

Canada and the New Urban Agenda: Recommendations from the Canadian Home Builders' Association

Context

From October 17th to 20th 2016, representatives of countries from around the world will gather in Quito, Ecuador, for the United Nations' Habitat III Summit on Housing and Sustainable Urban Development.

The Government of Canada will be an active participant at this international event to make a meaningful contribution to the "New Urban Agenda". This Agenda is advanced by the United Nations to set the direction for sustainable urban development for decades to come in support of the sustainable communities across the globe that put citizens first.

Since 1943, the Canadian Home Builders' Association (CHBA) has been "the voice of Canada's residential construction industry." Representing one of the largest industry sectors in Canada, its membership is made up of over 8,500 companies – including home builders, renovators, land developers, trade contractors, product and material manufacturers, building product suppliers, lending institutions, insurance providers, and service professionals.

The issues to be addressed at Habitat III include poverty, climate change, public safety, infrastructure and housing, health and quality of life, and economic, social and creative advantages provided by cities.

In most respects, Canada is a success story in these areas, and has much to share. At the same time, Canada still faces many challenges that it is working to address, and Habitat III offers an opportunity to collaborate and consult on these challenges and potential solutions.

In preparation for the Habitat III Summit, the Government of Canada has launched a consultation to engage with Canadians on some of these key issues to help inform the analysis about the realities we face here at home.

As the voice of Canada's residential construction sector that develops, builds, redevelops and renovates Canada's communities and houses—low-rise and high-rise, owned and rented, across the full housing continuum from social housing to Canadians' housing dreams—the Canadian Home Builders' Association (CHBA) has many insights into the current state of Canada's urban agenda—including challenges, successes and opportunities.

This brief provides high level responses to the questions asked through the Government’s consultation process. The brief reflects CHBA’s over-arching recommendations—more details on which can be found in CHBA’s responses to other ongoing consultation processes, such as the National Housing Strategy, the Climate Change Plan, and Infrastructure Investment Plans.

Kevin Lee, Chief Executive Officer of the CHBA, is also currently **Chair of the International Housing Association (IHA)**, a body representing the housing industry from countries on six continents, including developed, middle-income, and developing countries. The IHA provides an important international forum for housing leaders from around the world to collaborate to address key issues related to housing and home building common globally. Accordingly, this brief contains insights from the CHBA that are also grounded in and informed by the international context of housing issues, challenges and solutions.



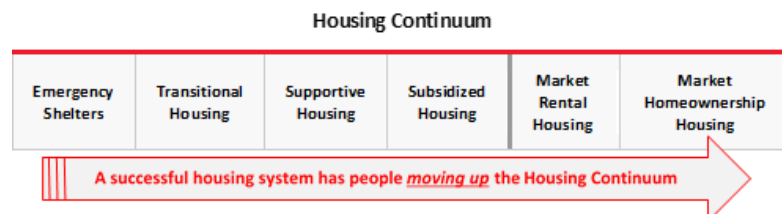
Incoming International Housing Association Chair Kevin Lee (Canada) [right] is welcomed by outgoing Chair Jøns Sjøgren (Norway) [left] – February, 2016, Washington D.C.

Elements for inclusion in an action plan that will support the New Urban Agenda

Canada is committed to the vision of the New Urban Agenda and is taking strong action to positively shape the Canadian cities of tomorrow. Working with a wide array of stakeholders, the Government of Canada is in the process of developing important action plans including the National Housing Strategy, the National Action Plan on Poverty, the National Early Learning and Childcare Framework, the National Climate Plan, the National Infrastructure Plan and the Strategy on Innovation. Each of these strategies will play an integral role as part of the broader efforts of Canadians from coast to coast in creating healthier, stronger communities.

As noted in the pre-amble above, a successful vision for, and implementation of the New Urban Agenda will come from an integrated approach across many related activity areas in which the government has ongoing consultations. CHBA is participating in those processes as well. For the New Urban Agenda, some key elements in the action plan (some of which will come from related activities) should include:

- A **complete and comprehensive National Housing Strategy** that addresses challenges across the full housing continuum, from social housing to market homeownership and everything in between. It should focus on creating a housing system where people can move up the housing continuum. A comprehensive strategy will **support access to affordable housing and basic services** through the following:
 - In particular, this strategy cannot just be a social housing strategy, but must be a full housing strategy. It must address both affordable (social) housing requirements, and market-based housing. Indeed, demand for social housing cannot be alleviated unless



housing affordability is also addressed. Not fixing market housing affordability will send more people the wrong way on the continuum.

