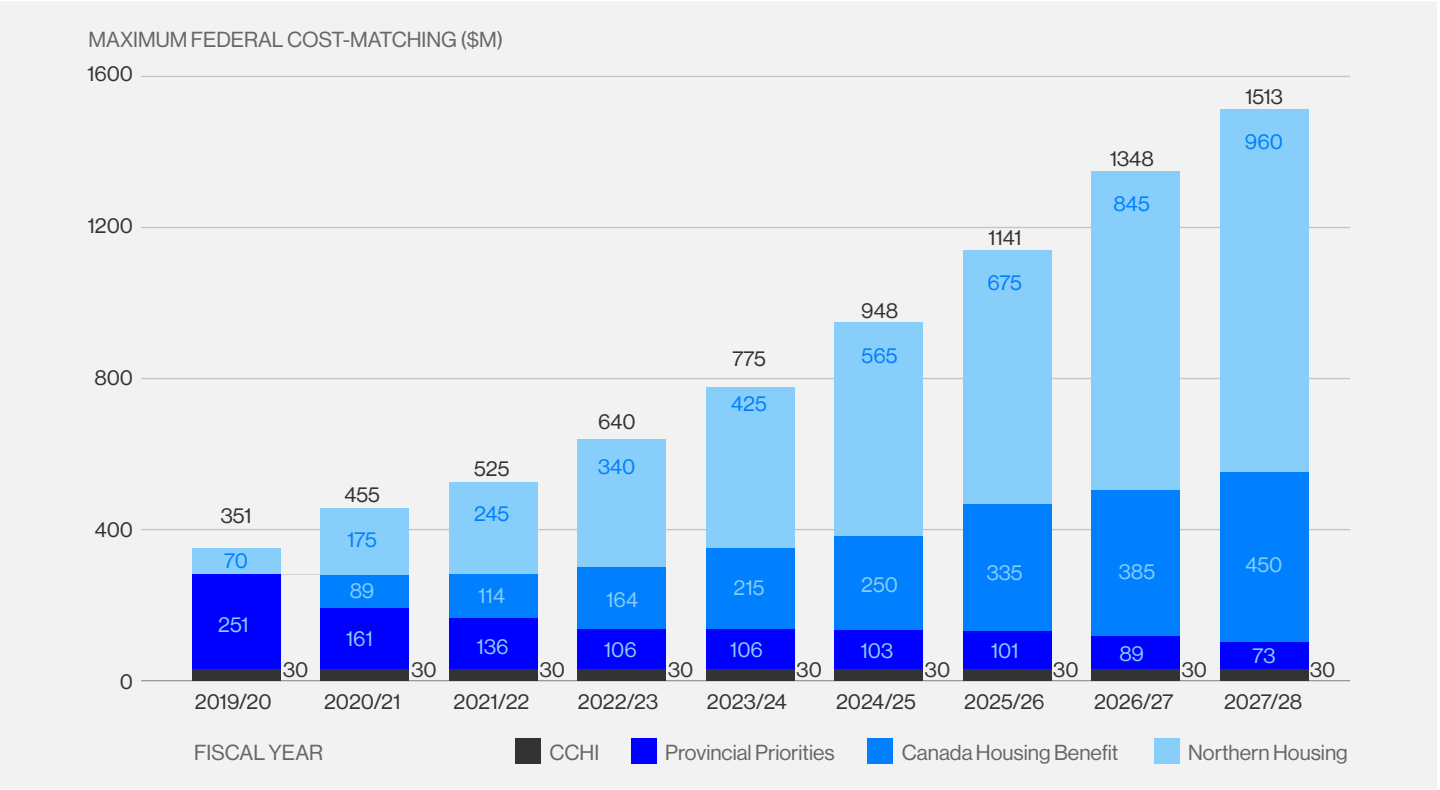
Taken together, this implies a change in policy direction away from providing transfers for affordable housing programming to P/Ts with few conditions on the types of interventions they should spend the money on (such as PTPF and IAH). Increasingly, bilateral funding will support the delivery of PHBs through the CHB, while provinces likely need to turn to new unilateral federal programs for project-specific funding to support the construction of new affordable housing.

We note that to date, relatively little of this new money from major unilateral federal programs has flowed to P/Ts, and much of it has been used to create housing that does not meet the needs of low-income households. The companion report, Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs, found that only 15%[28] of federal grants under the NHCF, RCF and RHI had gone to provincial/territorial governments. This has implications for the type of housing funded. Our companion report found that much of the new 'affordable' housing created by federal programs was not designed to meet the needs of low-income households in CHN, unlike RGI units in community housing built under past housing policy paradigms.

27 "Total 2011–2019 IAH Funding — as of March 31, 2019." CMHC, 2018. https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/provincial-territorial-agreements/national-investment-affordable-housing-funding-table

28 As of June 30th, 2021.

| Figure 2 | Maximum CMHC funding, Bilateral agreements



Note: Data compiled from provincial/territorial bilateral agreements

| Box 2 | 2022 Federal Budget

The 2022 budget contains several new funding streams focused on housing issues. While they do not directly affect the bilateral agreements, they are important developments in the national housing landscape and are worth noting here. The 2022 federal budget introduced:

- A $475 million commitment for a 'one time' payout of $500 under the CHB. Details on cost-matching and integration with other benefits is pending.
- $500 million in grants and $1 billion in loans for cooperative housing (redirected from the NHCF and RCF) and an additional $1 billion for the RHI.
- $4 billion for Indigenous housing, including $2.4 billion for on-reserve housing, an additional $300 million for an Urban, Rural and Northern Indigenous Housing Strategy, plus $150 million over two years for housing in the territories.

Analysis of federally developed targets

As discussed in an earlier section, the NHS has a set of targets developed by the federal government. These targets are not linked to specific NHS programs, but rather represent what the federal government aims to achieve with the NHS as a suite of interventions in the housing sector. These targets relate to the maintenance and expansion of community housing and Northern and Indigenous housing.

Maintaining and expanding community housing

Under the bilateral agreements P/Ts committed to maintaining affordability in existing community housing units and expanding community housing by 50,000 units. While the government does not have explicit federal commitments around community housing, current program designs suggest preserving the current stock of community housing and building an additional 6,000 units of co-op housing.

Community housing is an important part of the Canadian housing landscape as it provides a range of housing and non-housing benefits for residents.[29] Community housing tenants often experience better housing conditions and have more stable tenures than in similar private market units. There is research that links good quality, stable community housing to improved health outcomes, educational attainment and labour market attachment.[30] Community housing also plays an important role in refugee resettlement and integration[31] and addressing homelessness.[32]

However, our analysis suggests that Canada has lost government support for large numbers of community housing units since 2005, as outlined below. While the bilateral programs studied here will stop further decline, it will not return unit numbers to even 2015 levels. This comes at a time in which community housing waitlists are long and are likely to be lengthening.

Community housing analysis

- In 2018, CMHC and P/Ts identified 324,610 units of community housing under existing operating agreements (see Figure 3, below). The majority of these units (78%, or 252,431 units) were low-income units supported by rental subsidies. This means the bilateral agreements under the NHS are committed to preserving affordability in around 250,000 units of provincially and territorially administered community housing.
- Until 2015, the federal government released annual reports estimating the number of households receiving rental assistance through existing operating agreements with community housing providers. The figures show a decline over time: 469,350 in 2005 and 435,450 in 2015, a loss of support for 33,900 units. The figure reported by P/Ts in 2018 (324,601) suggests the loss of a further 110,849 units receiving ongoing funding from provincial and territorial governments.[33]
    - CMHC and provincial/territorial housing providers do not systematically track what happens to community housing units in cases where providers' operating agreements expired before the introduction of the CCHI. However, experts in the sector suggest that providers have either continued to operate while providing fewer subsidies to eligible households in order to maintain financial viability, or in some cases have sold developments to the private market.

29 Carter & Polevychok, 2004.

30 Buzzelli, 2009.

31 Carter et al., 2009.

32 Gaetz et al., 2014.

33 This gap could be partially due to differences in the accounting approach between the two figures, but we were not able to confirm this with CMHC officials.

- Even if the bilateral agreements achieve their target of adding 50,000 units of rent-assisted community housing, the increase is unlikely to make up for units lost since 2005. Assuming provinces meet their targets for increasing the supply of community housing between 2005 and 2028, the number of community housing units supported by provincial/territorial operating funding will still have decreased by almost 95,000. This is even more stark when considering the increase in demand that will result from population growth during this period.

Federally administered community housing analysis

- We note a similar trend among federally administered community housing. In 2005, CMHC operating agreements supported about 131,050 units of community housing (see Figure 3).
- By 2015, these figures had fallen to 91,350, a loss of support 39,700 units. This figure fell to 56,292 in 2018, signalling the loss of a further 35,058 units of community housing.
- The commitment in the 2022 federal budget to build 6,000 new cooperative housing units, and to preserve rental supports in eligible units formerly supported by federal operating agreements through the FCHI are positive steps but will not reverse the net decline in the stock of social housing from 2015.

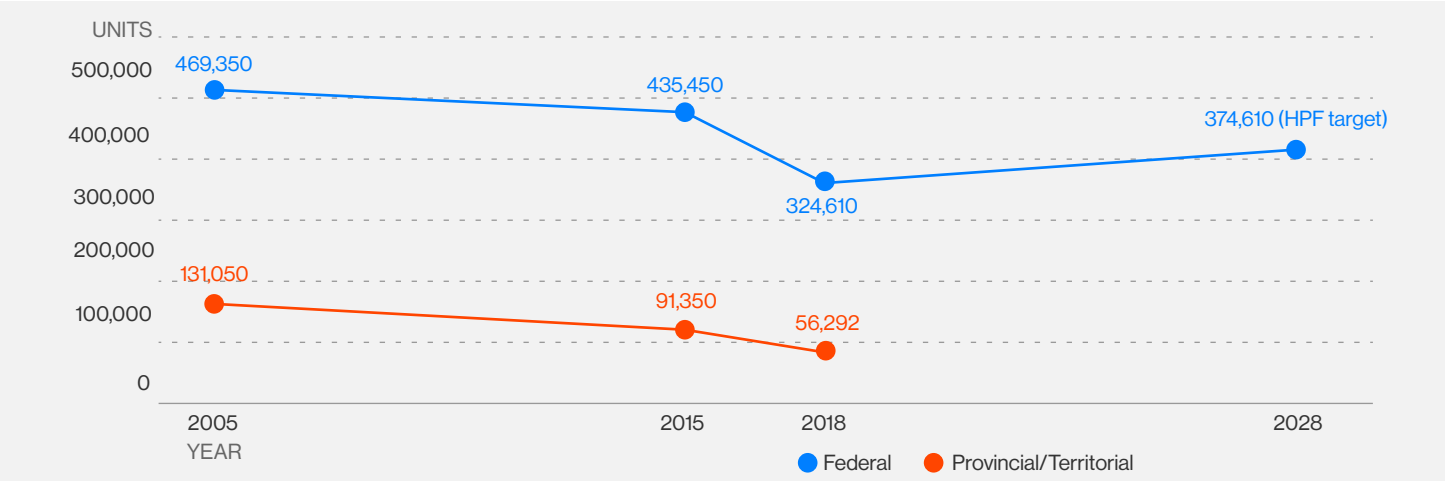
Community housing wait lists

- Prior to the launch of the bilateral agreements in 2018 there were approximately 283,000 households on the waitlist for social and community housing across Canada.[34] We assume that this number has increased substantially over the past three years due to significant increases in rents and the impact of the COVID-19 pandemic.

Overall, this means that what is being 'preserved' by the bilateral agreements is the smallest number of community housing units in at least two decades: 324,610, of which around 250,000 are low-income units. Affordability will be extended to a further 50,000 units. The FCHI, a parallel unilateral program, similarly commits to preserving the lowest count of federally supported community housing units in nearly 20 years, while the waiting list for community housing far outstrips even the most optimistic estimates of the growth in the supply of affordable units.

Provincially administered community housing does not appear to be the vehicle through which most people in housing need will be served. Instead, support is most likely to come from a mix of new units created by federal supply programs and portable rent subsidies through the CHB.

| Figure 3 | Community housing units supported by government operating agreements/CCHI (federal and provincial/territorial)



34 Statistics Canada. Table 46-10-0042-01: Waitlist status including length of time, by tenure including social and affordable housing.

Indigenous and Northern housing

Background and context

From the 1970s, CMHC funded the construction of community housing through Urban Native Non-Profit Housing Societies. These were generally mixed-income units tailored to the needs of Indigenous peoples.[35] Similar to other community housing programs, CMHC held operating agreements with providers, many of which are now expiring. Like many other community housing programs, responsibility was devolved to the P/Ts in the 1990s. Other funding for Indigenous housing comes from Employment and Social Development Canada (ESDC) and Crown Indigenous Relations and Northern Affairs Canada (CIRNAC).[36]

Indigenous peoples in Canada disproportionately experience housing need:

- In 2016, 20% of Indigenous people were in CHN, double the percentage among non-Indigenous people.
- Indigenous people are also over-represented in shelters[37] and are more likely to experience homelessness.[38]
- Similarly, Indigenous peoples living off-reserve have lower rates of home ownership and are more likely to live in subsidized housing.[39]

The territories, which have a higher proportion of Indigenous residents than any province, have the highest rates of CHN among all P/Ts. Nunavut is currently in a housing crisis: nearly half the population (47%) are in CHN. The Northwest Territories and Yukon have the highest proportion of residents in shelters and are also in the top five jurisdictions in terms of CHN.

