

# Exploring the Impact of the National Housing Strategy on the Not-For-Profit Housing Sector in British Columbia, New Brunswick, and Manitoba

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Capstone Report

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## Abstract

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In 2017, the National Housing Strategy (NHS) was announced with a primary goal to “make safe and affordable housing accessible for the most vulnerable Canadians and for those struggling to make ends meet” while also establishing the importance of addressing “housing needs across the entire housing continuum” (CMHC, 2017, p.22). With the federal government’s \$82 billion commitment in the NHS, it may be a challenge to discern how Canada could have 96,000 fewer community housing units after the completion of the NHS than in 2015 (Blueprint ADE, 2022, p. 5). This research seeks to understand how not-for-profit housing organizations in three provinces with divergent affordable housing contexts have utilized the NHS to develop and maintain affordable housing.

The following research includes an in-depth policy analysis and draws from 24 interviews with not-for-profit housing providers in British Columbia, New Brunswick and Manitoba. The data from this Capstone reveals that regional governments largely continue to shape affordable housing policy even with the emergency of the NHS. It concludes that the NHS is inadequate to develop and maintain affordable housing, particularly for those in core housing need, without provincial and territorial governments’ support for the socialization of housing.

## Acknowledgements

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## Table of Contents

---

Abstract.....	i
Acknowledgements .....	ii
Table of Contents .....	iii
List of Figures.....	vi
List of Tables .....	vii
List of Definitions.....	viii
List of Acronyms .....	x
<b>1.0 Introduction.....</b>	<b>1</b>
1.1 Purpose of Research.....	1
1.2 Research Questions .....	2
1.3 Research Significance .....	2
1.4 Document Overview.....	2
<b>2.0 Methods.....</b>	<b>3</b>
2.1 Interviews.....	3
2.1.1 Not-for-Profit Housing Organization Selection Process.....	4
2.1.2 Interview Analysis.....	4
2.2 History and Context.....	5
2.3 Limitations.....	5
<b>3.0 History and Context.....</b>	<b>6</b>
3.1 The History of the Not-for-Profit Housing Sector in Canada .....	6
3.2 Background on the National Housing Strategy.....	8
3.3 British Columbia’s Affordable Housing Context.....	14
3.3.1 Factors Impacting Affordable Housing in British Columbia.....	14
3.3.2 The Recent History of British Columbia’s Not-for-Profit and Public Housing Sectors....	14
3.3.3 British Columbia’s Not-for-Profit and Public Housing Sectors Circa the NHS .....	15
3.3.4 British Columbia’s Affordable Housing Programs Beyond the NHS .....	16
3.3.5 BC Housing Bilateral NHS Action Plan 2019/20 to 2022/23 .....	17
3.4 New Brunswick’s Affordable Housing Context .....	18
3.4.1 Factors Impacting Affordable Housing in New Brunswick .....	18
3.4.2 The Recent History of New Brunswick’s Not-for-Profit and Public Housing Sectors .....	19
3.4.3 New Brunswick’s Not-for-Profit and Public Housing Sectors Circa the NHS .....	19
3.4.4 New Brunswick’s Affordable Housing Programs Beyond the NHS.....	20
3.4.5 New Brunswick Bilateral NHS Action Plan 2019 – 2022.....	20
3.5 Manitoba’s Affordable Housing Context.....	21
3.5.1 Factors Impacting Affordable Housing in Manitoba .....	21

3.5.2	The Recent History of Manitoba’s Not-for-Profit and Public Housing Sectors.....	22
3.5.3	Manitoba’s Not-for-Profit and Public Housing Sectors Circa the NHS .....	22
3.5.4	Manitoba’s Affordable Housing Programs Beyond the NHS .....	23
3.5.5	Manitoba Housing and Renewal Corporation Bilateral NHS Action Plan 2019/2020 - 2021/2022 .....	23
3.6	Provincial Affordable Housing Contexts Summary .....	25
4.0	Literature Review of Current Sectoral Characteristics .....	27
4.1	Socially Guided.....	27
4.2	Hybridization.....	27
4.3	Financialization .....	28
4.4	Funding Dependent and Financially Strained.....	29
4.5	Perceived Cost-Efficient Providers of Affordable Housing.....	30
4.6	Stunted Sectoral Growth and Organizational Capacity.....	31
4.7	The Need for Indigenous Housing .....	31
4.8	State Directed Policy.....	32
4.9	Literature Review Summary.....	32
5.0	Findings.....	33
5.1	Familiarity with the National Housing Strategy .....	33
5.2	Desire to Expand Housing Portfolio .....	35
5.3	CMHC Seed Funding .....	36
5.4	Unilateral National Housing Strategy Funded Housing Developments .....	37
5.4.1	Unilateral National Housing Strategy Funded Housing Development Case Study in New Brunswick .....	38
5.4.2	Unilateral National Housing Strategy Funded Housing Development Case Study in British Columbia .....	39
5.4.3	Unilateral National Housing Strategy Funded Housing Development Case Study in Manitoba .....	41
5.5	Issues with the Unilateral National Housing Strategy Programs .....	43
5.5.1	Lack of Capital Funding.....	43
5.5.2	Scarcity of Rent-Geared-to-Income Units .....	44
5.5.3	Shortfall of Supportive Housing Funding.....	45
5.5.4	Absence of Operating Agreements .....	45
5.5.5	Barriers and Lack of CMHC Seed Funding.....	45
5.5.6	Omission of an Affordable Not-for-Profit Acquisition Program.....	46
5.5.7	Lack of Organizational Capacity and Development Experience.....	46
5.5.8	High Financial Risk .....	48
5.5.9	The Need for the Urban, Rural and Northern Indigenous Housing Strategy .....	49

5.5.10 Lack of Alignment between Provincial Policies and Unilateral National Housing Strategy Policies .....	50
5.6 Positive Aspects of the Unilateral National Housing Strategy Programs .....	50
5.6.1 Capacity Building.....	51
5.6.2 Mixed-Income Model.....	51
5.6.3 Ownership of the Development Project .....	52
5.7 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding.....	52
5.7.1 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding in New Brunswick .....	53
5.7.2 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding in British Columbia.....	53
5.7.3 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding in Manitoba.....	56
5.7.4 The Extension of Provincial Social Housing Agreements .....	56
6.0 Analysis.....	56
6.1 The Impact of the National Housing Strategy on the Not-for-Profit Housing Sector .....	57
6.1.1 Transition from Social Housing Agreements to the Mixed Income Model.....	57
6.1.2 A Further Need for Investments in Rent-Geared-to-Income Units.....	60
6.1.3 The Need for All Levels of Government Support .....	60
6.1.4 A Lack of Affordable Housing Targets in Bilateral Agreements .....	61
6.1.5 Insufficient National Housing Strategy Targets to Address Core Housing Need .....	62
6.1.6 The Lack of Organizational Capacity .....	64
6.1.7 The Need for an Indigenous Strategy.....	65
6.1.8 Addressing the Financialization of Housing with an Acquisition Strategy .....	66
6.2 Provincial Analysis.....	67
6.2.1 British Columbia Analysis.....	67
6.2.2 New Brunswick Analysis .....	70
6.2.3 Manitoba Analysis .....	71
7.0 Conclusion .....	74
7.1 Research Questions’ Answers .....	74
7.2 Final Thoughts .....	75
References.....	77
Figure References.....	84
Table References .....	86
Appendix A: Interview Questions .....	87