- Investment in social housing will continue to be key. However, given the very high costs of constructing, maintaining, upgrading and operating social housing, innovative solutions that leverage more capital and innovative financing from more players, and that enable people to transition out of social housing units into market-based housing (subsidized or otherwise), will be key to an effective and sustainable solution.
 - CHBA has several specific recommendations regarding innovative solutions for social housing, housing allowances or benefits, market rental housing options, and homeownership assistance. These are being provided through the National Housing Strategy consultations.
- It is important that governments not give the impression that supporting social housing will solve the affordability problem. These are two important but separate issues. Providing more options and solutions for those in housing need is essential, but this will in no way resolve affordability. Addressing market based affordability in and of itself is essential, and doing so will also reduce demand on the social housing system.
- Market rental housing that people can afford is a key element within the housing system. Rental properties that people can afford facilitate moving up out of social housing. They provide an essential housing solution for lower income Canadians, as well as an important housing option for Canadians at all income levels who prefer to rent. Affordable market rental properties also facilitate saving for homeownership—the housing preference of the overwhelming majority of Canadians.
 - CHBA has specific recommendations regarding rental affordability by improving the taxation regime around purpose-built rentals (including secondary suites) that can increase supply and access to rental units Canadians can afford. These have been provided via [CHBA's Pre-Budget Consultation submission](#).
- Homeownership affordability, particularly for first-time home buyers, is key to ensuring an ongoing stable housing market, and is a cornerstone to financial success and security for middle-class Canadians and those aspiring to join it. Affordability has dramatically deteriorated for first-time homebuyers, particularly young Canadians and new Canadians, and this must be addressed. Ensuring that the next generation of Canadians can readily access homeownership is key to their financial futures, as well as the financial futures of Canadians looking to benefit from the equity in their homes in the future.
 - CHBA has key information, statistics and analysis to support sound policy-making around housing affordability, and several specific recommendations to improve affordability, especially for first-time homebuyers. These can be found in [CHBA's Recommendations on the Federal Role](#) and in its submissions to the National Housing Strategy.
- Lack of affordable housing is a key barrier to poverty reduction and can only be addressed in a timely fashion through income transfer initiatives geared to housing already occupied by lower-income households. CMHC Core Housing Need data show that, in the vast majority of cases, these households have adequate space that meets adequacy standards. In its recent work with the National Housing Collaborative, CHBA

has been discussing the current and potential effectiveness of different housing assistance techniques. Of immediate interest is the comparative cost per household served of these techniques, which range in terms of cost-effectiveness from transformative to quite marginal. In general, attempting to reduce housing-related poverty via social housing construction would be immensely costly, and also very slow-acting. The subsidy amount typically applied via the Investment in Affordable Housing program is \$130,000 per unit—a cost much too high to cover all those in need simply through construction of new units. There certainly are specific target groups for whom new housing construction is the main response needed, e.g., crowded Indigenous communities, and housing adapted specifically with those having special needs. However, in response to housing poverty, CHBA recommends that other **options, such as housing allowances and income transfers geared to paying shelter costs, should be a principal means of alleviating poverty.**

- **Infrastructure investment** to support Canada's urban centres into the future is key to a successful New Urban Agenda. It is important that Federal and Provincial governments take on the lion's share of this investment, and that contributions from municipalities not be made through development taxes on new construction that erode housing affordability, particularly for first-time homebuyers.
 - CHBA was pleased to see the federal share of infrastructure investment available increased to 50% in budget 2016. CHBA continues to recommend that the investment focus on core-infrastructure to avoid increased development taxes by municipalities.
- It is critical that Canada's governments link housing and infrastructure investment policies, by making smart investments in **Transit-Oriented Development**. Transit-oriented development means building mixed-income, mixed-use (i.e. residential and commercial) complete communities along transit lines and around or over transit stations. CHBA estimates that as many as one million units of transit-oriented development could be built in this urban context over the next two decades, as over \$75 billion in public transit projects are constructed and commissioned. Resulting GHG emission reductions could reach 1.4 million tonnes annually along with substantially increased daily ridership (2.5 million), farebox revenues (\$2.7 billion a year), capturing property taxes on increased land values (\$1.9 billion in municipal revenues) and 600,000 direct jobs. Accordingly, linking the Federal Government's infrastructure investment to key transit-oriented development indicators, measurement and reporting will be key.
 - CHBA has developed tools and metrics that can guide and track infrastructure investment to support transit-oriented development and success. CHBA will be pleased to collaborate with the Federal Government to inform the infrastructure investment process using these tools that guide proper transit-oriented development.
- The ongoing measurement of improvement in Canada's New Urban Agenda will be very important to track success and opportunities for improvement. CHBA recommends the establishment of some form of independent, not-for-profit organization that provides, collects, tracks and analyzes essential information on Canada's housing and urban systems (including housing affordability, transit oriented development, transit ridership, and more) and in turn can measure progress on Canada's urban agenda. Such a **Canadian Institute for Housing and Urban Information** (akin to the health sector's Canadian Institute for Health Information (CIHI)) would provide stakeholders with a broad range of informational databases, measurements and