Recently, there have been a number of important acknowledgements of the right to self-determination over housing for Indigenous peoples:[40]

- The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which is fully supported by the Government of Canada, proclaims the right of Indigenous peoples to "be actively involved in developing and determining ... housing and other economic and social programmes affecting them and, as far as possible, to administer such programmes through their own institutions."
- Canadian House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) recommended the government "work with Indigenous Peoples, governments, communities, and organizations to co-develop an Urban, Rural, and Northern Housing Centre founded on the 'For Indigenous By Indigenous' principle and an urban, rural, and Northern Indigenous housing strategy" with "sustainable, sufficient and long-term funding."
- The National Inquiry into Missing and Murdered Indigenous Women and Girls and Caucus of Aboriginal Peoples (among other groups) have outlined the need for self-determination and governance in Urban, Rural and Northern Indigenous housing.

Building on these calls, in 2022 the National Housing Council recommended that an independent, Indigenous-controlled body be formed to create policy and administer funding for Urban, Rural and Northern Indigenous housing.

35 Baspaly et al., 2021.

36 Segel-Brown et al., 2021.

37 Employment and Social Development Canada, 2021.

38 Rodrigue, 2016.

39 Baspaly et al., 2021.

40 As summarized by Baspaly et al., 2021.

Bilateral targets and new commitments in the 2022 budget

Under the bilateral agreements signed in 2018, the CCHI and the PTPF target (a) preserving affordability in the existing stock of Urban Native Housing and (b) repairing at least 20% of the stock.

The 2022 budget makes several commitments related to Indigenous housing, including:

- An additional $150 million over two years for housing to the Governments of Yukon, Nunavut and Northwest Territories.
- $300 million over five years to CMHC for an Urban, Rural and Northern Indigenous housing strategy.
- $4 billion over seven years to CIRNAC and Indigenous Services Canada (ISC) for housing in First Nations, Inuit, and Metis communities.

Analysis of bilateral targets and new commitments

- While the 2022 budget commits to having CMHC 'co-develop' an Urban, Rural and Northern Indigenous housing strategy, thus far it is not clear whether this strategy will be overseen by an independent, Indigenous-controlled body.
- In a 2021 report[41] the Parliamentary Budget Officer (PBO) estimated that there is an annual affordability gap of $636 million[42] for Indigenous households in Canada. Even after considering existing commitments through 2021 for Indigenous housing, the PBO estimates it would take an investment of between $4.9–$14 billion in capital contributions to provide Indigenous housing units to 50% of Indigenous people who are in housing need and not living in community housing, and $9.7–$27.5 billion to provide housing for 100% of Indigenous households in need. The Assembly of First Nations has estimated the cost to be even higher, estimating that $44 billion in investments are needed for First Nations housing alone.[43]
- The new funding in the 2022 budget for Indigenous housing across all sources is approximately $4.3 billion, falling short of the expected cost of closing even half of the Indigenous affordability gap.
- Investments in affordable housing in the North also fall short of what is needed. For example, the federal government will invest $30 million over two years to build community housing in the Yukon. Using average per unit costs for Yukon of NHS developments thus far, this funding would pay for 50 new units. The PBO estimates that there are 936 households in housing need in the Yukon, which suggests a gap of 886 units. Using the same figures, this suggests the need for an additional investment of over $520 million in Yukon alone.[43]

41 The discrepancy between the costs Indigenous households pay for housing and a level of cost deemed affordable by CMHC, i.e., 30% of gross household income.

42 Assembly of First Nations, 2022.

43 Based on average cost-per-unit of units created by the National Housing Strategy to date. See Segel-Brown et al. (2021), Appendix B.

Takeaways

Table 1 (below) summarizes the four programs under the NHS bilateral agreements.\

| Table 1 | Program summary

Program	Purpose	Description	Funding
CCHI	Supports providers with expiring operating agreements with P/T governments to continue to offer affordable units	Preserves unit numbers through supply side measures. Small increase not enough to return unit numbers to 2015 levels	Increasing over the course of the bilateral agreements, just over half total funding (2019/20–2027/28)
PTPF	Provides funding for P/T housing priority areas	Similar design to IAH funding (now ended): supply side measure	Decreasing trend, roughly 15% of total funding
CHB	Portable housing benefit	Net new investment in housing affordability through a variety of provincially and territorially designed and implemented demand-side rent subsidies	Increasing, around one quarter of total funding
NHI	Supports housing in the North	Supply side measure	Stable. Around 3% of funding

The analysis presented above suggests that new investments in housing under the NHS are set to split into distinct supply- and demand-side interventions.

The CCHI will maintain the number of community housing units receiving provincial/territorial funding at 2018 levels but will not lead to significant increases in the supply of units. The number of community housing units supported by P/Ts will remain lower than the number in 2015 throughout the lives of the agreements.

The PTPF can fund both supply and demand side measures, but its funding will decline steadily over the course of the bilateral agreements, and the long-term future of the program is unclear.

In addition, it is clear that Indigenous people are disproportionately in housing need. This need is most evident in the territories. Existing analyses suggest that while the investments under the bilateral agreements and the additional commitments made in the budget are a step in the right direction, they fall short of what is required to address the needs of Indigenous peoples.

5

Bilateral agreements–Monitoring and accountability

This section provides an overview of the framework through which the federal government monitors the progress of the NHS toward its targets across the P/Ts.

Accountability framework

The bilateral agreements require P/Ts to report on their progress toward addressing housing needs in their jurisdictions using the funding outlined in the agreements. The bilateral agreements state that both federal and provincial/territorial governments must be "mutually accountable" and report on program outcomes in an "open, transparent, effective, and timely manner."[44]

The Accountability Framework contained within the bilateral agreements lays out how P/Ts should go about reporting to CMHC. It contains four mechanisms for reporting:[45]

- Action Plans
- Audited Statements of Disbursement (ASD)
- Claims Forms
- Progress Reports

The information provided by P/Ts to CMHC under these four mechanisms may be shared by CMHC in the form of public-facing reports, provided that it is presented in a manner consistent with federal and provincial privacy legislation. In February 2022, the National Housing Council requested that CMHC share with the Council all documentation produced under the Accountability Framework thus far.

In the remainder of this section, we review the four reporting mechanisms listed above, and describe what has been shared with the Council as of the time of writing.

Action Plans

Description

Every three years, each P/T is required to produce an Action Plan. These plans must contain the following information:

- Provincial/territorial targets: Individual targets for each P/T that will contribute to achieving the shared HPF targets (eliminate or significantly reduce housing need for at least 490,000 households, maintain existing social housing stock, repair at least 20% of existing social housing units, expand the number of rent-assisted social housing units by 15%).
- Planned cost-matching: Planned amount of provincial/territorial spending under each bilateral program.
- Program outputs: Planned outputs of bilateral programs (e.g., number of new units created, number of units repaired, number of households assisted by project-based or portable housing subsidies).

44 Federal/Provincial/Territorial housing agreements, CMHC.

45 Québec's reporting requirements differ from other provinces, in that it is not required to produce an Action Plan or Progress Reports. Québec reports on its bilateral program implementation through existing SHQ channels.

Reporting to date

As of the date of publication, each P/T that is required to do so has produced an Action Plan for the 2019/20–2021/22 period. These Action Plans have been released publicly through provincial/territorial reporting channels.

As we discuss in the previous section, at the time of the fulfilment of our data request, only five P/Ts have amended their plans to include targets and planned spending for the CHB.[46] Thus, we currently have an incomplete picture of provincial/territorial planned spending and targets for the CHB during the period covered by the 2019/20–2021/22 Action Plans.

Progress Reports

Description

Three times per year (year start, mid-year, year-end), P/Ts must submit Progress Reports to CMHC. These reports must describe provincial/territorial progress toward their targets outlined in Action Plans, along with cost-matched spending and program outputs thus far. P/Ts must also provide updates on the aggregate impact of developments and repairs on broad social outcomes, such as energy usage, greenhouse gas emissions and community employment benefits. Certain indicators (e.g., number of new and repaired housing units) must be disaggregated by the specific priority group targeted by the intervention.

Reporting to date

The progress reports collected thus far have been shared with the National Housing Council. However, those with knowledge of the content of the reports, however, indicate that reporting requirements have been inconsistently interpreted across P/Ts. This means that in, practice, it is difficult to aggregate program outcomes and outputs across P/Ts to build an understanding of the national progress toward the targets outlined in the HPF using information from the progress reports.[47]

Annual Audited Statement of Disbursements

Description

Within six months of the end of each fiscal year, P/Ts must provide an Annual Audited Statement of Disbursements (ASD) to CMHC. These statements, prepared by independent auditors, summarize the funds disbursed by P/Ts to projects thus far under each bilateral program. The purpose of these statements is to ensure that P/Ts are complying with the terms of their agreement with CMHC.

Reporting to date

In May 2022, ASDs from fiscal years 2019/20 and 2020/21 were shared with the National Housing Council.

Four P/Ts have not yet submitted ASDs for any fiscal year thus far. According to CMHC officials, this was due to delays in obtaining an audit due to the COVID-19 pandemic. CMHC has withheld disbursing funds to these P/Ts until they can provide ASDs.[48]

Among the P/Ts that have submitted ASDs, all are in compliance with the agreements in the opinion of auditors. Because these statements summarize what P/Ts have disbursed to projects thus far, rather than how much funding they have claimed, these reports tell us little about the extent to which P/Ts have obtained cost-matched funding under their agreements.

46 CMHC has indicated that as of July 2022, all P/Ts have updated their Action Plans to include the CHB. However, these updated plans have not been shared with the research team as of the time of publication.

47 CMHC officials have indicated that CMHC is currently working with P/Ts to improve reporting consistency and has asked P/Ts to correct progress reports produced to date for Fall 2022.

48 According to CMHC officials.

Claims Forms

Description

In order to claim CMHC funding for programs covered by the bilateral agreements, each quarter P/Ts must submit claims forms which describe the characteristics and funding requested for projects under each funding stream.

To our knowledge, these forms represent the most detailed record available of spending and program outputs under the bilateral agreements.

Reporting to date

Claims forms data were shared with the Council in late May 2022. These data have several issues which limit their utility in studying the progress of the programs thus far, which presumably stem from the fact that these documents are intended primarily as a tool for program administration rather than program evaluation or research.

The most important is that claims form data do not include information on administrative dates (e.g., the date the claim was made, the date the funding was disbursed).[49] This means that we cannot match program units to a specific annual target, or funding received to a specific annual funding allotment. While the data do contain information on project start dates, many projects are missing this information (approximately 13% of projects overall, and nearly all projects in some P/Ts). This issue aside, the data have features that make interpretation difficult. For example, some claims indicate that the proponent received negative funding from CMHC, while the other columns contain both cumulative and non-cumulative figures. Further, data do not contain other information that might aid in program analysis, such as information about unit rents. While we note that the data are not explicitly intended for this purpose, these features greatly reduce the utility of these data for program evaluation or analysis.

Takeaways

Information on the progress of the bilateral programs is not readily available to public researchers

Apart from the provincial/territorial Action Plans, which are available online, the reporting mechanisms contained within the Accountability Framework (the Progress Reports, ASDs, and Claims Forms) have not been made publicly available by CMHC and are thus inaccessible to researchers and members of the general public.

While the National Housing Council has obtained some data, they have come through specific, targeted requests; despite being uniquely positioned to access this information, the fulfillment of these request took over four months. Thus far, reporting has not served to promote accountability, since this information has not been made readily accessible to those who might hold government accountable.

Outcomes reporting thus far has limited utility for program evaluation due to inconsistencies in reporting

As we have discussed, provincial/territorial reporting on program outcome summary statistics thus far has been inconsistent and has left CMHC and researchers without even a high-level impression of the progress made under the HPF nationally to date. CMHC has indicated that it is working with P/Ts to improve and standardize reporting, which has the potential to greatly improve the summary information that policymakers and researchers have access to.

Project-level data are designed for program administration, not evaluation or research. Making detailed, project-level microdata available for analysis would greatly improve the ability of government and researchers to ensure programming is aligned with policy goals

The project-level and financial information collected through Claims Forms and ASDs represent, to

49 CMHC officials have indicated that this is because P/Ts have up to four years to disburse funding after it is claimed.

our knowledge, the most detailed record of the implementation of HPF programming available. These tools are designed to meet CMHC's operational needs, rather than to support detailed analysis of programs from a public policy perspective. Other information collected through the Accountability Framework is at an aggregate level unsuitable for detailed analysis and contains inconsistencies, as we discuss above.

A key goal of the research described in this report was to understand what has been produced through the HPF programs thus far and compare this to what we know about the housing needs of Canadians, in order to better understand if programming needs to be adjusted to meet the needs of Canadians, and if so, how. At minimum, this demands a project-level description of each unit and project completed thus far, including its location, the date it was completed, its characteristics and its rent. To our knowledge, comprehensive records of this type do not exist for the programs studied in this report.

