
Nowhere to Go: Advocates Hope COVID-19 Will Force Governments to Finally Address Canada's Affordable Housing Crisis

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Published in: *The Philanthropist*, COVID-19

ISSN: 2562-1491

Date: August 3, 2020

Original Link: <https://thephilanthropist.ca/2020/08/nowhere-to-go-advocates-hope-covid-19-will-force-governments-to-finally-address-canadas-affordable-housing-crisis/>

Date of PDF Download: January 23, 2021

Earlier this spring, as Toronto's Parkdale neighbourhood eased towards reopening after the COVID-19 lockdown, a local non-profit and a group of private donors banded together to purchase a \$7.2 million rooming house with 38 affordable rental units.

It's the third property acquired by the Parkdale Activity-Recreation Centre (PARC) over a six-month period in the tenant-dominated neighbourhood – the non-profit also bought two rooming houses with a total of 17 units in December. It's also the latest example of non-profits and partner agencies working to secure affordable housing for people and families who are homeless or at-risk in a neighbourhood where gentrification pressures run high.

"There are two ways to do this. One way is a huge land development with 800 units," that could take up to seven years, says Victor Willis, PARC's executive director. "This is right now, and we can actually prevent somebody from losing control of their housing and security."

PARC officials had pledged to their board that they would secure 100 units by 2020, a target beat by nine, and fueled by low-interest loans from the Echo Foundation after PARC's commercial bank couldn't work out financial support, Willis says. The group also had access to City of Toronto funds previously allocated through a [provincial housing program](#).

Parkdale charity The Neighbourhood Land Trust (NLT) has been leading the charge on local acquisitions. Last year, working with PARC, they [bought and renovated](#) a 15-unit rooming

house without displacing tenants or spiking the rent through a pilot project that included \$1.5 million in municipal funding. The NLT took on the mortgage and PARC holds a 49-year-lease. The Ontario Renovates program helped them access about \$600,000 for repairs and the trust has promised to keep rents affordable for 99 years.

Joshua Barndt, executive director of the NLT, says the goal is to purchase three local rooming houses this year. NLT has partnered with VanCity Community Investment Bank (VCIB) to create the Preserve and Protect Guarantee Program to keep properties off the open market.

How it works, says Barndt, is that institutional investors, including foundations, can buy a guaranteed income certificate (GIC) that offers expected rates of return of 2.15 to 2.3%, depending on contribution size.

Their initial target is a pool of \$4 million to \$8 million, he says. When properties are identified, VCIB will make capital available to the trust in the form of a guaranteed loan, to be paid back in three years.

The model could easily be scaled up for larger buildings, he adds, pointing to the success of a similar program by Quebec's Société locative d'investissement et de développement social (SOLIDES).

"We trust that government sees the value in what we are doing and will fund us eventually, but we can't wait for them to come forward," Barndt notes. The VCIB partnership program "doesn't reduce the need for government to be involved. It just allows us to act now and be in the driver's seat."

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When COVID-19 forced country-wide shutdowns in mid-March and then took hold in homeless shelters, it underscored one of the core tenets in the charitable and non-profit sectors, that four solid walls and a roof are essential to human dignity.

What has become increasingly certain, for the third of the country that the Canada Mortgage and Housing Corporation (CMHC) estimates are renters, is that there's almost nowhere to go.

By 2018, almost 629,000 households were classified as subsidized housing, Statistics Canada reported in late 2019. An additional 284,000 households had at least one member of the household on a waitlist for affordable housing, the bulk (61%) for at least two years, that report showed. (The data was gathered between November 2018 and March 2019.)

The non-profit sector already operates some 30%, about 164,000, of the almost 542,000 subsidized and affordable units the CMHC counted across Canada in 2018, according to a December 2019 report. The CMHC did not include units managed by the Société d'habitation du Québec.

Compounding the existing crisis was the net loss of some 322,600 lower cost private rental units to the open market between 2011 and 2016, detailed in a [recent analysis](#) of housing surveys and census data by Steve Pomeroy, head of Focus Consulting Inc.

Now, fears are mounting that the owners of small- to mid-sized properties, their own financial security weakened if tenants can't pay rent, are primed to put those distressed assets up for sale. The likely buyers would be large-scale for-profit landlords or real estate investment trusts that generate returns through consolidated assets.

Ottawa is working on a plan to step in and halt commercial sales, but cabinet is still hashing out the details, according to Toronto MP Adam Vaughan, parliamentary secretary to the minister of families, children, and social development. He says a federal "acquisition and conversion strategy" could become a "new chapter" of the existing [National Housing Strategy](#). That 2017 plan pledges federal support towards the renovation and repair of 300,000 existing homes and the creation of 125,000 new ones over 10 years.

"We are very concerned that assets that may be easily converted into supportive or even public housing could be lost," to commercial buyers, further "putting affordable rent out of the reach" of many Canadians, says Vaughan.

Julia Deans, president and CEO at [Habitat for Humanity Canada](#), speaking with *The Philanthropist* earlier this spring, described the national strategy as a "ground shifting" moment in public policy. "In a state where there is so much need, there are so many spending opportunities, so many spending pressures that we need to make sure we keep pushing on that strategy and see it come to life."

The pandemic hit Habitat "on all three fronts," Deans said, forcing the temporary closure of 110 of its ReStores and most build sites (some continued as essential work rules varied across the country).

Many Habitat homeowners are front-line workers, said Deans, and not at risk of losing their jobs or the bulk of their income. The organization's policy is that owners do not pay more than 30% of household income on mortgages, and it provides financial flexibility if necessary.