## List of Figures

---

<b>Figure 1:</b> Not-for-Profit and Public Units Per 1,000 People Prior to the NHS.....	15
<b>Figure 2:</b> Households in Core Housing Need (2021).....	18
<b>Figure 3:</b> The Not-for-Profit Housing Sector Prior to the NHS .....	25
<b>Figure 4:</b> The Public Housing Sector Prior to the NHS.....	25
<b>Figure 5:</b> The Not-for-Profit Housing Sector Since the NHS.....	26
<b>Figure 6:</b> The Public Housing Sector Since the NHS.....	26
<b>Figure 7:</b> Interviewed Organization’s Familiarity with the NHS.....	33
<b>Figure 8:</b> Where Interviewed Organizations Learnt about the NHS.....	34
<b>Figure 9:</b> Organizations that Expressed a Desire for New Units in Interview Data.....	35
<b>Figure 10:</b> Organizations’ Intended Development Funding for Desired New Units in Interview Data.....	35
<b>Figure 11:</b> New Development Projects that were Approved for Government Development Funding in Interview Data.....	36
<b>Figure 12:</b> Unilateral NHS Development Projects from interview data.....	37
<b>Figure 13:</b> Government Funded Development Projects from Interview Data.....	53

## List of Tables

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<b>Table 1:</b> Size of Interviewed Organizations.....	4
<b>Table 2:</b> NHS Targets.....	8
<b>Table 3:</b> NHS Program Descriptions.....	11
<b>Table 4:</b> BC Housing Supply Programs.....	14



## List of Definitions

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**Affordable housing:** Canada Mortgage and Housing Corporation (CMHC) considers housing affordable when housing costs for a household is less than 30 percent of its before-tax income (CMHC, 2018).

**Bilateral NHS agreements:** Provinces and territories signed bilateral agreements with the federal government to deliver provincially administered housing programs and cost-matched funding.

**Bilateral NHS programs:** A National Housing Strategy program that is typically cost-shared, developed and administered by a provincial or territorial government.

**Chronic homelessness:** People who are experiencing homelessness for at least six months in the last year or/and have had reoccurring experiences of homeless over the last three years that lasted at least eighteen months total and have been unsheltered, in emergency shelters, temporarily sheltered with other individuals or in short-term rentals without longer term guaranteed residency (Office of the Auditor General, 2022, Exhibit 5.1).

**Community housing:** “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” (Canadian Intergovernmental Conference Secretariat, 2018, para 5).

**Core housing need:** A household that is below one or more of the following standards: adequacy (not in need of major repairs), suitability (enough bedrooms for the size of the household) and affordability (housing costs are less than 30 percent of before-tax household income) or a household that would have to spend 30 percent or more of its before-tax household income to access housing that meets all three of the above standards (Blueprint ADE and Wellesley Institute, 2022, p.8).

**Formal provincial funding program:** A provincially funded program with a transparent application process and funding criteria.

**Informal provincial funding:** When a province funds a development project through informal processes with no transparent funding criteria.

**Large Organization:** Interviewed not-for-profit housing organization with 150-500 owned units.

**Medium Organization:** Interviewed not-for-profit housing organization with 50-150 owned units.

**Rent-geared-to-income:** Rent-geared-to-income is generally set at 25 to 30 percent of a household’s before-tax income (Fallis, 1993).

**Social housing:** Housing that has been removed from the market through government funded public housing, or government subsidies for the not-for-profit housing sector and the co-operative housing sector (BC Housing, 2018).

**Social housing agreements:** Government provided operating agreements that allow not-for-profit housing providers to offer rental housing to low-income tenants, typically at rent-gear-to-income levels of 30 percent of a household's income (Cooper, 2022; Suttor 2011).

**Small Organization:** Interviewed not-for-profit housing organization with 16-50 owned units.

**Unilateral NHS programs:** A National Housing Strategy program that is funded, developed, and administered by the federal government.

**Very Large Organization:** Interviewed not-for-profit housing organization with 150-500 owned units.

**Very Small Organization:** Interviewed not-for-profit housing organization with 0-15 owned units.

## List of Acronyms

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**CHB:** Canada Housing Benefit

**CMHC:** Canada Housing and Renewal Corporation

**NHCF:** National Housing Co-Investment Fund

**NHI:** Northern Housing Initiative

**NHS:** National Housing Strategy

**RCFI:** Rental Construction Finance Initiative

**RHI:** Rapid Housing Initiative

**RGI:** Rent-Geared-to-Income

**SHA:** Social Housing Agreements

## 1.0 Introduction

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### 1.1 Purpose of Research

“He stays in the bush all winter in a tent. I don't know how he does it, he says he has blankets, but I said when it's 40°, 50° below, you got to have some heat in there or I don't know. I know it still baffles me... He doesn't really have a home-home.” – Manitoba Not-for-Profit Housing Executive Director

It has now been 25 years since the federal government has devolved affordable housing responsibilities to the provincial and territorial governments. The National Housing Strategy (NHS) is the first significant re-engagement of the federal government in affordable housing policy since this time. The NHS was created in response to the mounting public concern of unaffordable housing costs with almost 1.7 million households in core housing need in 2016 (Statistics Canada, 2016). This research seeks to understand how the not-for-profit housing sector in British Columbia, New Brunswick and Manitoba have utilized the NHS to develop and maintain affordable housing. This research will focus on the not-for-profit housing sector as NHS programs rely heavily on the sector to maintain and develop new affordable housing units (Falvo, 2018; CMHC, 2017).

**Housing is considered affordable in Canada when housing costs for a household is less than 30 percent of its before-tax income (CMHC, 2018).**

The federal government announced the NHS at a time when the not-for-profit housing sector was dwindling due to factors such as expiring social housing agreements (SHA) and the reliance on provincial governments' wavering appetites to engage in creating affordable housing (Pomeroy, 2017). The NHS was promised to be a silver bullet to these challenges that threatened the sector's affordable housing stock. The findings of this study uncover that many of the same issues persist with the NHS through policy gaps and challenges that impede the creation of affordable housing. The research concludes that NHS funding is not adequate to create the much-needed affordable housing to alleviate the affordable housing crisis. Moreover, the affordable housing that is created, often does not reach those in core housing need. Despite this, there is hope, as this research indicates that provinces that invest in provincially funded affordable

housing programs and use bilateral NHS funding to build and maintain affordable housing not only develop more affordable housing but also address unilateral NHS program gaps and challenges.

## **1.2 Research Questions**

1. What are the internal and external factors influencing not-for-profit housing providers' operations when attempting to maintain and develop new affordable housing?
2. How is the not-for-profit housing sector in Canada utilizing unilateral and bilateral National Housing Strategy programs to maintain and develop affordable housing?
3. How have differing provincial affordable housing contexts in British Columbia, New Brunswick and Manitoba influenced the ability of the National Housing Strategy to preserve and expand affordable housing in each province?

## **1.3 Research Significance**

The purpose of this study is to understand how provincial affordable housing contexts interact with the unilateral and bilateral NHS programs to develop and maintain affordable housing. There has been no research to date on how the NHS's affordable housing outcomes have been implicated by provincial and territorial governments' affordable housing contexts. This analysis is important as the research shows that without the provincial government's investment in affordable housing supply, NHS programs are inadequate to develop and maintain affordable housing, particularly for individuals living in core housing need. There are numerous reports from housing researchers and advocates that have identified solutions and recommendations to create more affordable housing through the NHS. Thus, this Capstone does not seek to provide recommendations to improve affordable housing within the NHS.