Information of this type would greatly improve the ability of researchers and policymakers to compare program outputs to data on current and forecasted housing need and ensure that governments can make evidence-based funding and program decisions, and enable monitoring of the extent to which programs are advancing the progressive realization of the right to housing.

6

Modelling the Canada Housing Benefit

In this section we provide some background on PHBs and descriptions of the various housing benefit designs developed across the provinces. We then present a detailed microsimulation analysis of the benefit, answering questions about the benefit's funding, efficacy in addressing housing need and eligibility criteria.

Portable housing benefits

A PHB is a form of housing support in which a rent subsidy is paid directly to tenants, reducing the effective rent the tenant pays in private market housing. They can be distinguished from project-based rent subsidies in which a rent subsidy is tied to a not-for-profit housing provider unit (like RGI community housing), or other private market rent subsidy schemes in which the government subsidizes private housing providers to provide below-market rents to eligible tenants.

PHBs are thought to be a useful demand-side complement to supply-side interventions, like subsidized community housing provision. Proponents of PHBs often point to their flexibility: housing benefits can quickly be deployed by governments to meet emerging needs, avoiding the delays associated with building new affordable housing units or negotiating with landlords.[50] Compared to 'affordable' housing construction, housing benefits secure a greater reduction in rent paid per dollar invested;[51] some argue that this can be used to promote fairness in the housing market by reaching a greater number of those in need than other policy alternatives.[52] Finally, PHBs are thought to promote choice in housing, since they can be used with any rental unit of the tenants' choosing.[53] This can be particularly beneficial for those experiencing short-term shocks to their income, such as losing a job, who can no longer afford their rent but do not wish to leave their home.

Others have noted that PHBs are not a panacea — the cost of rent is only one of the barriers vulnerable people face in the private rental market. Those receiving PHBs, like all private market renters, must find an owner of suitable and adequate housing who is willing to rent to them. This can be challenging due to discrimination that many in the rental market face, costs associated with moving (e.g., rental deposits, moving expenses),[54] and the lack of long-term income stability associated with a temporary benefit. Further, private market rentals do not come with the supports and community networks that many community housing residents rely on. Finally, some argue that if not properly designed, PHBs could trigger inflation in the lower end of the rental market as landlords raise rents to capture the value of the benefit.[55]

For these reasons, some argue that PHBs are best utilized as a way to bridge the affordability gap for existing private market renters or help those living in shelters transition to long-term housing, rather than as a replacement for the provision of subsidized community housing.[56] These factors also suggest that in order for PHBs to be maximally effective in addressing housing need, they should be accompanied by strong protections for renters, including rental control laws.

50 Bendaoud, 2021; Zon & Nelles, 2017.
51 Segel-Brown et al. 2021.
52 Zon & Nelles, 2017.
53 Bendaoud 2021; Zon & Nelles, 2017.
54 Paradis, 2019.
55 Paradis, 2017.
56 Paradis, 2019.

Provincial benefit designs

The program design criteria contained within the bilateral agreements (targeting, prioritization, direct support and portability — see Section 3) offer provinces considerable latitude in determining the size of the housing benefit offered and the target population.

Tables 2, 3 and 4 (below) summarize CHB designs across the P/Ts. The tables present the designs in three groups:

1. Provinces using the CHB funding to fill gaps in their existing portable housing benefits by expanding eligibility.
2. Provinces using the funding to increase the level of benefit offered under their existing portable housing benefits.
3. P/Ts using CHB funding to design and implement new portable housing benefits to meet local priorities.

Takeaways

Table 2 (below) summarizes the four programs under the NHS bilateral agreements.

| Table 2 | Provinces with CHB designs which fill gaps in eligibility criteria for existing portable housing benefits[57]

Province /Territory	Program description	Duration of benefit	Depth of benefit	Target groups / exclusions
Alberta	Transition away from unit-specific Rent Supplement program, increase funding for existing portable housing benefit, and extend eligibility to groups previously ineligible for benefit Two benefit designs: a long-term benefit with broad eligibility criteria, and short-term targeted benefit	Rent Assistance Benefit		
		Indefinite (must confirm eligibility annually)	Benefit rates vary by region and unit size	Low-income renters who are not already in subsidized housing
		Temporary Rent Assistance Benefit		
		Two years (eligibility reassessed after first year)	Approximately $100–$300 per month (Benefit decreases after first year).	Low-income renters in urban areas who are employed or have recently been employed and are not receiving social assistance
British Columbia	Fill gaps in Rental Assistance Program and Shelter Aid for Elderly Renters	Indefinite	Difference between 30% of income and eligible shelter costs, up to an annually adjusted maximum based on household size	Private market renters in need who are not eligible for existing housing benefit(s)

57 We note that the CHB design in Saskatchewan has undergone policy changes that are not reflected in the documentation upon which our analysis is based.

| Table 3 | Provinces with CHB designs which top up existing housing benefits

Province /Territory	Program description	Duration of benefit	Depth of benefit	Target groups /exclusions
Manitoba	Benefit stacks with Employment and Income Assistance (EIA) or Rent Assist (RA) to increase level of benefits provided to certain household types	Two years (renewed annually), indefinite for homelessness stream	Up to $250 per month, in addition to benefits received through RA or EIA	Renters transitioning out of supportive housing, those experiencing homelessness, and at-risk youth
Québec	Increase level of benefits provided to households through Shelter Allowance Program	Indefinite (eligibility assessed annually)	Up to $100 per month in 2021/22 (including SAP), rising to $150 by 2024–25	Low-income renters in CHN

| Table 4 | Provinces/Territories using CHB to fund new portable housing benefits

Province / Territory	Program description	Duration of benefit	Depth of benefit	Target groups/exclusions
New Brunswick	Targeted benefit for employed caregivers	Three years (eligibility assessed annually)	$300–$475 per month	Only employed primary caregivers who meet the income cut-off are eligible for the benefit
Newfoundland and Labrador	Transition from unit-specific Rent Supplement program to portable benefit model with broad eligibility criteria	Indefinite (eligibility assessed annually)	Difference between 25% of income and rent (capped at AMR)	Private market renters who would otherwise be eligible for community housing
Nova Scotia	New benefit with broad eligibility criteria	Indefinite (eligibility assessed annually)	Homeowner stream: • B = Monthly Shelter Cost – 0.3*Monthly Household Income, up to $200 per month Renter stream: • If IA recipient and non-senior: B = AMR - ShelterAllowance • If Non-IA recipient and non-senior: B = AMR - 30% Y • If IA recipient and senior: B = 95% AMR - ShelterAllowance • If Non-IA recipient and non-senior: B = 95% AMR - 30% Y	Renters in CHN who are not already in subsidized housing and homeowners in Severe Core Housing Need.

Province / Territory	Program description	Duration of benefit	Depth of benefit	Target groups/exclusions
Northwest Territories	New benefit with broad eligibility criteria	Up to two years	Difference between 30% of income and rent (total benefit capped at $800 per month)	Must not be receiving other housing benefits (shelter allowance) or living in subsidized/ community housing
Nunavut	New benefit (eligibility criteria unknown)	Unknown	Average monthly benefit of $3,100 per month	Unknown
Ontario	New benefit designed to meet the needs of those waitlisted for community housing	Indefinite (eligibility assessed annually)	Difference between 80% of average market rent and 30% of income (or shelter allowance for those on social assistance)	Renters not currently in subsidized community housing but waitlisted and/or eligible, or living in unsubsidized community housing and in financial need
Prince Edward Island	New benefit with broad eligibility criteria	12 months	Difference between 25% of income and rent (capped at MMR)	Renters in CHN who are not already in subsidized housing, and not receiving social assistance (social assistance shelter component adjusted to match CHB)
Saskatchewan	New benefit with somewhat broad eligibility criteria	Indefinite (eligibility assessed annually)	$150–$250 per month	Renters in severe housing need (shelter costs greater than 40% of income) who are not already in subsidized housing or receiving other housing supports Excludes households with assets above $100,000
Yukon	New benefit with somewhat broad eligibility criteria	Unknown	$200–$800 per month	Renters in CHN who are not already in subsidized housing Excludes households receiving Income Assistance

Approach

Data

All modelling of the CHB was done using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M), version 29.0. The SPSD/M is a dataset and microsimulation modelling environment used in government, academia and the third sector to analyze the effects of cash transfer and taxation programs on the incomes of Canadians.

The SPSD/M is a static (rather than dynamic) model that simulates the direct effects of interventions; it does not account for behavioural effects of the program, such as changes in consumption or saving by individuals in response to changes in income.

The SPSD/M was created by Statistics Canada using data from a variety of sources, including:

- T1 Family File Personal Income Tax Returns;
- Unemployment Claim Histories;
- Canadian Income Survey; and,
- Survey of Household Spending.

Unlike many Statistics Canada data products, such as the census, the SPSD/M contains simulated data (rather than information on real Canadians) that is geographically and demographically balanced to facilitate tax and transfer program analysis. These simulations can also be used to model the effects of taxes and transfers in future years using projections of population growth.

Methods

- Understanding the CHB: First, we used publicly available documentation to build an understanding of the provincial benefit designs that would allow us to model the effect of the benefit. For each provincial design, we attempted to identify the benefit formula, eligibility criteria and interactions with other programs. Sources of information include provincial action plans, descriptions of the benefit from government websites, application forms and where available, program manuals. Following this, we confirmed our understanding of the program designs with provincial officials. For a detailed description of each benefit design, see Appendix B.
- Identifying the eligible population: We identify the subset of households in the SPSD/M in each province who meet the eligibility criteria for the benefit in each province.
- Identifying the population in CHN: Using our proxy measure of CHN (see below), we identify the subset of households in the SPSD/M who are in CHN.
- Apply the benefit: We model the effect of the CHB by simulating cash transfers to households based on our understanding of provincial benefit formula. We then compare household CHN status and affordability gap in the post-benefit data to the pre-benefit data. We use three separate models: a model with no budget constraint, a budget-constrained model in which benefits are allocated in order of need (by shelter-to-income ratio) and a budget-constrained model in which benefits are allocated randomly among the eligible population (100 simulations).
- Estimated cost to government of benefit simulations: We aggregate the value of benefits paid in our simulations (no budget constraint and budget constrained models) across households and provinces.

Limitations

- The CHN variable in the SPSD/M is a static, rather than dynamic variable. It is not calculated using information contained in the SPSD/M. Thus, it is not possible to model the effect of cash transfers on a household's CHN status using the model. To overcome this limitation, we construct a new CHN variable based on household shelter-to-income ratio and the market-basket measure of income poverty. Similar to CMHC's definition of CHN, households in CHN by our definition pay 30% or more of their gross household income toward shelter and have low incomes for their areas. Our proxy indicator of CHN allows for a reasonably accurate estimate of the change in CHN status of households due to the benefit, but will underestimate the total number of households in CHN for the following reasons:
  - Our definition of CHN does not consider the adequacy criterion, because information on housing repair is not contained in the SPSD/M.
  - In places where average market rents are high, a Market Basket Measure (MBM) based proxy for average market rents underestimates the number of households in CHN. While the converse is also true, the net effect produces an underestimate of CHN across the country.
- We do not model the effect of the CHB in Yukon, Northwest Territories or Nunavut as data on individuals in these regions are not included in the SPSD/M.
- In some provinces, eligibility or benefit formulae depend on information that is not contained in the SPSD/M, such as household assets, local rents, participation in certain provincial programs or certain socio-demographic characteristics. In these cases, we attempt to construct proxies using information in the SPSD/M.

See Appendix A for a detailed description of the SPSD/M, our approach to modelling the benefit and assumptions used to overcome the limitations described above.

Program analysis

Here we present our findings from our analysis of the CHB. We aim to answer the following questions:

1. How much funding would be required to deliver the CHB to all who are eligible for it?
2. How much need will the CHB address under current budget constraints? How much need could it address if it were an entitlement?
3. Who is eligible for the Canada Housing Benefit? Who will receive it?
4. Who is excluded by the benefit eligibility criteria?
5. What depth of benefit would be received by those who are eligible? To what extent does it meet their needs?

The remainder of this section presents an overview of our findings.

1. How much funding would be required to deliver the benefit to all those who are eligible for it?

The Canada Housing Benefit would cost $3.5 billion if delivered to all eligible households in 2022. This is significantly more than the amount currently earmarked for the program

We estimate that the cost of serving all households eligible to receive the benefit in 2022 would be approximately $3.5 billion. In our model, this figure falls slightly to $3.4 billion by 2027.

For 2021/22, the maximum funding available for the CHB,[58] including both provincial and federal contributions, is $322 million. This figure is far below the amount needed to provide the benefit to all eligible households (see Table 5). The 2021/22 total funding gap is over $3.2 billion. While funding for the CHB does increase over time, our model shows that this growth will not be enough to bridge the funding gap. The total

58 Excluding funding for the territories, which are not included in this analysis.

funding gap for 2026/27 closes slightly but remains large at approximately $2.5 billion.