While homeowners can build equity and make long-term plans, the economic fallout from COVID-19 means that, for millions of renters, the future has become increasingly insecure.

Vaughan says talks about the acquisition strategy were underway before COVID-19 and emergency efforts at the federal level have meant an additional \$157 million invested in the Reaching Home program to help house homeless people.

Crafting an acquisition plan, he adds, has included consulting dozens of front-line agencies.

"We asked them to take a look at buildings they were using or buildings they knew might be available to send us sort of a one or two page proposal of what the estimated costs might be to acquire, convert, and roll into a full time program."

The Canadian Alliance to End Homelessness launched those interagency discussions.

Executive Director Tim Richter warns that whatever the Liberals do produce won't put a dent in actual housing needs. "We are not going to be able to purchase and convert our way out of that."

While Ottawa debates next steps, front-line housing agencies are still recovering from the fallout caused by the pandemic's arrival and sweeping lockdown measures imposed in mid-March.

"It's been very challenging," says Mario Calla, executive director of COSTI Immigrant Services, which supports about 39,000 people in the Greater Toronto Area (GTA) each year.

During the early days of the pandemic, Calla says, landlords cancelled leases for clients due to fear of spread of infection and worries about payment of rent. While that concern has abated, it doesn't solve the challenge of providing ongoing support to clients, who increasingly settled outside the GTA because of high rental costs, he says. Moving newcomers out of the region, where family members reside and services are accessible, is destabilizing, adds Calla, who has called for a program that ensures newcomers are first settled in the place they are most likely to live. COSTI's services include temporary accommodations in hotels. Calla says Ottawa should include ways to buy those properties in the acquisitions plan.

Barb Ward-Burkitt, executive director of the Prince George Native Friendship Centre, shares that view. The British Columbia-based non-profit runs 12 locations, including five residential properties and an at-capacity hotel that provides shelter for up to 90 women who otherwise would be at high risk of homelessness.

Maintaining connections is why the centre never shut its doors, says Ward-Burkitt, a member of the Fort McKay First Nation. There are 54 First Nations communities in northern BC, she says, and Prince George has become a hub for those seeking support, temporary shelter, and opportunities to heal.

"Many of the support services in the community closed their doors," she says. "We really felt that we needed to have an open door and our eyes on the clients that came to us for service."

In other provinces with higher infection rates, frontline workers had to adapt to stay connected with clients.

The hardest hit was Quebec, with 56,521 cases and 5,627 deaths reported as of July 12. In Montreal, thousands live in unsafe and substandard housing, and count on outside support and intervention, a leading local charity says. Centraide of Greater Montreal, which supports 350 frontline agencies, created an \$8 million emergency fund in March to meet the basic needs of vulnerable residents, and particularly seniors. It then shifted to supporting smaller agencies on the ground.

Myriam Bérubé, director of experimental projects and learning, says a key concern was that inspections were put on hold at the same time that volunteers and advocates were effectively shut out of tenant's lives.

Prior to COVID-19, direct support for tenants came through door-to-door visits from Centraide's Safe Housing Brigade, she says, part of a Collective Impact Project made possible through \$23 million in donations from major foundations over a five-year period.

"What we see is that these living conditions really impact their physical and mental health, their family and social relationships, their children, and right now at the moment those problems are exacerbated," says Bérubé. Brigade members supported tenants by phone, and they are

bracing for a flood of eviction hearings for non-payments of rent. In Quebec, landlord and tenant board hearings restarted in early June, though hearings for cases opened from March 1 onward were expected to begin in mid-July, as [reported](#) by *The Review*.

Christina Maes Nino, executive director of the Manitoba Non-Profit Housing Association, echoes Bérubé's concerns. She says provincial governments must monitor their respective tenant tribunal processes for potential abuses and speed up mediation until they can find more immediate housing solutions.

"The non-profit sector is surprisingly skilled at adaptation," she says. "What the sector struggles with is long-term planning. The best thing organizations can do is talk to each other and learn from each other."

In Winnipeg, non-profit Widlake Properties Inc. used existing connections to build and open a 95-unit apartment for seniors without government support, although, as board member Pete Sanderson says, provincial grants had been requested.

The Kiwanis Club donated the land and Widlake raised the initial equity by paying off an existing mortgage on a seniors' building owned by the United Lutheran Service Club Inc. That transaction allowed Widlake to secure a \$5 million loan.

"I had \$5 million that I wanted to match with government so we could build a lower income project, with less of our equity," says Sanderson. As it turned out, no public funding was available.

Nevertheless, doors opened in November 2019, with about 30% of units subsidized, but COVID-19 meant signing up new residents came to a screeching halt. As of May, Wildlake still had 55 units to fill. The venture was designed "with a financial cushion" and the project should qualify for a rebate from the province, Sanderson says; in the short term, the group is in a comfortable position. "The model we followed did work. We do believe it could be done all over the country."

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What role will the charitable sector play in providing affordable housing in the post-pandemic era? Richter suggests that philanthropists shouldn't just invest capital, but lobby for systemic change. "The housing crisis in Canada and the demand is so acute that there is no amount of philanthropic dollars that are going to fill it."

Despite the vast challenges and the reality that big solutions will be slow to come, optimism remains. Willis says the value in seemingly small gains by individual non-profits, such as the 55 units in Parkdale, should not be underestimated. Neither should the sector's ability to mobilize, with or without government support.

"Yes, this is only 55 units," Willis says. "But you know what? That is just us. There are hundreds and thousands of not-for-profits across the country doing amazing things. And I think that is how we are going to turn the tide on this."