## **1.4 Document Overview**

In this Capstone, there are seven parts, the first of which is this introduction. The second section discusses the research methods for the interviews and the literature review. The third section examines the history of not-for-profit housing in Canada and introduces NHS programs, targets, and reviews the latest research reports on the issue. Section three also describes the affordable housing contexts in British Columbia, New Brunswick and Manitoba. A literature review of current not-for-profit housing sector characteristics is presented in section four. In

Section five, key trends in each province are explored based on findings from the interviews. Section six uses the historical information, provincial affordable housing contexts, interview data, NHS policies and key sectoral trends from the literature review to identify major patterns in how the NHS affects affordable housing in the not-for-profit sector in each province. A conclusion is presented in section seven that answers each of the research questions.

## **2.0 Methods**

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### **2.1 Interviews**

This study collected qualitative interview data from 24 not-for-profit housing organizations with 27 individuals in three provinces. This Capstone utilized semi-structured interviews so that the interviewer could use pre-determined questions to guide the interview while being able to pivot to more relevant questions based on the organization's NHS experiences. Interviews were used as a research method to gather rich data that could provide greater details than pre-determined answers (Warren, 2001, p.83). It was necessary to collect data such as stories, opinions and experiences unique to each organization. One-hour video conference interviews were scheduled to overcome geographic distances.

Government funding is a sensitive topic for many not-for-profit housing providers due to their reliance on government support. Researchers and interviewees were able to establish a personal connection through interviews. This ensured that the ethics of the research project were explained at the beginning of the interview. Additionally, interviewees were given an opportunity to ask questions about the research. Interviews encouraged trusted connections for organizations to feel comfortable discussing their experiences and opinions on the NHS. Executive Directors, Board Chairs, Chief Executive Officers, Housing Coordinators, and Development Officers were interviewed as affordable housing specialists in their organizations. Semi-structured interview questions focused on organizational successes, challenges, and opportunities in maintaining and creating affordable housing and the impact the NHS has had on their organization. Please see Appendix A for the pre-written interview questions.

### 2.1.1 Not-for-Profit Housing Organization Selection Process

Not-for-profit housing organizations from British Columbia, New Brunswick and Manitoba were chosen to take part in the research as all three provinces have a not-for-profit association, are geographically distinct and have divergent political contexts that have shaped the not-for-profit housing sector. When selecting organizations to include in the research, a range of organizational sizes and regions within each province were taken into account (see Table 1). This ensured that the research would account for the unique contexts of each province.

Organizations were selected to be contacted based on online research that qualified the organization to meet the criteria above. Publicly available contact information was used to make initial contact with the organizations through emails and phone calls. Contact was made with organizations that met the criteria above based on online research. Emails and phone calls were made using publicly available contact information to contact the organizations. Non-Profit Housing Associations in each province also circulated information about the research project to its members which generated interest from a handful of organizations. There were 24 organizations by the end of this process, with nine in British Columbia, eight in New Brunswick, and seven in Manitoba.

*Table 1: Size of Interviewed Organizations*

Size Category	Interviewed Organizations
Very Small Organization (0-15 Owned Units)	3
Small Organization (16-50 Owned Units)	5
Medium Organization (51-150 Owned Units)	8
Large Organization (150-500 Owned Units)	5
Very Large Organization (500+ Owned Units)	3

### 2.1.2 Interview Analysis

All interviews were recorded and transcribed without the interviewees' individual identifying information. The interviewees were then sent the transcriptions to clarify and ultimately approve the information. Following this, the transcriptions were coded in NVivo using a coding framework which focused on key themes. To ensure that the interview data was the primary factor in developing the coding framework, inductive coding was used. Key codes were then analysed in Excel to identify the differences in patterns amongst the provinces. Finally, the interview data's key themes and patterns were analysed in conjunction with the NHS policies,

sectoral history, literature review and provincial affordable housing contexts which identified the research's conclusions.

## **2.2 History and Context**

Academic peer-reviewed literature is used to review the history and characteristics of the not-for-profit housing sector. Information on provincial affordable housing contexts and background information on the NHS relied on grey literature as up-to-date information was not available in academic peer-reviewed literature. Information for the affordable provincial housing contexts were primarily found in government documents and media sources. NHS's outcomes were largely reported on in online housing research reports which were published by government bodies, housing advocacy associations, research institutions, government watchdogs, and housing advisory boards. A key aspect of this Capstone is its use of information from the bilateral NHS agreement action plans. In these documents, the provinces outline how they intend to meet bilateral NHS targets. There has been no systematic analysis of these documents in academic or gray literature, however these documents are extremely significant as each action plan outlines how each provincial government intends to support affordable housing in the province.

## **2.3 Limitations**

There are very few peer-reviewed academic sources that analyze the NHS. Therefore, grey literature is heavily used for this part of the research. Another crucial constraint in answering the research questions was the lack of reporting on the progress of the provincial NHS action plans which identify how provinces and territories are meeting the bilateral NHS targets (Blueprint ADE, 2022, p.30). Therefore, the analysis of provincial targets is based on projected data from the action plans themselves as well as the National Housing Council's 2022 *Analysis of the Progress of Bilateral National Housing Strategy Programs*. The National Housing Council's analysis states, "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" (Blueprint ADE, p. 6). Similarly, the Capstone will only analyse the first three-year bilateral NHS action plans published by each province as two of the three



provinces have not yet completed a second three-year bilateral NHS action plan. Additionally, complete NHS project funding information has not been made publicly available. The data that is available on NHS funded projects are incomplete and inconsistent making it impossible to understand if the programs are working as intended. This has meant that the only project funding data that this Capstone relies on is the data from the interviews (Blueprint ADE and Wellesley Institute, 2022, p.10).

A consideration for the interview data is that out of the 24 organizations that were interviewed, 11 organizations were unfamiliar with the NHS and could not speak to the NHS but were able to provide insightful information on other housing topics. A last consideration for the interview data was that organizations were often unaware of if the provincial funding that they were receiving was from the bilateral NHS agreements. Since NHS bilateral funding flows through the provinces and often does not require an application process, organizations were often under the impression that bilateral NHS funding was strictly provincial and consequently were less vocal about bilateral NHS programs in regard to their feedback on the NHS. For this reason, the interview data for the bilateral programs is less detailed than the unilateral interview data. Grey literature has been helpful in filling in many of the gaps around the challenges and opportunities with the bilateral funding programs.

### **3.0 History and Context**

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#### **3.1 The History of the Not-for-Profit Housing Sector in Canada**

The early successes of Canada's social housing policy were in large part due to co-operative federalism, whereby both the federal and provincial governments worked together to achieve housing goals (Leone & Carroll, 2010, p. 389). The Canadian government began investing in public housing in the late 1940s to house war veterans and low-income families (Bacher, 1993; Skelton, 2000). The first wave of social housing sought to respond to emerging housing advocates and alleviate badly serviced and deteriorating housing conditions (Bacher, 1993; Skelton, 2000). As the public housing agenda took off, low-income neighbourhoods were cleared for public housing. Later, public housing became synonymous with unsafe and undesirable places to live (Skelton, 2000). In the 1960s, support for public housing declined and

by the early 1970s, the Canadian government shifted its housing policy in an attempt to address the public's dissatisfaction.

The Canadian government began to provide subsidies for affordable housing to not-for-profit housing providers, co-operatives and later to the private sector (Bacher, 1993; Leviten-Reid et al., 2019; Suttor, 2011). From 1973 to 1993, not-for-profit housing providers created hundreds of thousands of units which were supported by the Canadian and provincial governments with social housing agreements which allowed low-income tenants to pay for housing, typically at rent-geared-to-income (RGI) levels of 30 percent of a household's income (Cooper, 2022; Suttor 2011). Social housing agreements provided the not-for-profit housing sector with a degree of stability through funding capital costs, operational support and rent subsidies (Cooper, 2022).