Some provinces have larger funding gaps than others

In 2022, the absolute funding gaps are largest in Ontario (-$1.4 billion) and British Columbia (-$1.2 billion), two provinces with high levels of CHN (see Table 5). Québec, whose rates of CHN are lower than many provinces, is the only province studied with enough funding to serve all those eligible for the benefit.

| Table 5 | Eligible households and funding gaps by province

Province	Households eligible to receive benefit	Total cost of benefits for eligible households ($M)	Maximum funding available for benefit ($M)	Funding gap ($M)
2021–22				
NL	10,387	57	6.5	-50.5
NS	20,668	51.5	10	-41.5
PEI	3,557	19.3	3.2	-16.1
NB	5,981	30.7	8.4	-22.3
QC	203,871	25.1	72.4	47.3
ON	414,624	1,563.2	117.8	-1445.4
MB	24,831	68.1	13	-55.1
SK	13,476	29.7	11.4	-18.3
AB	66,810	447.9	37	-410.9
BC	210,655	1,243.0	42	-1201
Total	974,860	3,535.5	321.7	-3,213.8
2026–27				
NL	6,726	38.1	15	-23.1
NS	20,668	45.4	25	-20.4
PEI	3,428	16.7	5.6	-11.1
NB	5,357	26.8	20.6	-6.2
QC	176,595	22	205	183
ON	392,319	1,391	336.4	-1054.6
MB	23,414	63.6	33.8	-29.8
SK	12,942	29.3	29.4	0.1
AB	75,541	523.2	103.2	-420
BC	204,251	1,242.8	117.6	-1,125.2
Total	921,241	3,398.9	891.6	-2507.3

2. How much need will the CHB address under current budget constraints? How much need could it address if it were an entitlement?

As we have discussed, the CHB is a program with a fixed budget, rather than an entitlement, and the funding for this program is well below the amount needed to provide a benefit to all of those eligible. Thus, in practice, benefits must be rationed among the eligible population by service providers. Many P/Ts indicate in public-facing documentation that those most in need are prioritized; however, in practice the benefit is likely to be subject to some random variation. Anecdotally, it appears that it has been allocated on a first-come first-served basis in some P/Ts.

In this section we model both the number of households served assuming an 'efficient' allocation of benefits (i.e., benefits are allocated in order of need, defined by shelter-to-income ratio), and by simulating the random allocation of benefits. We then compare this to an unconstrained 'entitlement' model.

At 2022 funding levels, the Canada Housing Benefit could lift between 4,600-9,000 households out of CHN and reduce Canada's affordability gap by X – $270 million

If we assume that P/Ts allocate benefits efficiently then at 2022 levels of funding, we estimate that the benefit will lift about 4,685 households out of CHN (about 0.5% of all Canadian households in CHN) (see Figure 4). The benefits provided to these households would reduce Canada's affordability gap by around $270 million (approximately 0.7% of the national affordability gap).[59]

If we instead assume that benefits are allocated randomly, then in our median simulation, more households are lifted out of need (9,046, around 1% of all households in CHN), but the total affordability gap is reduced by slightly less (approximately 240 million, or 0.6% of the national affordability gap) (see Figure 5).

If it were an entitlement, the Canada Housing Benefit could lift almost 100,000 households out of CHN and reduce Canada's affordability gap by $3.23 billion

We estimate that if everyone eligible for the CHB were to receive it, about 100,000 households would be lifted out of CHN (see Figure 4). This is just under one-third of all households that are (a) eligible to receive the benefit and (b) in CHN. Overall, this would result in a reduction in the number of households in CHN by around 10%.

| Box 3 | Affordability gap[60]

The 'affordability gap' for a given household in Core Housing Need by the affordability standard is the difference between annual shelter costs of the household and 30% the household's annual income.

For households in CHN by the suitability or adequacy standards, the affordability gap is the difference between the annual cost of a suitable rental in their community and 30% of the household income. Due to data limitations, we do not consider this form of affordability gap in our analysis (see Appendix A).

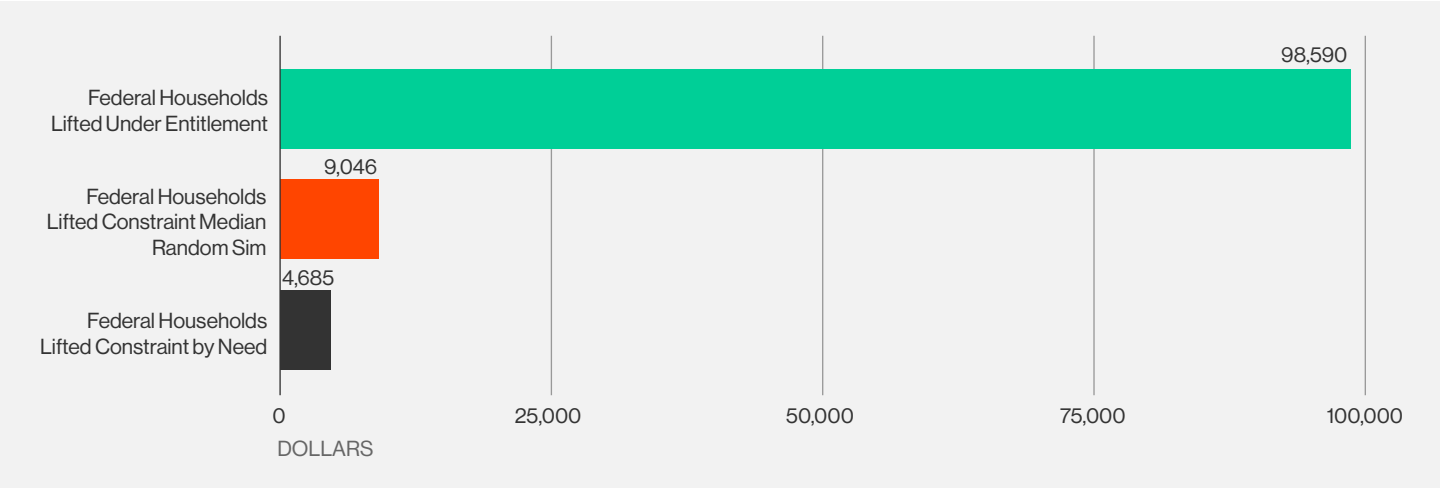
The 'affordability gap' for Canada is the sum of affordability gaps for all households in CHN in Canada.

59 See Box 3 for an explanation of the 'affordability gap' measure.

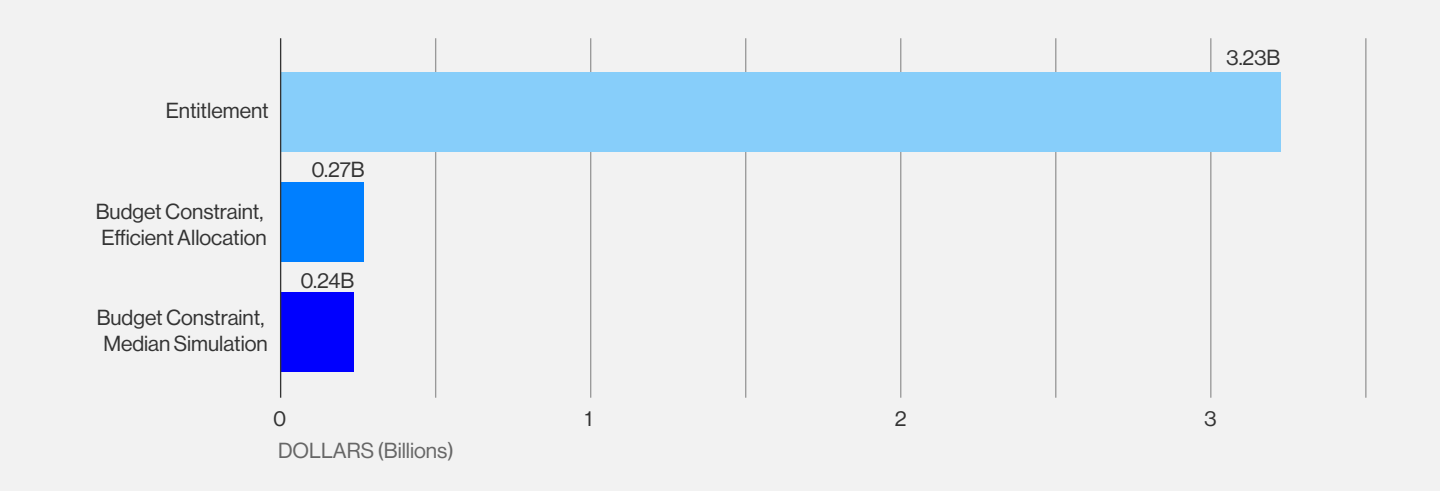
60 See Segel-Brown et al., 2021, Appendix E for further discussion.

Expressed in terms of the reduction in the affordability gap, the benefit could reduce Canada's affordability gap by approximately $3.2 billion, approximately 8% of the total affordability gap (see Figure 5).

| Figure 4 | Effect of CHB on CHN (2022)



| Figure 5 | Effect of CHB on affordability gap (2022)



3. Who is eligible for the Canada Housing Benefit? Who will receive IT?

Those who are eligible for the benefit tend to be low-income households with high shelter-to-income ratios

Overall, the benefits tend to target low-income households who pay more than 30% of their income toward rent, consistent with the program's intention. Almost 92% of households eligible for the benefit had less than $60,000 in annual household income, and over 59% had less than $30,000 in annual household income. Most of the households eligible for the benefit (91%) paid 30% or more of their income toward rent.

Some households that are not in CHN are eligible to receive the benefit. This group tends to be somewhat better off than households who are in CHN, regardless of program eligibility status

For a range of reasons, there is a large group of households (around 643,561) that are eligible for the benefit who are not in CHN (see Figure 6).

In some jurisdictions, the benefit is not income-tested, so there are some households who are eligible for the benefit in our model who could theoretically obtain more affordable housing on the market (and consequently would not be in CHN). Eligibility for the benefit in New Brunswick is not linked to shelter-to-income ratio (see Table 4). Further, in many provinces, benefit criteria track, but do not exactly match, average market rent (AMR)-based definitions of housing affordability.[61] Finally, while our models approximate CHN among households, our CHN indicator does not perfectly align with the definition used by CMHC (see Appendix A for further discussion).

This group tends to have higher incomes and lower shelter-to-income ratios than both (a) households that are eligible for the benefit and in CHN and (b) households that are not eligible for the benefit and in CHN.

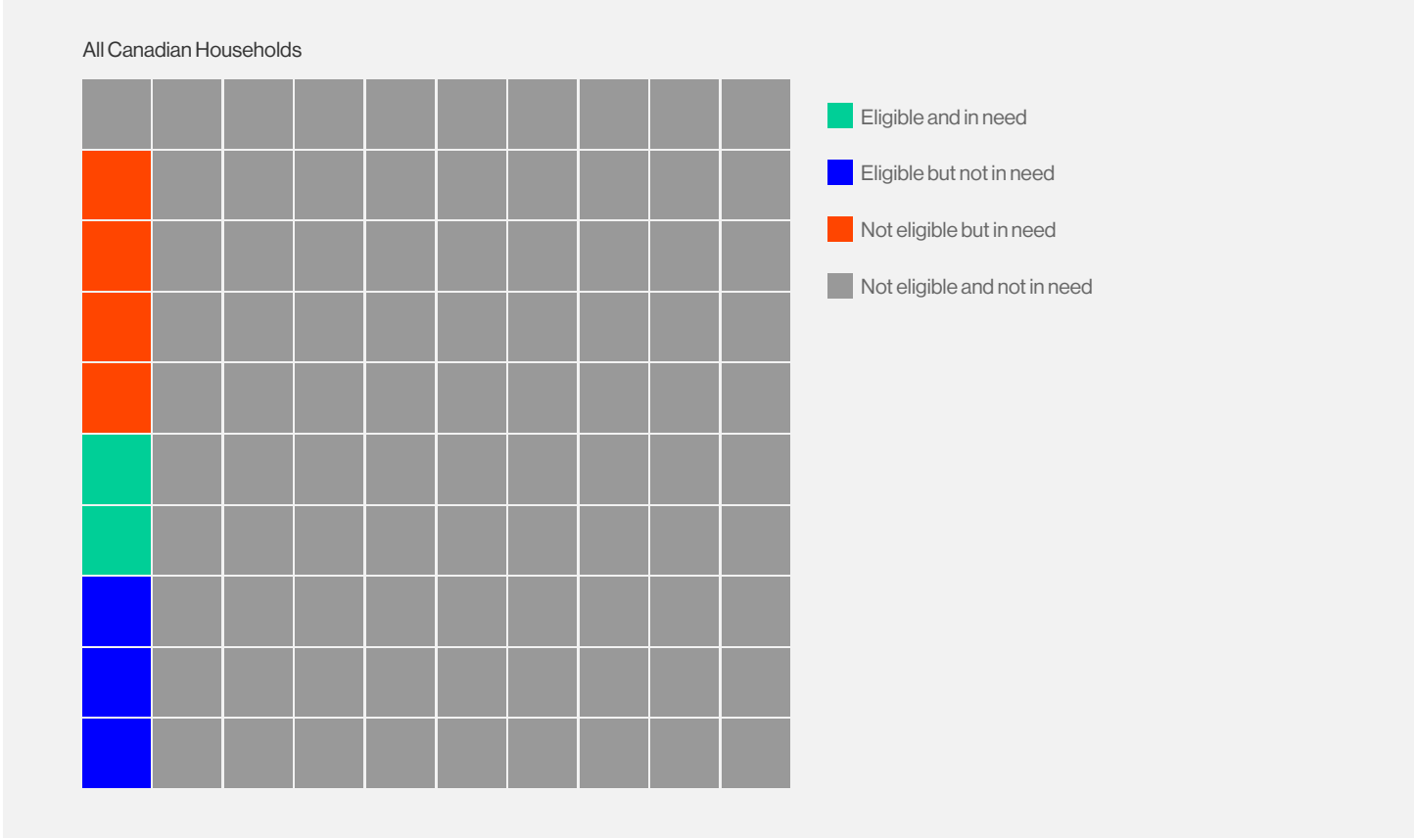
Eligible households not in CHN would receive relatively little funding if current CHB funding were allocated according to need; they would receive somewhat more with a larger funding envelope

If we assume that provinces allocate their existing funds for the benefit in descending order of depth of housing need (defined by shelter-to-income ratio) then very few program dollars would flow to households not in CHN. As we see in Figure 6, 97% of dollars spent under the program would contribute to reducing the household affordability gap under this assumption.