standards, together with evidence-based reports and analyses, to support day-to-day decision-making. It would play an integral role in providing relevant and reliable data and analyses to policy-makers in Canada's housing and urban development system, while remaining neutral, objective and independent from all three levels of government in fulfilling its mandate.



Source: http://www.chba.ca/CHBA/Housing_in_Canada/Information_and_Statistics/InformationStatistics.aspx

- The residential construction industry supports over 1 million direct and indirect jobs in Canada, making it Canada's largest industrial sector employer. These are key jobs in every urban centre. Given its importance to the overall economy, and the essential role it will play in delivering the New Urban Agenda, it is critical that governments consider consistently the impacts of their policies on the economic well-being of the residential construction industry. Supporting training, jobs and careers in residential construction will be important, especially with an anticipated 118,000 retirements among experienced trades people in the sector over the next decade. Taxation that hurts small businesses, or taxation that erodes affordability for first time buyers and in turn negatively impacts the industry, must therefore be avoided.
- **Ensuring the Employment Insurance (EI) System is strategically managed** for strong support of **job creation** will be key elements in achieving a strong urban economy. To do so efficiently and effectively, it is critical that such support be well directed. This means keeping employment insurance rates low to support businesses growth (EI rates for small businesses are unfortunately slated to increase with end of the Small Business Tax Credit—this is inappropriate at a time when the economy is still trying to recover). It also means ensuring that training programs funding by EI are employer driven (the best way to ensure training results in a job is to include employers in the training decisions – e.g. the Canada Job Grant).
- **Addressing Climate Change without reducing housing affordability** will be key to successfully meeting Canada's climate change objectives while addressing Canadians' housing needs. Canada's housing sector is an energy efficiency and GHG success story, with new housing 37% more efficient than it was in 1990, and even with 38% more housing stock, overall emissions from the sector are down 11%. New housing will continue to improve on a voluntary basis, as it has in the past, and any additional code and regulatory requirements must follow proven technology innovation to ensure that their implementation does not reduce affordability. Further, the real opportunity to address GHG emissions in housing, and to improve the housing stock in related beneficial ways such as comfort and health, is through the **energy retrofitting of the existing housing stock**—this is where the bulk of efforts should be made.
 - Details on CHBA's recommendations for climate change actions for housing are included in [CHBA's submission to the Climate Change Plan](#).

- To support **sustainable growth**, the residential construction industry is at the forefront of participants in Canada's housing system calling for innovation in community planning and land-use regulation. Examples include calling for innovation in relation to both accessory suites such as laneway housing, and mid-rise housing forms geared to urban families with children. Transit-oriented development, as explained previously, is also a key to sustainable growth.
- To support **inclusive communities**, Canada's New Urban Agenda should seek to improve housing affordability and support innovation in community planning and land-use regulation, otherwise housing markets can reinforce disparities in incomes, educational opportunities and access to community amenities and services. Addressing affordability; creating mixed-use, mixed-income communities; and supporting transit-oriented development are therefore all important measures that also support inclusive communities.
- Mixed-use, mixed-income communities need to be more than policy goals – they need to be accepted by established communities and implemented by municipal governments if Canada's cities are to evolve to meet their full potential. Established and approved smart community plans are often overridden at the time of implementation by local interest groups and municipal politics. Governments in Canada have a key role to play in communicating the vision of the New Urban Agenda and supporting efforts to **overcome NYMBYism** (NYMBY = not in my back yard) if Canada is to be successful in fulfilling the New Urban Agenda.