In the early 1970s, not-for-profit housing providers had a steep learning curve as they were spearheaded by interest groups such as churches and advocacy organizations (Cooper, 2022; Skelton, 2000). Skelton uses the term "provision infrastructure" to describe "the assembly of organisations, individuals, policies, legislation and practices associated with social housing provision in Canada" (2000, p.12). The provision infrastructure set up during this period offered stability in later periods when government support was weakened. It is also something that other countries, such as the United States, struggled to establish (Dreier & Hulchanski, 1993).

Canada has been described as a flexible federation as the federal government's relationship with the provincial governments has swayed throughout the decades (Leone & Carroll, 2010). The 1960s and 1970s were a period of province building whereby the public policy sector grew in capacity (Leone & Carroll, 2010). During this time, federal government conditional grants transitioned to block funding to the provinces. Block funding allowed provinces more flexibility to use the funds as they saw fit (Leone & Carroll, 2010). Provinces began to recognize that they held more leverage during negotiations as the federal government wanted nation-wide participation with a national standard (Leone & Carroll, 2010).

The Canadian government's housing policy leadership started to decline in 1978 as housing budgets dwindled (Leone & Carroll, 2010). With the 1993 budget, the Canadian

government abruptly halted the construction of new housing developments in the not-for-profit sector. The Canadian government stopped signing new social housing agreements and greatly reduced capital funding (Carter 1997; Skelton, 2000; Wolfe 1998). Consistent neoliberal pressures in the 1990s continued to shape the not-for-profit housing sector and culminated in 1996 as the federal government began to off-load the management and responsibilities of not-for-profit housing projects to the provinces (Bendaoud, 2018). This trend towards decentralization continued until 2001 when the federal government began to take some interest in housing policy with \$1.2 billion in cost-matched funding for the Affordable Housing Initiative which created bilateral NHS agreements with the provinces and the federal government but kept the provinces as administrators of housing funds (Homeless Hub, 2014; Leone & Carroll, 2010). The social housing sector has been shrinking since the 1970s. Currently public, non-profit, and co-operative housing accounts for four percent of the rental housing market in Canada (Thomas, 2022, p.270). Housing advocate organizations continue to campaign for the expansion of the not-for-profit housing sector to reach 20 percent of the rental sector to combat unaffordable rent for low-income earners and homelessness (National Right to Housing Network, 2022).

### **3.2 Background on the National Housing Strategy**

The NHS was drafted in 2016 and early 2017, using 2011 Census data (Canadian Housing Evidence Collaborative, 2021). In 2017, the federal government introduced the NHS which committed more than \$40 billion to support housing over ten years (Leviton-Reid et al., 2019). The NHS announcement was followed by the National Housing Strategy Act in 2019, which formally recognized the right to housing in Canada. The initial funding commitment was insufficient to meet the NHS's goals and was expanded in 2019, 2020, and 2022, ultimately doubling the original commitment (Canadian Housing Evidence Collaborative, 2021). The latest numbers from 2020 show that from 2018/19-2029/29 the federal government planned to spend \$36.7 billion and contribute \$31.2 billion in loans as well as \$7.4 billion in provincial and territorial cost-matched funding (Blueprint ADE, p.13). The 2022 federal budget included additional funding for the Canada Housing Benefit, extended funding for a third round of the Rapid Housing Initiative, and funding for an Urban, Rural and Northern Indigenous Housing Strategy which totalled NHS support to \$82 billion (CMHC, 2022).

Starting in 2018, the federal government signed bilateral NHS agreements with the provinces and territories under the NHS. Provinces and territories agreed to housing targets, cost-shared commitments and reporting mechanisms from 2018/2019 to 2027/2028. Provinces and territories committed to each producing bilateral NHS action plans to identify how bilateral NHS funding will be spent and how bilateral NHS targets will be achieved. Table 2 shows NHS targets.

Table 2: NHS Targets

National Housing Strategy Housing 2017 Targets	Created and Committed Units as of December 31, 2022
Federal target: 160,000 new housing units	118,418 units with committed funding
Federal target: 300,000 repaired units	298,357 units with committed funding
Federal target: Cut chronic homelessness by 50 percent. <sup>1</sup>	No data available.
Federal and bilateral target: Remove 530,000 families from housing need. <sup>2</sup>	No data available.
Federal and bilateral target: 385,000 protected community housing units, including no net loss of Urban Native Social Housing Units available to households in Housing Need (330,000 provincial and 55,000 federal)	233,957 units with committed funding.
Bilateral target: 60,000 units (20 percent) of existing Social Housing Units repaired, including Urban Native Social Housing Units are repaired to good condition	No data available.
Bilateral target: 50,000 (15 percent) increase of rent-assisted Social Housing Units	No data available.

Adapted from: CMHC. (2023). *Progress on the National Housing Strategy*. Government of Canada. <https://www.placetocallhome.ca/progress-on-the-national-housing-strategy>

Unilateral and bilateral programs make up the NHS. A unilateral NHS program is funded, developed, and administered by the federal government. A bilateral NHS program is typically cost-shared, developed and administered by a provincial or territorial government. The following summarizes the major unilateral and bilateral NHS programs. Additional information on the major NHS programs are displayed in Table 3.

- The largest NHS program is the **Rental Construction Finance Initiative (RCFI)**, a low-cost repayable loan program for developers to build new market rental housing. To access the program, developers must ensure 20 percent of units meet the affordability criteria of

<sup>1</sup> This target has been raised to one hundred percent (Canadian Housing Evidence Collaborative, 2021, p. 2)

<sup>2</sup> This number has been revised in the bilateral NHS agreements to “eliminate or significantly reduce Housing Need for at least 490,000 households overall, which includes at least 300,000 households adequately supported through a Canada Housing Benefit” (Canadian Housing Evidence Collaborative, 2021, p. 2).

rent that is less than or equal to 30 percent of median gross income for the area of the development project.

- The second largest program is the **National Housing Co-Investment Fund (NHCF)** which has two streams. One is a repair and renewal stream for existing community and affordable housing and the second stream is for new construction. The NHCF provides governments, not-for-profit housing providers and private developers with a low-interest repayable loan and a forgivable loan that covers up to 40 percent of a project's eligible costs. Importantly, the NHCF must receive the support of another order of government to be approved.
- The **Rapid Housing Initiative (RHI)** was announced in the wake of the pandemic for rapid affordable housing construction. The program supports governments, Indigenous organizations and not-for-profit organizations to create affordable rentals, transitional units and supportive housing with 100 percent capital funding for eligible project costs. It is the only program to support affordable rental housing that is rent-geared-to-income. There have been three rounds of RHI funding but future rounds have not been committed to by the federal government.
- The **Federal Community Housing Initiative** provides funding to support expiring social housing operating agreements for federally administered social housing units.
- The **Canada Community Housing Initiative** provides funding to support expiring social housing operating agreements for provincially and territorially administered social housing units. Many provinces and territories are using the funds to repair and upgrade existing social housing. In addition, some of the funding is used to fund rent-assisted social housing units (Blueprint ADE, 2022).
- The **Provincial-Territorial Priority Funding** offers provinces and territories flexible funding that may be directed toward regional priorities.
- The **Canada Housing Benefit (CHB)** is a portable housing benefit paid directly to tenants to bridge the gap between affordable rent for a household and their actual rent in the private market. Some provincial and territorial governments already offered portable housing benefits. Governments have used the CHB to fill the gaps of the existing program or stack it with an existing program or develop a new program if none exist.