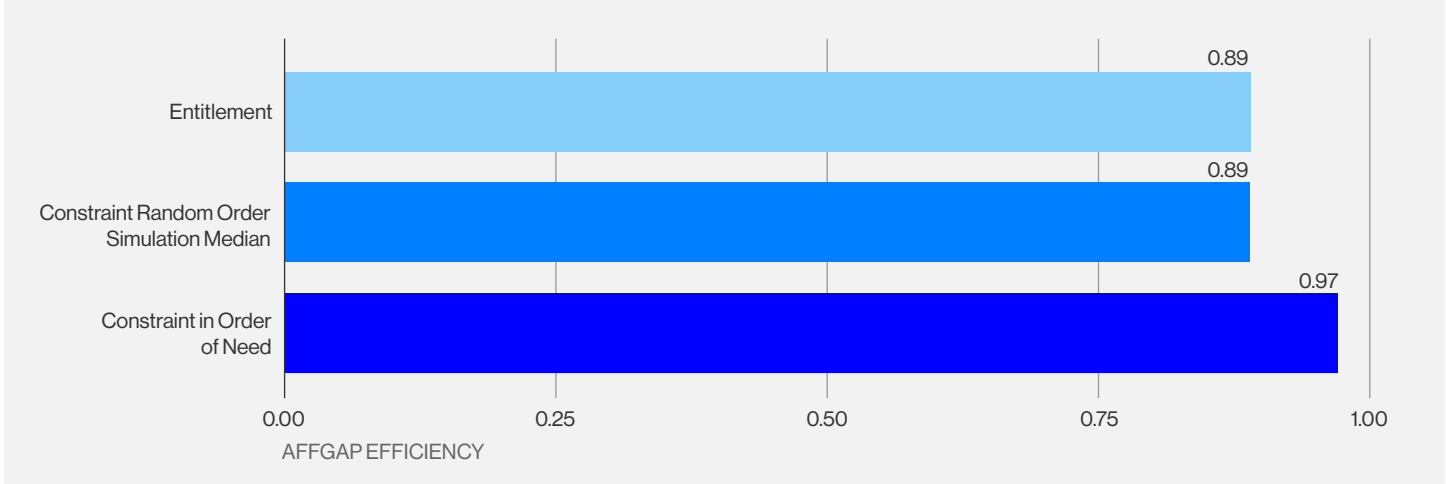
If the benefit were delivered to all eligible households as an entitlement (or allocated randomly among eligible households), then a greater proportion of program funds go toward households not in CHN. In this scenario, only 89% of dollars spent under the program would contribute toward reducing the household affordability gap. Since the benefit funding formulae tend to be needs-based, households not in CHN that are eligible for the program would receive a smaller share of total funding than their numbers suggest.

61 We also note that that because we use a proxy for CHN, this many introduce imprecision into our estimate of the size of this group (see Appendix A for further discussion).

| Figure 6 | Benefit eligibility and CHN status, Canadian households (2022)



| Figure 7 | Benefit efficiency (2022)



4. Who is excluded by the benefit eligibility criteria?

Eligibility criteria exclude many in CHN

Only a minority of those in CHN in Canada by the affordability standard (36%) are eligible for the benefit (see Figure 6). We estimate that about 336,000 households are both eligible for the benefit and in CHN. Meanwhile, we estimate that about 590,000 households are not eligible for the benefit but are in CHN.

This group (in CHN but not eligible for the benefit) is similar to the group eligible for the benefit: they tend to have very low incomes and high shelter-to-income ratios (see Figures 8 and 9), and thus are not markedly different from potential benefit recipients in terms of their housing affordability needs.

In many jurisdictions, the group that is (a) in CHN and (b) not eligible for the benefit is largely composed of households who remain in need after receiving other housing supports.

One important reason that households in CHN are not eligible for the benefit is that many are served by other housing affordability programming. Most provinces have chosen to exclude those receiving other rent subsidies, such as other PHBs or unit-based rent subsidies, even if recipients remain in need after receiving assistance. This approach maximizes the total number of households served by provincial housing supports but could result in households with lesser affordability needs (defined in terms of shelter-to-income ratio) being served before those with greater needs who are already receiving support from other programming

Two notable exceptions to this are Québec and New Brunswick, who use CHB funds to enhance the support provided to recipients of their existing housing benefit, rather than expand coverage.

Some provincial criteria for benefit receipt do not align with CHN affordability standards

Almost every provincial benefit is designed to target households who are in CHN by the affordability criterion (or close proxy of this concept). However, there are two notable exceptions to this.

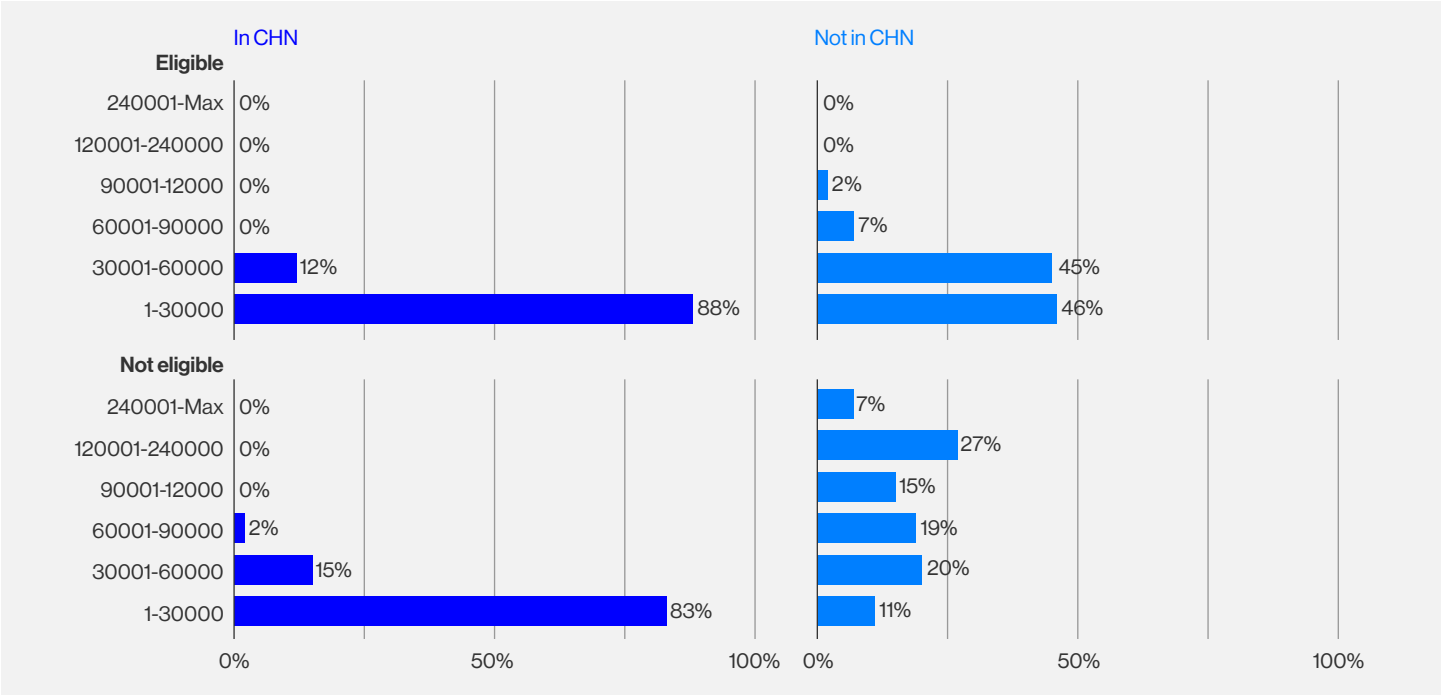
Saskatchewan uses a higher threshold for housing affordability (rent greater than 40% of household income) than any other province. Thus, those who have a shelter-to-income ratio between 30-40% are ineligible to receive the benefit, excluding many in CHN who would be eligible for the benefit in other provinces.[62]

New Brunswick stands apart as the only province in which eligibility is not linked to shelter-to-income ratio (STIR) or a related concept. Rather, recipients of the CHB in New Brunswick must only be employed parents earning between $12,500-$50,000 per year. In practice, these criteria will exclude many households in need, especially those who are unemployed and people without children.

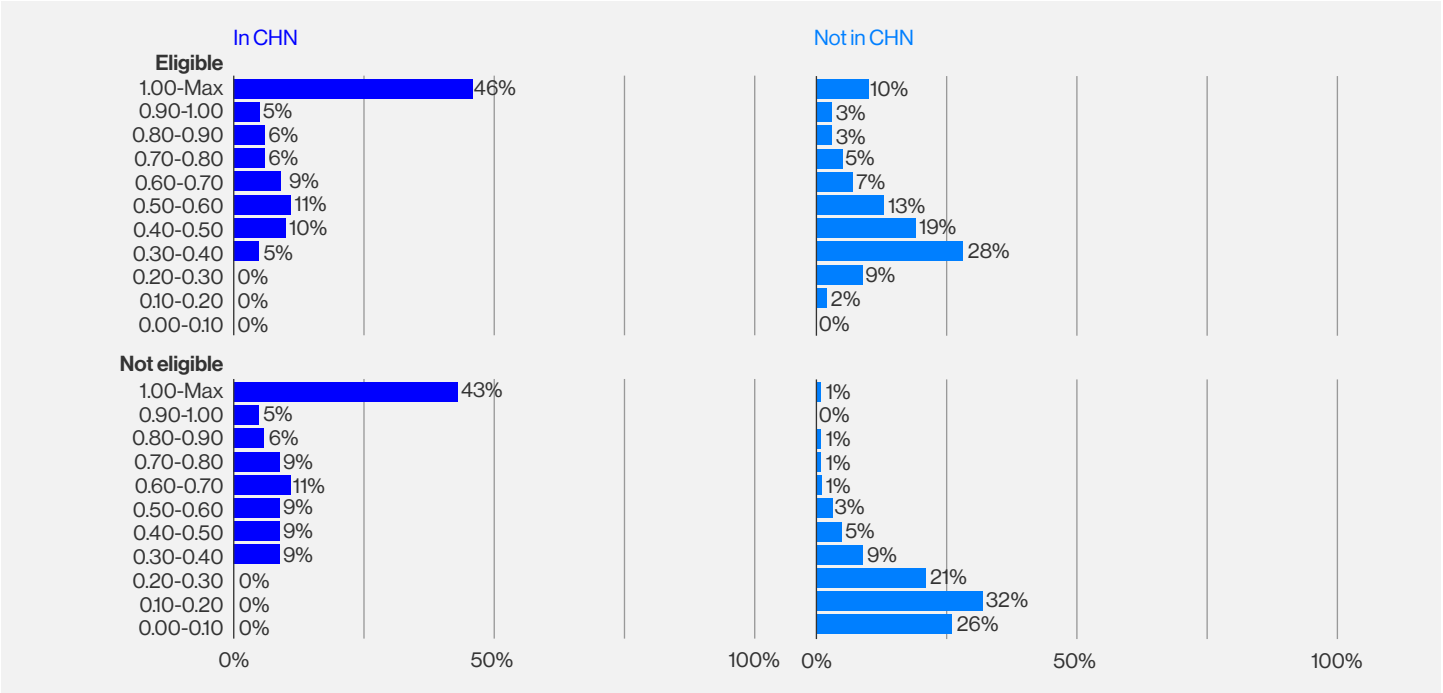
In these provinces, this has led to larger proportions of the population in CHN being excluded from eligibility for the benefit.