- The **Northern Housing Initiative** (NHI) provides each territory with a fixed amount of annual funding to support housing. The NHI is the only bilateral NHS program funded entirely by the federal government. Territories have agency over how funding is used.
- There are several smaller initiatives in the NHS which include \$200 million for the Affordable Housing Innovation Fund, \$208 million for housing research and \$225 million for Indigenous off-reserve housing (Canadian Housing Evidence Collaborative, 2021).

Table 3: NHS Program Descriptions

NHS Program	Program Description	Committed Support
Rental Construction Finance Initiative (RCFI)	<ul style="list-style-type: none"> <li>• Low-cost loan program for developers to build market rentals.</li> <li>• Rent must be less than or equal to 30 percent of median gross income of the area and the project's gross achievable residential rental income must be 90 percent or less of the potential gross income.</li> <li>• At least 20 percent of units must be at CMHC's affordable rental rates for at least 10 years.</li> </ul>	Unilateral program: \$27.5 billion in low-interest repayable loans.
National Housing Co-Investment Fund (NHCF)	<ul style="list-style-type: none"> <li>• One repair stream and one new construction stream.</li> <li>• Provides low-interest repayable and non-repayable loans.</li> <li>• 30 percent of units must have rents at less than 80 percent of median market rents, for a minimum of 20 years.</li> </ul>	Unilateral program: \$4.7 billion in non-repayable loans and \$11.2 billion in low-interest repayable loans.
Rapid Housing Initiative (RHI)	<ul style="list-style-type: none"> <li>• Capital is 100 percent funded to support affordable units.</li> <li>• Expedites the delivery of new affordable, supportive, and transitional housing units that are targeted at priority vulnerable populations.</li> <li>• Supports new construction, land acquisition and conversion of non-residential to affordable housing.</li> <li>• Affordability is defined as less than 30 percent of gross income for targeted populations.</li> <li>• Affordability must be maintained for at least 20 years.</li> </ul>	Unilateral program with municipal stream: Phase 1 and 2 provided \$2.5 billion in non-repayable loans. Phase 3 not yet awarded.
Federal Community Housing Initiative	<ul style="list-style-type: none"> <li>• Replace federally administered social housing agreements as old federal social housing agreements expire.</li> </ul>	Unilateral program: \$500 million in cost-shared contributions.
Canada Community Housing Initiative	<ul style="list-style-type: none"> <li>• Replace provincially and territorially administered social housing agreements as social housing agreements expire. May also be used to repair community housing.</li> </ul>	Bilateral program: \$4.3 billion in cost-shared contributions.
Provincial-Territorial Priority Funding	<ul style="list-style-type: none"> <li>• Provinces and territories can use the funds at their discretion to support regional needs and priorities.</li> </ul>	Bilateral program: \$2.2 billion in cost-shared contributions.
Canada Housing Benefit (CHB)	<ul style="list-style-type: none"> <li>• Provides funding for the creation of a new portable housing benefit (rent subsidy paid directly to tenants).</li> <li>• Provinces and territories have considerable flexibility in designing the CHB to meet priorities in their jurisdictions.</li> </ul>	Bilateral program: \$1.2 billion in cost-shared contributions.

Unilateral program data for Table 3 is from: *Blueprint ADE and Wellesley Institute. (2022, February). Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Housing Programs. The National Housing Council.* [anhttps://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf](https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf)

Bilateral program data for Table 3 is from: *Blueprint ADE. (2022, August). Analysis of the Progress of Bilateral National Housing Strategy Programs. The National Housing Council.* <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/national-housing-council/blueprint-report-analysis-progress-bilateral-nhs-programs-en.pdf?rev=0d9e503d-6318-4ccb-b909-e1a00f291163>

### 3.2.1 Reports on the National Housing Strategy

It is imperative to collect data directly from the not-for-profit housing sector about the NHS's impact. Only the June 2022 report, *Improving the National Housing Strategy (NHS): What We Heard: NHS Programs – Engagement Summary* commissioned by the National Housing Council engaged with not-for-profit housing developers, private housing developers, co-operative developers, academics, housing advocates, municipal governments, and housing associations on their experiences and opinions about the NHS. The study interviewed 14 participants and conducted a survey that received 82 responses. It concluded that three-quarters of respondents believed that the NHS is not making progress on creating new affordable housing and 69 percent did not believe the NHS was making progress on removing households from housing need (Canadian Urban Institute, 2022, p. 35). While this study is useful to understand how the housing sector views the NHS, it did specifically interview not-for-profit housing developers which would have garnered different responses than the not-for-profit housing sector at-large. Not-for-profit housing developers are much more likely to be familiar with the NHS and to have housing priorities that focus on housing as an investment rather than primarily as a human right. Furthermore, the study received feedback from multiple housing stakeholders including municipal governments and private housing developers. This makes it difficult to determine which opinions are those of the not-for-profit housing sector specifically.

The National Housing Council has commissioned two key research reports, the August 2022 *Analysis of the Progress of Bilateral National Housing Strategy Programs* and the February 2022 *Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs* which took a critical look at how major NHS programs were meeting the needs of people in core housing need and those experiencing homelessness. The two analysis reports commissioned by the National Housing Council have proven to be extremely useful as they provide information on NHS program outcomes from CMHC that has not otherwise been made publicly available. Information on the NHS's development is also found in CMHC's quarterly reports on the NHS's progress, with the last report published in December 2022. As previously mentioned, provinces and territories signed bilateral NHS agreements with the federal government which agreed to cost-shared commitments and reporting mechanisms. The provincial and territorial bilateral NHS action plans disclose how bilateral NHS funding will be



utilized and show how bilateral NHS targets plan to be achieved. Recent reports from the housing sector such as the *Review and options to strengthen the National Housing Strategy* by the Canadian Housing Evidence Collaborative and the National Right to Housing Network's *Implementing the Right to Housing in Canada: Expanding the National Housing Strategy* provide resourceful information on the housing sector and as well as a critical overview of the NHS programs. Yet, these reports have not collected information directly from the not-for-profit housing sector and formulate conclusions from existing research and data.

### **3.3 British Columbia's Affordable Housing Context**

#### **3.3.1 Factors Impacting Affordable Housing in British Columbia**

In 2021, 13.4 percent of British Columbia's population was in core housing need which is indicative of the province's severe housing shortage (Statistics Canada, 2022). In British Columbia, 350,000 new residents have been added between 2016 and 2021, growing the population to over 5,000,000 (Statistics Canada, 2021). The financialization of housing has profoundly impacted the province as homes have increasingly become investment opportunities. As a result, rents have soared dramatically in the last decade while wages have lagged (BC Housing, 2019, p.5).

#### **3.3.2 The Recent History of British Columbia's Not-for-Profit and Public Housing Sectors**

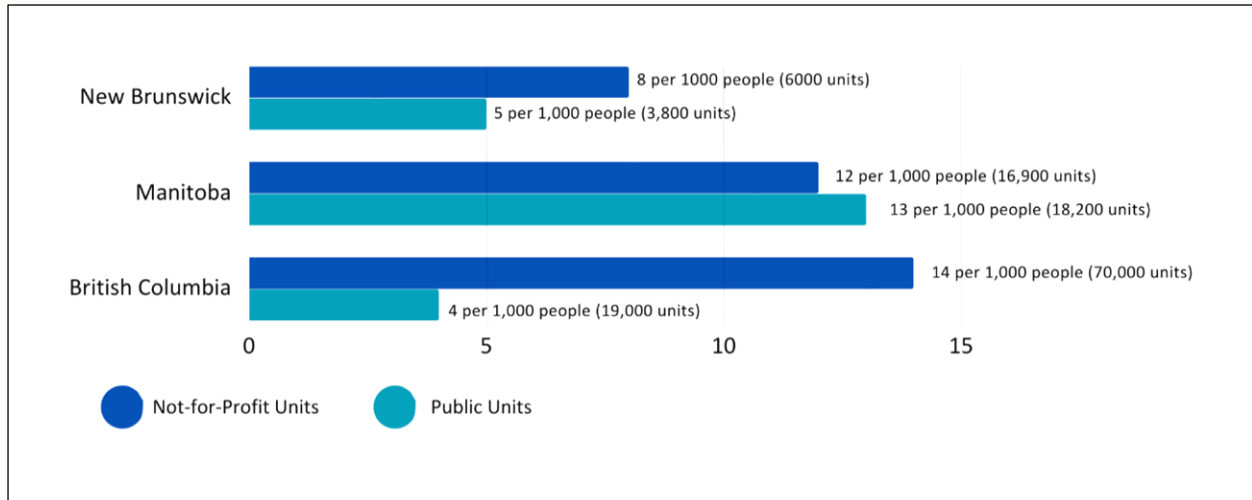
Over the last ten years, British Columbia's not-for-profit housing sector has been growing and the public housing sector has shrunk (BC Housing, 2019; BC Auditor, 2017). In 2014, the province announced plans to sell \$500 million of its social housing assets, which included 7,100 units, to the not-for-profit housing sector (Right to Housing, 2017; BC Auditor, 2017). Due to the devolution of housing responsibilities, the majority of British Columbia's affordable housing is now provided by not-for-profit housing organizations. Additionally, the strength of the not-for-profit housing sector can be attributed to a special program in the 1990s that made it possible for the province to purchase land for a not-for-profit housing provider. The land was given to the not-for-profit housing organization on a leasehold basis, which reduced land costs and ensured long-term affordable housing agreements that outlasted social housing operating agreements (Atkey & Stone, 2018).

### 3.3.3 British Columbia’s Not-for-Profit and Public Housing Sectors Circa the NHS

More than 70,000 affordable housing units are operated by not-for-profit housing providers (BC Housing, 2023, para 2; Housing Central, 2022, p.2). The not-for-profit housing sector has grown by 15,000 units since 2012 (BC Non-Profit Housing Association, 2012; BC Housing, 2023). BC Housing subsidizes 19,000 affordable and supportive housing units, including approximately 15,000 units for targeted groups (BC Housing, 2023). Figure 1 compares each province’s not-for-profit housing units and public housing units per 1,000 people, prior to the NHS.

There is a waitlist for units managed by BC Housing, as well as non-profit and cooperative housing providers that have opted-in to use the waitlist. There are many not-for-profit housing providers that maintain their own waitlists, so it is difficult to track the true number of people in need of affordable housing. The waitlist had 20,900 applicants before the bilateral NHS agreement was implemented in 2019 (BC Housing, 2019). The waitlist has since shrunk to 8,706 households in 2022 (Harnett, 2022, para 1).

Figure 1: Not-for-Profit and Public Units Per 1,000 People Prior to the NHS



Note: The number for Manitoba not-for-profit units is the number for Manitoba government rent subsidies which include subsidies to the private sector.

New Brunswick data from: New Brunswick. (2019). 2019 – 2022. *New Brunswick Action Plan*. New Brunswick. [https://www2.gnb.ca/content/dam/gnb/Departments/sd-ds/pdf/Housing/2019\\_2022NewBrunswickActionPlan.pdf](https://www2.gnb.ca/content/dam/gnb/Departments/sd-ds/pdf/Housing/2019_2022NewBrunswickActionPlan.pdf)  
 Manitoba data from: Manitoba Housing and Community Development. (2016). *Annual Report 2015–2016*. Manitoba government. <https://www.gov.mb.ca/housing/pubs/hcd-annual-report-2015-16.pdf>  
 British Columbia data from: BC Housing. (2023). *Facts & Stats*. Government of British Columbia. <https://www.bchousing.org/research-centre/facts-stats#:~:text=As%20of%20March%2031%2C%202021,Over%20%2C200%20permanent%20shelter%20spaces>

### 3.3.4 British Columbia’s Affordable Housing Programs Beyond the NHS

In 2018, the province committed to invest \$6.9 billion over ten years in a range of housing supply and repair programs which cost far beyond the bilateral NHS agreement funding. Over this period, the not-for-profit housing sector should significantly increase, predominantly with the Community Housing fund which aims to create 14,350 new units of mixed-income housing (BC Housing, 2019, p.7). Table 4 has a description of all housing supply programs funded by BC Housing prior to the bilateral NHS agreement. BC Housing also provides rent assist to 3800 households and cash supplements to 33,300 households (BC Housing, 2023).

Prior to 2018, the provincial government primarily funded very targeted groups of individuals for social housing and rent assist (Atkey & Stone, 2018). This is apparent in BC Housing’s funded units which are almost all supportive or transitional housing. This legacy is also obvious in the portable rent benefit programs. The province offers portable rent benefit programs to groups facing homelessness through the Homeless Prevention Program and Homeless Outreach Program (BC Housing, 2023). Cash assistance is provided to low-income families through the Rental Assistance Program as well as low-to-mid income seniors through the Shelter Aid for Elderly Renters program (BC Housing, 2023).

Table 4: BC Housing Supply Programs

BC Housing Supply and Repair Programs	Funding over a 10 Year Period (2018-2028)	Target
Community Housing Fund	\$1.9 billion to build and operate mixed-income rental units. Funding is for municipalities, non-profit housing providers, and Indigenous organizations.	14,350 units
Affordable Rental Housing Program	\$208 million to create 1,700 units of affordable housing.	1,700 units
Rapid Response to Homelessness	\$291 million to build supportive housing units for people experiencing homelessness and \$75 million per year for support services.	2,000 supportive housing units
Supportive Housing Fund	\$1.2 billion to build and operate supportive housing.	2,500 units of supportive housing
Women’s Transition Housing Fund	\$734 million to build and operate 1,500 new units of transitional and long-term housing.	1,500 units of transitional and long-term housing
Indigenous Housing Fund	\$550 million to build and operate units on- and off-reserve.	1,750 units
Deepening Affordability Project Grants	\$75 million to preserve or increase the affordability of 4,900 units.	4,900 units

Adapted from: BC Housing (2019). BC Housing Action Plan 2019/20 to 2021/22. Province of British Columbia. <https://www.bchousing.org/publications/BCH-Action-Plan-2020-2022.pdf>

### **3.3.5 BC Housing Bilateral NHS Action Plan 2019/20 to 2022/23**

British Columbia produced the *BC Housing Action Plan 2019/20 to 2022/23* which outlines how the province intends to meet the bilateral NHS targets with the three bilateral NHS programs below. The *Action Plan* estimates that over the lifetime of the bilateral NHS agreement, core housing need will be addressed as follows:

- 6,387 new units will be constructed (BC Housing, 2019, p.14).
- 9,508 units will be repaired (BC Housing, 2019, p.14).
- 28,967 projects will receive a project-based subsidies (BC Housing, 2019, p.14).
- 25,123 households will receive affordability assistance (BC Housing, 2019, p.14).