62 We note that the CHB design in Saskatchewan has undergone policy changes that are not reflected in the documentation upon which our analysis is based.

| Figure 8 | Household income by CHN status and eligibility



| Figure 9 | Shelter-to-income ratio by CHN status and eligibility



5. What depth of benefit would be received by those who are eligible? TO what extent does it meet their needs?

If delivered as an entitlement, the majority of those eligible for the benefit would receive relatively small benefits

Figure 10 shows the distribution of annual benefit amounts that would be received by eligible households if all households that were eligible received a benefit. It is noteworthy that nearly one quarter of households in receipt of the benefit received $500 or less each year. The large share of recipients receiving $500 or less is at least partly due to provincial-level nuances. Most significantly, as discussed above, Québec and Manitoba both use the CHB to top up their existing housing benefits, so they account for a disproportionate number of the smallest benefits in our simulation.

Some eligible households in British Columbia and Ontario would receive very large benefits

Some households are eligible for very substantial benefits under the current designs: for example, almost 10% of households are eligible for over $10,000 in benefits per year (~$833 per month or more). These benefits are exclusively concentrated in British Columbia and Ontario. While in each of these provinces, benefits are capped using AMR-based formulae, very large benefits are necessary to close the affordability gap for low-income households in many metro areas in these provinces due to high rental prices.

Depth of support provided by the benefit varies across provinces

In most provincial designs, the benefit is designed to close the entire affordability gap for many households in the eligible population, up to a certain limit.[63] See Figure 11 for the distributions of gap coverage across provincial benefit designs.

In Newfoundland, PEI, Alberta and British Columbia, the benefit closes the affordability gap for nearly all recipients. This is because in these jurisdictions the benefit has a generous upper limit, or no upper limit at all.

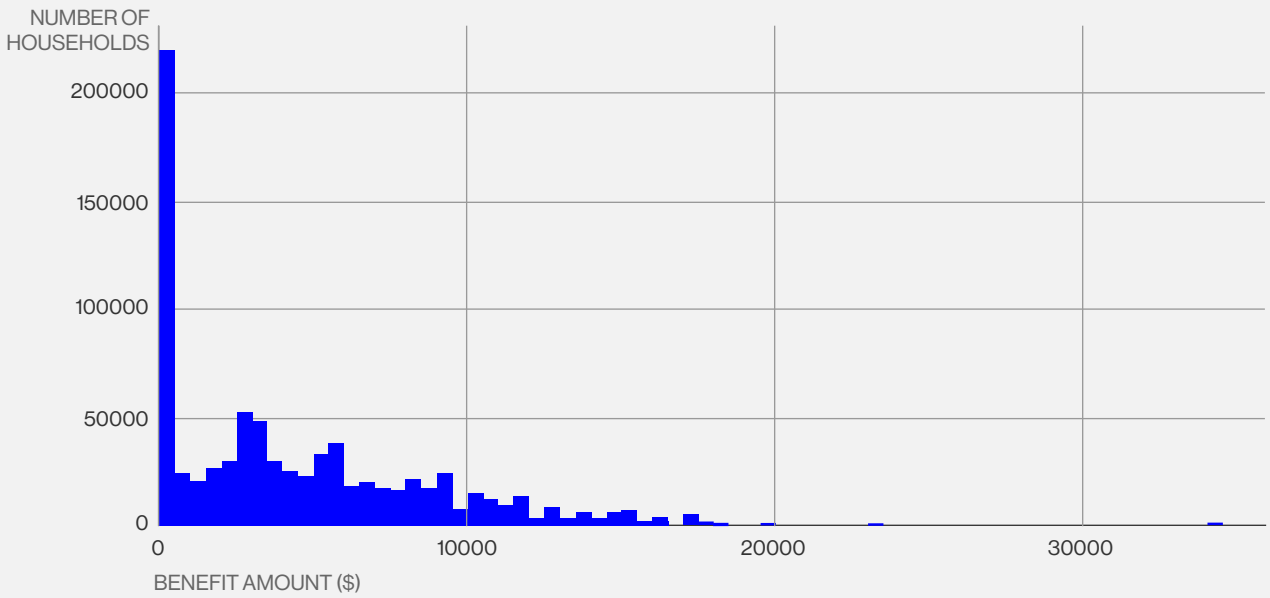
In Ontario, Nova Scotia and New Brunswick, the benefit closes the affordability gap for some recipients, but only partially closes it for others. In Ontario, the benefit is designed to fill the gap between 30% of income and 80% of AMR, so the benefit will only fill the entire affordability gap for households with below-market rents. New Brunswick's benefit is capped at a higher level than Nova Scotia's but is targeted to primary caregivers, who typically pay higher rents for a suitable unit.

In Québec and Manitoba, as we have discussed, the CHB stacks with an existing benefit. It only closes part of the affordability gap for most households on its own because it is meant to complement other housing subsidies households are receiving.

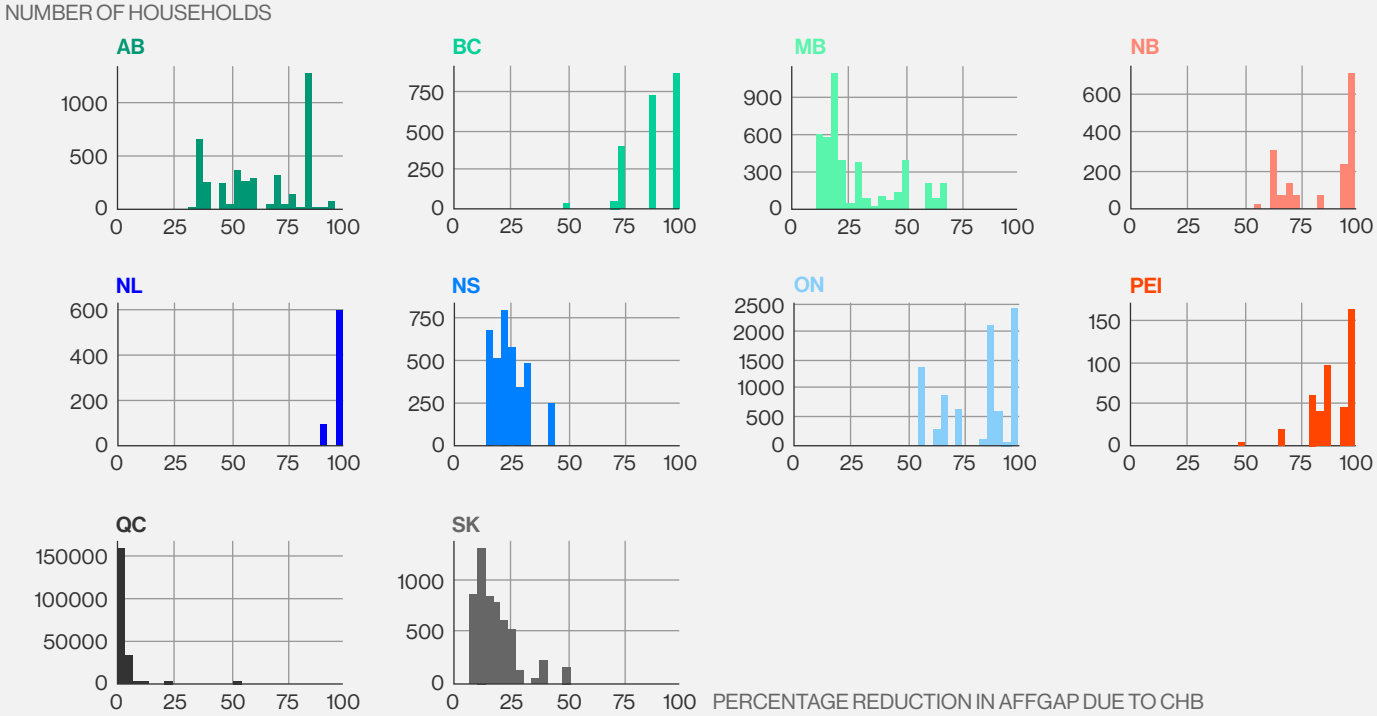
Saskatchewan offers a benefit that is less generous than many other provinces, and targets only those with very high shelter-to-income ratios — this means that the benefit only partially closes the affordability gap for essentially all eligible households.

63 We note that the CHB design in Saskatchewan has undergone policy changes that are not reflected in the documentation upon which our analysis is based.

| Figure 10 | Distribution of annual benefits for CHB-eligible households, Entitlement model (2022)



| Figure 11 | Distribution of affordability gap reduction for CHB-eligible households, Entitlement model (2022)[64]



64 We note that the CHB design in Saskatchewan has undergone policy changes that are not reflected in the documentation upon which our analysis is based.

Takeaways

In aggregate, our analysis supports four high-level conclusions about the effect of the benefit, and what factors should be considered going forward.

At current levels of funding, the benefit will have only a modest effect on housing need nationally

- In all provinces except Québec, the maximum level of funding for the housing benefit is enough to serve only a small fraction of those eligible for it. Thus, in practice, provinces must ration benefits among the eligible population.
- Because of the relatively small amount of funding for the program, we expect that the program will have only a modest effect, in aggregate, on the level of housing need in Canada.

If expanded, the program could have a meaningful impact on housing need

- If the benefit were delivered as an entitlement (i.e., all of those eligible for the benefit could receive it), it could have a substantial effect on the national level of housing need.
    - As an entitlement, the benefit could lift 10% of all households in need out of CHN and reduce the national affordability gap by 8%.
- As currently designed, we estimate that it would cost approximately $3.2 billion in 2022 to deliver a benefit to all eligible households. This would require an additional investment of almost $2.9 billion by government(s). While funding increases over the lives of the agreements, potential demand will still exceed supply of benefits considerablyin 2027.

In most (but not all) provinces, the benefits will close the affordability gap for most households who receive them

- In most provinces, the benefit designs are sufficient to close, or nearly close, the entire affordability gap for most eligible households (BC, AB, NL, PEI), or are designed to close the affordability gap together with existing housing supports (MB, QC).
- In some provinces (NS, ON), the benefit will close the affordability gap for many eligible households but will leave some households with larger gaps between their incomes and rents in need.
- In Saskatchewan, the benefit does not close the affordability gap for any eligible households and closes less than half of the affordability gap for most eligible households.

There is room to tailor eligibility criteria to reach more households in need

- There is a relatively large group of people who are in CHN but are ineligible for the CHB. This group is similar to those who are eligible in many important respects, including income and shelter-to-income ratio.
- Many provincial benefit designs exclude some households in CHN from receiving the benefit because they receive assistance from other provincial housing supports, while others exclude some households in need due to provincial peculiarities in eligibility criteria.
- If support for those in greatest need, rather than serving the greatest possible number of households, is a priority, then provinces could consider allowing benefits to stack with other supports where households remain in need.

Some eligibility criteria include households that are not in core housing need. This will become increasingly important if the program receives additional funding

- There are also many who are eligible for the program who are not in CHN.
- While CHN is an imperfect measure of housing need, this group tends to be somewhat better-off than the group that is excluded from the benefit but remains in need, and better off than other CHB-eligible households.
- In practice, assuming that benefit receipt is allocated according to need, very few of those not in CHN will receive a benefit at current levels of funding. However, an increasing proportion of funds will flow to this group if the benefit is scaled up.
- Under an expansion of the program, there is an opportunity to direct new funds from lower-need households toward households with greater gaps between their rent and what is affordable to them.

7

Conclusions

This report has presented a series of analyses on the NHS programs covered by the bilateral agreements: their design, funding, targets and implementation. This final section brings together the findings from these analyses to offer four broad, high-level conclusions.

NHS programs will not increase the supply of community housing beyond levels seen as recently as 2015

The NHS contains many programs that aim to increase the supply of affordable housing. The CCHI preserves the existing stock of community housing by funding the continuation of rental subsidies and much-needed repairs. The PTPF is designed to expand the number of subsidized units, among other goals.

However, there is evidence to suggest that support for a significant number of community housing units was lost in the period between the expiration of many federally and provincially held operating agreements and the introduction of programs designed to replace them. Our analysis suggests that even if the NHS achieves its target numbers for new community housing units, Canada will still have fewer units of government-supported community housing than it did in 2015, and far fewer than it had in 2005. The impact of the NHS is to halt further decline in the stock of community housing rather than expand it beyond levels seen in the recent past.

At a high level, the NHS directs much of its funding toward expanding the supply of 'affordable' housing through unilateral federal programs, while pursuing only preservation of the diminished stock of rent-geared-to-income community housing. As we have argued in the companion report, the 'affordable' housing produced by these programs (with the exception of RHI) does not generally create housing that is as affordable to low-income households as community housing built in years past. Community housing is an important part of the Canadian housing landscape: in addition to offering units that are more affordable to low-income tenants than much of the 'affordable' housing created by the NHS thus far, it promotes stability and inclusion for residents that is associated with positive individual and community outcomes.

There is a clear opportunity for CMHC and provincial/territorial governments to work together to determine how many community housing units were lost in the past and explore options to rebuild and expand the national stock of community housing.

Current levels of funding fall short of what is needed to address the housing needs of Indigenous peoples

The bilateral NHS programs studied here merely preserve the existing stock of Indigenous community housing and offer modest funding to build new housing in the territories. Indigenous peoples, particularly those living in the North, experience housing needs at far higher rates than non-Indigenous Canadians; it is clear that the existing state of housing for Indigenous peoples is not enough to meet the needs that exists.

Recent investments in an Indigenous housing strategy and other programs to address Indigenous housing needs in the 2022 budget are an important and much-needed step toward addressing the need for housing of Indigenous peoples in Canada. However, the amount of funding for these programs falls short of past estimates of the cost of addressing the Indigenous housing affordability gap.

The CHB is a critical part of the NHS that could allow the government to address unmet need. However, current levels of funding fall short of what is needed to meet demand for the benefit. If the benefit were scaled up, there are opportunities to target it more specifically to households in need

As we have discussed, other programs under the bilateral agreements will serve to preserve the existing, diminished stock of community housing. Meanwhile, the CHB will compose a substantial and increasing part of the funds flowing through these agreements. The CHB could play a critical role in meeting present need by directing funds to households in need quickly.

At current levels of funding, we estimate the benefit will have only a modest effect on the national level of housing need, lifting between 0.5% and 1% of households in CHN out of need in 2022 and closing between 0.6-0.7% of Canada's affordability gap.

In Budget 2022, the government has signalled an interest in expanding the CHB. If delivered as an entitlement, we estimate that the program could have a much greater effect on need, lifting almost 11% of households in CHN out of need, and closing 8% of the national affordability gap. There are opportunities for additional streamlining of benefit designs to target need more specifically under an entitlement model.

If the benefit is expanded, it will become increasingly important that it is accompanied by strong protections for renters and adequate rent controls, to ensure that private market housing is accessible to those in need and that the benefit's impact is not tempered by inflation in the rental market.

The new multilateral framework presents potential advantages in program reporting and monitoring, but thus far these advantages have not been realized

The HPF is a new multilateral framework endorsed by federal and provincial/territorial governments, in which these governments agreed to work together to achieve shared targets and work toward common goals

It was envisioned that one of the advantages of this approach would be that it would facilitate high-quality monitoring of programs by developing shared indicators and reporting practices across governments. This reporting could be used by CMHC to track progress toward targets, and by academics and civil society to analyze and study the effectiveness of programs.

Thus far, however, this advantage has not been realized. In practice, the way data are reported and collected differs across jurisdictions, much of what is collected is of limited use for research or program analysis and little of the data collected have been made available to the public.

Opportunities remain to enhance data collection, monitoring, reporting and data sharing with researchers to ensure that Canada fosters a data-driven and evidence-informed approach to housing policy that draws on accurate and timely research.

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Modelling the Canada Housing Benefit

Data

All modelling of the Canada Housing Benefit (CHB) was done using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M), version 29.0. The SPSD/M is a non-confidential, statistically representative dataset of the Canadian population at the individual level, and includes family relationships between individuals. It was created by Statistics Canada using data from a variety of sources, including:

- T1 Family File Personal Income Tax Returns;
- Unemployment Claim Histories;
- Canadian Income Survey;
- Survey of Household Spending.

By combining data from these different sources, the SPSD/M makes it possible to model each individual's tax and transfer profile in response to policy changes specified by the user. It also uses demographic forecasting to allow the user to model the expected effects of a policy in future years, with the latest version of the SPSD/M allowing users to model years up to 2026.

We decided to use the SPSD/M for the following reasons:

- It contains much of the information used in provincial CHB eligibility criteria and benefit calculation formulas (though not all of the information, as discussed below);
- It allows for analysis at the level of the individual Canadian, which facilitates flexible distributional analyses in line with the National Housing Council's research priorities; and,
- It includes demographic projections of the Canadian population over time, allowing us to examine the comparative impact of the CHB across years with different federal cost-matching commitments.

Modelling approach

Our modelling approach was to encode the CHB eligibility criteria and benefit formula into the SPSD/M in order to ask the following questions about each Canadian household:

- Is this household eligible for the CHB?
- If so, how much money does this household receive?

Once these two values were calculated for each household in the SPSD/M, we were able to analyze quantities of interest such as the extent of program eligibility, variation in benefit amounts received and the degree to which these quantities vary across demographic variables such as age, gender, family type and household income.

Assumptions and limitations

While simple in principle, our modelling strategy was made complicated in practice by two factors:

1. Some provinces have eligibility criteria or benefit amount formulas which rely on data not available in the SPSD. For example, some provinces have benefit calculations that depend on average market rent in the community of the benefit applicant, but average market rent is not included in the SPSD;
2. Some of our analytical goals depended on data not available in the SPSD. For example, one of our goals was to count the number of households lifted out of CHN as a result of receiving the CHB. While the SPSD does include a variable for whether a household is in CHN, this variable is only a static flag, and does not respond to changes in household income. As such, the SPSD's built-in measure of CHN was not adequate for

our research goals (see the relevant subsection below for a fuller discussion of this issue).

The goal of this section is to outline the specific challenges posed to our modelling strategy by certain benefit design features, the assumptions we made to circumvent these challenges, and the ways in which our assumptions may have biased the modelling results.

Data Limitations

The SPSD/M does not include data for individuals in Yukon, Northwest Territories, or Nunavut, nor does it include data for individuals living on reserves. Consequently, our results only apply to the ten provinces, and do not provide good estimates of the impact of the CHB on Northern communities and First Nations.

Provincial Budget Limits

One of our analytical goals was to evaluate the degree to which the CHB has sufficient funding to serve the eligible population in each province. But we were not able to calculate this directly because the total budget allocated to the CHB in each year is uncertain. Rather, projected funding for the CHB consists of a federal commitment to cost-match provincial expenditure up to a set threshold with this threshold increasing annually across the life of the program. This means that the actual budget allocated to the CHB in a particular province in a particular year depends on the degree of provincial expenditure, about which funding commitments have only been made for 2020–2022 in some provinces, and not at all in others.

To arrive at an estimate of actual funding for the CHB in each year, we assumed that each province would always spend exactly the amount eligible for cost-matching by the federal government. In other words, we assumed that funding would always be equal to double the federal cost-matching limits.

A further challenge was the fact that federal cost-matching schedules are published at the level of fiscal years, while the SPSD/M modelling was carried out at the level of calendar years, resulting in ambiguity around which year's CHB funding schedules should correspond to which year in the SPSD. We decided to estimate household eligibility and benefit amounts paid by looking at household characteristics during the year before a particular fiscal year. For example, the funding for financial year 2022–23 was used to estimate total spending compared to the eligibility and program costs calculated using the SPSD/M's assumed population profile for the year 2021. We feel this is appropriate because eligibility is not determined in real time, and neither is amount paid.

Market Basket Measure Shelter Component as a Proxy for Average Market Rent

Some provinces use a household's local average market rent when determining program eligibility or benefit amount. For example, Newfoundland provincial documentation states that the CHB amount paid to eligible households will be: "the difference or gap between the rent geared-to-income calculation (25% of net income) which determines the amount of rent the tenant can pay and the lower of actual rent paid or the average market rent in the community as set by the Canada Mortgage and Housing Corporation Rental Market Survey." [65]

This posed a challenge to our modelling strategy because the SPSD does not include data on average market rents, and its most fine-grained geography variable is Market Basket Measure (MBM) region. As such, wherever average market rent was used by a province to establish program eligibility or calculate benefit amount, we used the shelter component of the MBM in a household's MBM region as a proxy.

There are a few clear problems with this approach. For example, the MBM shelter component is geographically

65 We note that the CHB design in Saskatchewan has undergone policy changes that are not reflected in the documentation upon which our analysis is based.

much more coarse-grained than average market rent data, meaning that it may not accurately capture small-to-moderate differences in shelter costs between certain municipal regions included within the same MBM region. Another problem is that, even in regions in which the geographical boundaries of the two measures perfectly correspond, there may be systematic differences between average market rents and the MBM shelter components.

Despite these problems, we feel the MBM shelter component is a reasonable proxy for average market rent in this context, given the analytical goals of our analysis. While the difference between the cost of a "modest, basic" standard of living as captured by the MBM and an "average" cost of living as captured by the average market rent data is somewhat ambiguous, any mismatch between these two concepts is unlikely to influence the overall direction of the modelling findings. For example, if average market rents systematically exceed the MBM shelter component in the corresponding regions, then for provinces with a benefit calculation formula designed to 'close the gap' between average and affordable rent for a particular household, our modelling approach may underestimate the amount of benefit paid to a particular household, and thereby deflate total program costs in that province. On the other hand, if average market rents tend to be lower than the MBM shelter components, then our approach may overestimate these variables. While this introduces the risk of our model exaggerating or understating benefit payments and the associated costs to governments, the overall directionality of the findings likely remains sound.

Excluding Households with No Income

Some households in the SPSD are reported as having no before-tax household income. We have marked these households as ineligible for the CHB, because this is likely a misrepresentation of their true financial situation. This is in accordance with our understanding of general practices at CMHC itself, which tends to exclude such households from their analyses as well.

Estimating Household Assets

Some provinces include household asset limits as a CHB eligibility criterion. For example, a household in Saskatchewan with more than $100,000 in assets is considered ineligible for the program. This posed a challenge to our modelling strategy because household assets are not recorded in the SPSD. In response to this challenge, we constructed a proxy for household assets by taking the sum of household interest and investment income and dividing it by an assumed interest rate of 2% to yield an estimate of assets held by the household.

Defining Core Housing Need

One of the goals of this analysis was to count the number of households lifted out of CHN as a result of receiving the CHB. However, the CHN variable included in the SPSD is not dynamically calculated by the model, and so does not change in response to changes in a household's financial situation. As such, the SPSD's built-in measure of CHN provided no way of modelling the impact of the CHB on CHN.

We met this challenge by constructing our own measure of CHN in the SPSD. Specifically, we flagged a household as being in CHN if it met two criteria, which mirror the CMHC's two-stage definition of CHN:

1. Has a shelter-cost to income ratio of 30% or higher. This is equivalent to the CMHC's own 'affordability criterion.'
2. Is below the MBM income threshold for its MBM region. This is intended as a substitute for the CMHC's own criterion that a household's income be sufficient to access acceptable local housing based on average market rent data.

We ignored the adequacy and suitability criteria because the goal of our analysis of CHN was to measure the impact of the benefit on CHN. While in principle it is possible that receiving the CHB could lift a household

out of adequacy- or suitability-CHN by enabling them to change their housing situation, it was not feasible to model these situations in the SPSD.

We feel our second criterion is a suitable substitute for the CMHC's average market rent-based criterion because it captures a similar spirit. That is, it ensures that households in CHN are not wealthy households who have simply chosen to live in high-cost housing, driving up their shelter-cost to income ratio. However, this use of the MBM as a proxy for average market rents is subject to the same problems we mentioned above when discussing the MBM shelter components as a proxy for average market rent in benefit amount calculations. To get a sense of the degree to which our constructed measure of CHN is an appropriate proxy for CHN as measured by the CMHC, we compared the number of households in CHN as estimated by the 2018 Canadian Income Survey with our own estimates for CHN in 2018 in the SPSD/M. This comparison is presented in the table below:

| Table A1 | Comparison of CHN estimates

Region	CIS-estimated CHN due to Affordability Criterion (2018)[66]	SPSD-estimated CHN due to Affordability Criterion (2018)
Canada	1,455,600	1,208,056
Newfoundland and Labrador	16,100	12,147
Prince Edward Island	4,400	7,189
Nova Scotia	40,500	44,020
New Brunswick	19,100	28,755
Québec	238,000	275,896
Ontario	659,800	459,091
Manitoba	47,300	39,468
Saskatchewan	42,700	33,615
Alberta	147,800	109,116
British Columbia	239,900	198,759

One further issue is that the SPSD variable for being beneath the regional MBM threshold is defined at the level of the economic family, rather than that of the household. This is a problem because in some cases a household can contain more than one economic family, and it is possible that one family in a household could be below the regional MBM threshold while another is not. To address this issue, we assumed that if a household contains at least one economic family below the MBM threshold, then that entire household is considered to be below the threshold. We feel that this is justified in order to keep the focus of our analysis at the level of the household, in keeping with the fact that the CHB itself flags eligibility at the household level.

66 Statistics Canada. (2017). Core housing need, 2016 Census. https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm

Regionally-varying Income Limits

Some provinces included explicit upper limits on household income as an eligibility criterion. These limits sometimes varied regionally in ways that could not be directly modelled, due to the coarseness of the SPSD's geography variables. For example, the income limits were often defined at the municipal level, while the SPSD geography variables generally only indicate a household's province of residence and the population size of the region where the household lives (specific municipalities are named only for a province's largest municipalities, such as Toronto in Ontario and Vancouver in British Columbia).

We addressed this issue by grouping the municipalities listed in the income limit schedules according to the population size bands included in the SPSD's geography variables and calculating the average income limit for each population size band in each province. We then applied the resulting averaged income limit to the households in the SPSD. Where these income limits varied by size of dwelling, we adopted the National Occupancy Standard to infer the size of dwelling of each household in the SPSD.

Demographic Variables and Social Assistance Status

Some provinces included as eligibility criteria certain demographic characteristics not tracked by the SPSD, or household variables such as whether or not a certain household was already receiving, or on a waitlist to receive, assistance from a specific existing provincial program. Given that these variables were not included in the SPSD, they could not be included in our modelling process.