#### **1. British Columbia's Priorities Initiative Funding**

- Provide financial assistance for home modifications for people with disabilities (BC Housing, 2019, p.10).
- Repair funding for existing affordable housing stock (BC Housing, 2019, p.10).
- Expand the Provincial Rental Supply Program which will construct 600 new units of rental housing owned and operated by the community housing sector at affordable rents for middle-income households over the next three years (BC Housing, 2019, p.10).

#### **2. Community Housing Initiative**

- Support the development of new mixed-income housing under the Community Housing Fund to support 574 new units of rent assisted housing for low-income households which will be owned and operated by many not-for-profit housing organizations over the first three years (BC Housing, 2019, p.11).
- Fund the Capital Renewal Funding Program which supports repairs for existing affordable housing units (BC Housing, 2019, p.11).
- Create the British Columbia Housing Benefit which is a portable housing benefit for targeted groups renting in the private market and as well as enhance the existing Rental Assistance Program and Shelter Aid for Elderly Renters program (BC Housing, 2019, p. 11).

- Support the preservation of at least 34,491 units of social housing by renewing social housing agreements that have expired or are expiring over the length of the bilateral NHS agreement (BC Housing, 2019, p. 16).

### 3. Canada-BC Housing Benefit

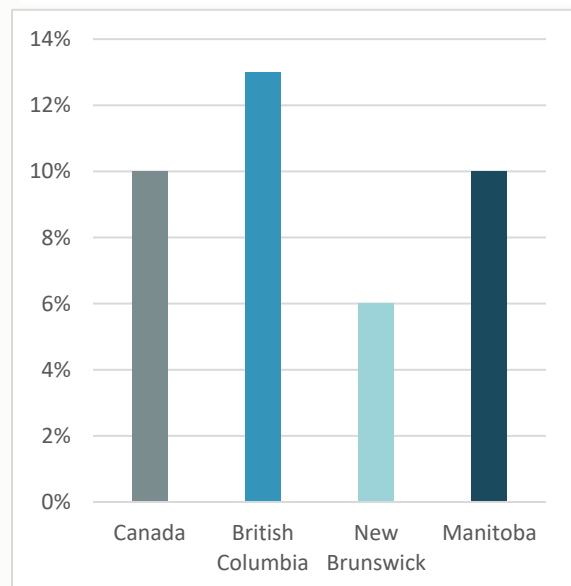
- The portable benefit will target households that are not eligible for existing portable benefits, are low-income and do not exceed household income limits and fall within a large priority group. The priority group includes “people experiencing or at risk of homelessness, people experiencing gender-based violence, Indigenous peoples, people with disabilities, people dealing with mental health and addiction issues, veterans, racialized communities, youth leaving care, large families requiring 4+ bedrooms, Households requiring wheelchair modified/accessible accommodation or other households on the waitlist for subsidized housing” (BC Housing, 2019, p. 12-13).

### 3.4 New Brunswick’s Affordable Housing Context

#### 3.4.1 Factors Impacting Affordable Housing in New Brunswick

Historically, New Brunswick has had some of the lowest housing costs in Canada. Due to this, New Brunswick had a core housing need of 6.2 percent in 2021, which is almost half of the national average (Statistics Canada, 2022). See Figure 2 for a comparison of core housing need in each province. Low housing costs have meant that 74 percent of New Brunswick residents have been able to purchase their own homes (New Brunswick, 2019, p. 5-6). Due to higher homeownership prices, the rental market is limited, particularly in rural areas which are a substantial portion of the province’s population (New Brunswick, 2019, p.5). Between 2016 and 2021, Statistics Canada reported a slight increase of approximately 28,000 people in New Brunswick's population (Statistics Canada, 2021).

Figure 2: Households in Core Housing Need (2021)



Adapted from: Statistics Canada. (2022). Core housing need in Canada. Government of Canada. <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2022056-eng.html>

More recently, New Brunswick has begun to struggle with the consequences of financial deregulation and the financialization of housing (Hayes, 2021, p. 43). Consequently, rental price inflation has spiked to levels not seen since the 1970s (Hayes, 2021). A relatively affordable housing market in New Brunswick attracted real estate investment trusts (REITs) and private equity firms (Hayes, 2021, p. 43). Multi-family buildings were acquired by investors primarily from outside the province and their rental prices were increased to maximize shareholder value (Hayes, 2021, p. 43). The provincial government responded with a study that cited a lack of construction workers and ignored the financialization of housing (Hayes, 2021, p.45). The provincial government has been criticized for refusing to look at the root of the issue as government interests are aligned with the financialization of the housing sector (Hayes, 2021, p.45).

### **3.4.2 The Recent History of New Brunswick’s Not-for-Profit and Public Housing Sectors**

The province's public housing stock has remained stagnant for almost 40 years with about 4,000 units while the not-for-profit sector has declined (New Brunswick, 2022). While public housing numbers stayed relatively stable, units slowly deteriorated. Over the last few years, the not-for-profit housing sector has been shrinking due to the end of social housing agreements. It is estimated that 10,000 not-for-profit housing units were available in 2015, an increase of 4000 units from today (Martin & Mosher, 2015). The 4000 units were lost to expired social housing agreements and are not included in the province's not-for-profit housing stock (Martin & Mosher, 2015).

### **3.4.3 New Brunswick’s Not-for-Profit and Public Housing Sectors Circa the NHS**

There are approximately 3,800 public housing units in New Brunswick (New Brunswick, 2019, p.11; Donkin, 2022, para. 1). Before the implementation of the NHS, there were approximately 6,000 not-for-profit housing units, of which 4,000 were funded by the province (New Brunswick, 2019, p.13; New Brunswick Non-profit Housing Association, 2019, para 3). As of last year, 38 years had passed since New Brunswick invested in new public housing (New Brunswick, 2022). Then last year the province announced \$102.2 million in funding that was not part of NHS funds to build 380 new public housing units over four years (New Brunswick, 2022). Before the NHS, the public housing waitlist, which includes not-for-profit housing, held

approximately 5,800 households in 2018. It has since grown to 8,100 households in 2022 (Donkin, 2022, para 1).

### **3.4.4 New Brunswick's Affordable Housing Programs Beyond the NHS**

New Brunswick provided rent supplements to 4,217 tenants in the private and not-for-profit sectors in 2018 (New Brunswick, 2019, p.12). A total of 150 portable rent supplements were also offered by the province in 2018 (New Brunswick, 2019, p.12). Before the announcement of the NHS, there were no affordable housing supply programs for the not-for-profit housing sector.

### **3.4.5 New Brunswick Bilateral NHS Action Plan 2019 – 2022**

New Brunswick produced the *New Brunswick Action Plan 2019 – 2022* which outlines how the province intends to meet the bilateral NHS targets with the three bilateral NHS programs below. The *Action Plan* estimates that over the lifetime of the bilateral NHS agreement, core housing need will be addressed as follows:

- 1,262 new units will be constructed (New Brunswick, 2019, p.27).
- 15,480 units will be repaired (New Brunswick, 2019, p.27).

#### **1. New Brunswick Priorities Initiative Funding**

- Fund repairs for existing affordable housing, emergency shelters and rooming houses (New Brunswick, 2019, p. 19-20)
- Assist with the creation of secondary suites for people with disabilities (New Brunswick, 2019, p. 21).

#### **2. Community Housing Initiative**

- Continue to offer 9,954 units of social housing and nursing home beds by continuing expired or expiring social housing agreements as well as offering repairs to transition buildings to mixed-income projects over the length of the bilateral NHS agreement (New Brunswick, 2019, p.24).
- Expand 1,262 rent-assisted units over the bilateral NHS agreement (New Brunswick, 2019, p.24).