The inability to model certain eligibility criteria means that our estimates of program eligibility may be inflated in certain provinces, which may in turn inflate our estimate of total program cost. However, we feel it is unlikely that this inflation will meaningfully change the directionality of the modelling results, given that we were in most cases able to directly model the key income-based eligibility criteria in each province.

Additional Province-Specific Assumptions

In addition to the broad challenges mentioned above, we also made assumptions to address challenges presented by certain province-specific eligibility criteria and benefit calculation formulas. The purpose of this section is to outline these assumptions.

British Columbia

BC made use of regionally-varying income limits as an eligibility criterion, as mentioned above. While the SPSD geography variable flags some households as living in a 'rural' region, BC has not published income limits for rural regions. As such, we assigned the SPSD's rural households the same average income limit as non-rural households in regions with populations of 30,000 people or fewer.

Alberta

Publicly available provincial documentation was not sufficiently clear to allow us to jointly model the two distinct programs which the CHB is being used to bolster in Alberta, namely the RAB and the TRAB. Specifically, there is insufficient publicly available documentation on the benefit calculation formula used under the TRAB, and the documentation available for the benefit formula of the RAB is ambiguous.

Based on the available information, we assumed the following benefit calculation formula for Alberta: if a household's shelter costs are higher than its 'affordable rent' (defined as 30% of total income), then the household receives the difference between its shelter costs and affordable rent, up to a maximum of $750. But if the household's shelter costs are not higher than its 'affordable rent' then the benefit closes the gap between the MBM shelter component as a proxy for average market rent, as discussed above in the relevant subsection of this appendix.

Manitoba

Eligibility for the CHB in Manitoba is too dependent on demographic variables not included in the SPSD to be adequately modelled by it. Similarly, the benefit amount is determined in reference to variables not included in the SPSD, such as amount a household is already receiving under a particular rental assistance program.

Given these challenges, we modelled eligibility based on a combination of household characteristics and household income meant to loosely map to the three distinct provincial program streams. For the benefit calculation, we assumed that each household would receive an amount to reduce their shelter-cost to income ratio to .3, up to a maximum of $250 per household, which is the true benefit maximum mentioned in the provincial documentation.

Québec

Income testing for program eligibility in Québec makes reference to a deduction for the pension alimentaire mensuelle. However, this program is not directly tracked by the SPSD.

Benefit amount calculations in Québec depend partly on rent-geared-to-income (RGI) levels, dividing recipients into two classes based on their RGI level. However, RGI receipts are not tracked in the SPSD. In response, we attempted to approximate this bifurcation of eligible households based on need by grouping households based on shelter-cost to income ratio, rather than RGI level. Specifically, we gave the province's maximum subsidy of $130 to households with shelter-cost to income ratios greater than or equal to 50%, and the maximum subsidy of $100 to those with shelter-cost to income ratios greater than 30% but less than 50%

Nova Scotia

The Nova Scotia CHB's homeowner stream includes eligibility criteria based on the current taxable assessed value of a household's property. The SPSD does not include property value directly, so we approximated property value by dividing household property tax paid by 1.1%, which generally corresponds to property tax levels in the province.

The publicly available documentation around the homeowner stream in Nova Scotia specifies that the maximum benefit amount is $200, and that the precise amount is based on household characteristics such as household income, rent geared to income level, shelter costs, and assessed property value. The documentation around the renter stream specifies that the benefit amount is based on factors such as a household's composition, total income of different types, and local average market rents, and, unlike the homeowner stream, is not subject to a $200 limit.

It is important to note that, due to missing information at the time of modelling, we have assumed the benefit would be equal to the difference between 30% of income and pre-benefit shelter costs, up to a maximum of $200. While this assumption deviates from the above-mentioned benefit calculation formulas for the two streams, we believe the overall modelling results are only minimally impacted by these discrepancies.

Prince Edward Island

Based on the publicly available documentation, the eligibility criteria in PEI are not sufficiently clear to be modelled directly. For example, the documentation that arrangements are sometimes made on an ad-hoc basis, based on an assessment of available stock and a particular household's needs. We approximated the eligibility criteria of the province based on demographic features corresponding to the two eligibility streams, such as age, disability status and family size.

New Brunswick

New Brunswick has not made a precise benefit calculation formula publicly available. However, they have published a table of 'average benefit amounts, by urban vs rural regions. We have assumed that all urban households receive the corresponding urban average, and all rural households receive the corresponding rural average.

Appendix B

Map of CHB designs

P/T	Income concept	Formula	Taxable	Duration	Income ($)	Shelter cost cut-off	Program interactions	Tenure	Exclusions
NL	Household net income	If R <= AMR: B = R - 0.25*Y If R>AMR B = AMR - 0.25*Y	No	Indefinite (must confirm eligibility annually)	(0, 32,500)	In Core Housing Need or falls below CHN income threshold	None	Renters, co-op residents	Recipients must be: A Canadian Citizen, independent landed immigrant or government sponsored immigrant A resident of Newfoundland and Labrador Able to live independently in a self-contained unit or have support services which will facilitate such independent living Not have received a Notice to Vacate with reason from a previous landlord
NS	Gross household income	Homeowner stream: • B = Monthly Shelter Cost – 0.3*Monthly Household Income, up to $200 per month Renter stream: • If IA recipient and non-senior: B = AMR - ShelterAllowance • If Non-IA recipient and non-senior: B = AMR - 30% Y • If IA recipient and senior: B = 95% AMR - ShelterAllowance • If Non-IA recipient and non-senior: B = 95% AMR - 30% Y	No	12 months, renewable annually (indefinite	None	For renters: Shelter costs greater than 30% of household income For homeowners: Shelter costs greater than 50% of household income	People on the registry for =Seniors Housing Program or Family Housing Program are applied automatically	Renters, homeowners	Cannot be student, unless has dependents or a disability (If homeowner) home value assessed for no more than $250,000 in HRM, $175,000 elsewhere
NB	Before-tax household employment income (household members <19)	B = CHB max rate - [(Y - $35,000) * (rate of reduction*-1)] *rate of reduction is based on MMR Benefit between $300-475 per month)	No	Three years (eligibility reassessed annually)	(12,500, 50,000)	None	Cannot receive housing subsidy	Renters	Must be employed Must file taxes Must be primary caregiver
PEI	Gross household income	If not SA recipient & R >= MMR, B = 0.25*Y - MMR, If SA recipient & R < MMR, B=0.25*RA-R, If SA recipient & R<MMR, B=0.25*RA - MMR	No	12 months	None			Renters	None
QC	Gross household income	Used to enhance the Shelter assistance program. As of 2021/22, maximum assistance increased from $80 to $100 per month No later than Fiscal Year 2024–2025, the maximum subsidy amount for households with a rent-geared-to-income level of more than 80% will be increased to $150 per month, and those whose rent-geared-to-income level is between 50% and 79.9% will be increased to $130 per month	No	Indefinite (eligibility assessed annually)	None	Rent thresholds vary by household size and type	Community housing residents are eligible if they meet eligibility criteria of the Shelter allowance program	Renter, owner, rooming house occupants, any individual who shares a dwelling with one or more occupants	Must file taxes

P/T	Income concept	Formula	Taxable	Duration	Income ($)	Shelter cost cut-off	Program interactions	Tenure	Exclusions

ON	Adjusted family net income	For non-SA recipients (those not on welfare):
		B = 0.8*AMR – 0.3Y
		For SA recipients:
		B = Min {
		0.8*AMR – 0.3Y,
		R – RA
		}
			No	Indefinite (eligibility assessed annually)	None	None	Households must be on, or eligible to be on, a social housing waiting list or be in financial need and living in community housing
							Cannot be receiving any other government housing supports (excepting social assistance shelter component)
								Renters	Priority for COHB will be given to survivors of domestic violence and human trafficking, persons experiencing or at risk of homelessness,
									Indigenous persons, seniors, people with disabilities, and households that will no longer receive housing assistance as a result of expiring social housing operating agreements/ mortgages and/or federal / provincial programs

MB	Net household income	For Mental Health and Addictions Stream B = local warm affordable rent - $285 (shelter benefit for people living in subsidized housing) (while living in designated housing project) For Youth Stream B = $250 (not receiving Employment and Income Assistance (EIA) or non-EIA Rent Assist) For Mental Health and Addictions, Youth and Homelessness Streams B = R - Rent Assist (max 250) (EIA recipients) B = (0.3*Y + non-EIA Rent Assist) (non-EIA Rent Assist recipients)	No	For Mental Health and Addictions, Youth Streams Two years (renewed annually) For Homelessness stream Indefinite (renewed annually)	None	Mental Health and Addictions Stream: No shelter cost - paid by EIA and CMHB (while living in a designated housing project) R - RA + CMHB (after transitioning to market housing and receiving EIA) R - (0.3Y + non-EIA Rent Assist) (after transitioning to market housing and receiving non-EIA Rent Assist) For Homelessness and Youth Streams	For all streams Must be receiving EIA or non-EIA Rent Assist For Mental Health and Addictions Stream: When applying, must be living in a designated housing project, including supportive recovery housing and enter into a rental agreement with the provider Can continue to receive benefits to live in private rental accommodations after transitioning from a designated housing project and have a tenancy agreement For youth stream	Renters	Excludes students, those living on First Nations reserves, those living in hospital or residential care facility, student housing Must be a Canadian citizen, permanent resident of Canada or refugee claimant No income tax filing requirement
SK[67]	Before-tax household income	Singles and couples, no dependants: B = $150 Single or couple with one dependant: B=$200 Single or couple with two or more dependants: B=$250	No	Indefinite (eligibility assessed annually)	Singles and couples, no dependants: Y <$43,10 Single or couple with one dependant: Y <$52,900 Single or couple with two or more dependants: Y<$63,800	Shelter costs > 0.4*Y	Not eligible if already in subsidized housing or receiving other supports	Renters	<100,000 in household assets Excludes students, 'sponsored newcomers to Canada', those living on reserve, licensed facilities, rental housing not covered under the RTA. No income tax filing requirement
AB (RAB)	Before-tax household income	Benefit rates vary by region and income	No	Indefinite (must confirm eligibility annually)	Below local income thresholds	None	Cannot be living in community housing	Renters	Assets less than $25,000

67 We note that the CHB in Saskatchewan has undergone policy changes that are not reflected in the documentation upon which this table is based.

P/T	Income concept	Formula	Taxable	Duration	Income ($)	Shelter cost cut-off	Program interactions	Tenure	Exclusions
AB (TRAB)	Before-tax household income	Benefit rates vary by region and unit size Benefits decrease after first year	No	Two years (eligibility reassessed after first year)	Below local income thresholds	None	Cannot be living in community housing Not eligible for the benefit if receiving	Renters	Only available in select municipalities
BC	Gross income (monthly)	If R < Rent ceiling: B = R - 0.3*Y + Heating allowance (where applicable) If R > Rent ceiling B = Rent Ceiling - 0.3*Y If the rent is less than the rent ceiling, and the renter is responsible for paying their own heating costs, up to $35 can be added to the rent when calculating the adjusted rent. In no circumstances can the rent exceed the rent ceiling	No		None	None	Everyone who meets the criteria for this program and is NOT eligible for Rental Assistance Program or Shelter Aid for Elderly Renters is eligible for the benefit Community housing residents are eligible if they do not receive a subsidy	Renters	Must have filed Canadian Income Tax in previous year Must be one of: Canadian Citizen, "An individual lawfully admitted into Canada for permanent residence," refugee, applied for refugee status, or "An individual whom private sponsorship has broken down" Must fall within list of vulnerable groups
YK	Unknown	Benefit ranges from $200–$800 and is an increasing function of household size. Formula unknown	No	Unknown	None	Unknown	Must not be receiving other housing benefits (shelter allowance) or living in subsidized/ community housing People receiving Income Assistance are not eligible for the CNHB	Renters	<$100,000 in household assets Must be a Canadian citizen or permanent resident of Canada, or have permanent resident/refugee status Must be a resident of Yukon for three months Must have a Current Proof of Income Statement from CRA for every adult in household
NWT	Unknown	If not SA recipient, B=AMR-0.3*Y (max 800) If SA recipient, B= R-0.3*RA (max 800)	No	Up to two years	None	For IA recipients, R > 0.3*RA For non-IA, AMR > 0.3*Y	Not receiving any other housing benefit or subsidy Must be receiving income from a qualifying source such as Employment, Employment Insurance, Old Age Security, Short-term Workers Compensation, Short-term disability, Alimony Payments, Training Allowance, Guaranteed income Supplement, Pension Income	Renters	Must be a resident of NWT for 12 months Must have a social insurance number
NU	Unknown	Average monthly benefit of $3,100 per month (formula unknown)		Unknown	Unknown	Unknown	Unknown	Unknown	Unknown

Definitions:

B = Monthly benefit received
Y = Household income (monthly)
SA = Social assistance income (monthly)
RA = Social assistance shelter allowance (or similar)
R = Monthly household rent
MMR = Median market rent (monthly)
AMR = Average market rent (monthly)

Blueprint