- Repair at least 1,991 units over the bilateral NHS agreement (New Brunswick, 2019, p. 21 & 24).
- Wrap-around services model for housing providers. No details have been released on the program details or level of funding (New Brunswick, 2019, p.24).
- Focus on mixed-income units to build 1,262 affordable housing units over the length of the entire bilateral NHS agreement (New Brunswick, 2019, p.23). The introduction of the Affordable Rental Housing Program will increase the supply of affordable rental housing units for low- to mid-income households. The \$6.8 million program will support housing projects in the private, not-for-profit and co-operative sectors. The program will support construction, acquisition, repairs, conversion, and operational support. The provincial government later announced that the program would provide interest-free loans and a maximum forgivable contribution for not-for-profit projects up to \$70,000 per unit (New Brunswick, 2023). Housing providers may receive additional rental subsidies to create rent-geared-to-income units (New Brunswick, 2023).

### **3. Canada-New Brunswick Housing Benefit**

- A New Brunswick Housing Benefit was established for 2022-2023 to 2027-2028. The program provides a short-term benefit of about \$400 a month to low-income family households in the province over seven years (New Brunswick, 2021).

## **3.5 Manitoba's Affordable Housing Context**

### **3.5.1 Factors Impacting Affordable Housing in Manitoba**

In 2021, Manitoba's core housing need was at the national average at 10.1 percent (Statistics Canada, 2022). In comparison with other major Canadian cities, Manitoba has relatively low homeownership and rental costs. Over the last 15 years, housing costs have increased faster than incomes (Manitoba Housing and Renewal Corporation, 2019, p. 7). Moreover, Manitoba's population grew by approximately 60,000 people from 2016 to 2021, reaching about 1,300,000 in 2021 (Statistics Canada, 2021). As gentrification has grown into previously affordable neighborhoods in Winnipeg, low-income earners have fewer housing options. Those on Employment and Income Assistance with extremely limited income have even fewer options as single room occupancy buildings in Winnipeg have been rapidly disappearing. A number of these buildings have been purchased by investors and local stakeholders with the



goal of increasing community renewal efforts (Kaufman & Distasio, 2014, p.1). Winnipeg's condominium market has also seen a dramatic uptake due to the increasing cost of homeownership, which has led many previously naturally occurring affordable housing units to be converted into condominiums or redeveloped into premium rental units (Carter et al., 2021, p.127).

### **3.5.2 The Recent History of Manitoba's Not-for-Profit and Public Housing Sectors**

In 2016, Manitoba Housing provided a subsidy to 16,900 private and not-for-profit housing providers (Manitoba Housing and Community Development, 2016, p. 25). Between 2009 and 2016, the not-for-profit housing sector grew by 2,158 units (Manitoba Housing and Renewal Corporation, 2019, p. 2).

In 2016, Manitoba Housing owned 18,200 housing units and managed 14,200 of these units (Manitoba Housing and Community Development, 2016, p. 25). Since 2019, the provincial government has focused on transferring management and ownership of many Manitoba Housing owned units to the not-for-profit housing sector and has also sold off social housing units to the private sector, a detail omitted from their *Action Plan* (Grabish, 2019). The *Manitoba Housing and Renewal Corporation Three Year Action Plan 2019/2020 - 2021/2022* states:

In April 2019, Manitoba Housing transferred management of 566 units of social housing stock and is targeting to transfer a total of 1,600 units by the end of 2019/20, representing 12 percent of its portfolio. It is anticipated that another 2,550 units of social and affordable housing will be transferred over the course of this action plan. In addition, Manitoba Housing will continue to identify properties to sell to the community housing sector (Manitoba Housing and Renewal Corporation, 2019, p.12).

### **3.5.3 Manitoba's Not-for-Profit and Public Housing Sectors Circa the NHS**

In 2021, there were approximately 17,700 private and not-for-profit owned housing units that Manitoba Housing subsidizes in 2021. (Families Minister's Briefing, 2021, p.61-62). Thus, the provincial government's subsidies to the private and not-for-profit sector increased by 800 units since 2016 (Manitoba Housing and Community Development, 2016, p.25).

In 2021, Manitoba Housing owned 16,500 housing units and operated approximately 11,800 social housing units with 4,700 Manitoba Housing owned units managed by non-profit, co-operative, or private organizations (Families Minister’s Briefing, 2021, p.61-62). Therefore, over those five years the number of Manitoba Housing owned housing units was reduced by approximately 1,700 units. Manitoba Housing operated units were reduced by 2,400. These numbers are likely even lower today as efforts to sell off government owned social housing units were planned to continue in the *Manitoba Housing and Renewal Corporation Three Year Action Plan* (Manitoba Housing, 2020, p. 12).

Manitoba Housing had a waitlist of approximately 6,900 households in 2018 and currently has a waitlist of 5,904 households (Grabish, 2019, para 3; Manitoba Housing and Renewal Corporation, 2023). The reduction of the waitlist is attributed to all contacts on the waitlist being contacted and asked if they wanted to stay on the list. This reduced the list by 2,000 people as they no longer had an interest in being on the waitlist (Froese, 2021, para 5).

### **3.5.4 Manitoba’s Affordable Housing Programs Beyond the NHS**

In 2016, 29,000 households accessed Rent Assist, a portable housing benefit (Annable, 2018; Manitoba Housing and Renewal Corporation, 2019, p. 2). The number of people accessing the portable rent benefit called Rent Assist has shrunk by 6,000 people since 2016 as only 23,000 households were accessing the benefit in 2021 (Thompson, 2021).

The province does not have any new affordable housing supply programs. While the provincial government sells off its social housing assets, there has been recognition that there are not enough supports for those experiencing homelessness. In February 2023, the provincial government announced \$58 million to target those experiencing homelessness with 400 rent supplements in the not-for-profit and private housing sector and 300 new affordable housing units that do not appear to be part of the NHS (Bernhardt, 2023).

### **3.5.5 Manitoba Housing and Renewal Corporation Bilateral NHS Action Plan 2019/2020 - 2021/2022**

Manitoba produced the *Manitoba Housing and Renewal Corporation Action Plan 2019/2020 - 2021/2022* which outlines how the province intends to meet the bilateral NHS

targets with the three bilateral NHS programs below. The *Action Plan* estimates that over the lifetime of the bilateral NHS agreement, core housing need will be addressed as follows:

- 1,287 new units will be constructed (Manitoba Housing, 2020, p. 16).
- 5,470 units will be repaired (Manitoba Housing, 2020, p. 16).
- 22,230 households will receive a project-based subsidy (Manitoba Housing, 2020, p. 16).
- 1,350 households will receive affordability assistance (Manitoba Housing, 2020, p. 16).

### **1. Manitoba Priorities Housing Initiatives**

- Fund 429 new housing units over the three-year period (Manitoba Housing and Renewal Corporation, 2019, p. 12).
- Support homeownership opportunities for 250 low-to-moderate income households over the first three-years (Manitoba Housing and Renewal Corporation, 2019, p. 12).
- More than 50 households will receive a portable rent benefit for the first three-years of the agreement (Manitoba Housing and Renewal Corporation, 2019, p. 12).

### **2. Canada Community Housing Initiative**

- Fund Indigenous-led programming and housing. No program details are given (Manitoba Housing and Renewal Corporation, 2019, p. 12).
- Support not-for-profit housing amalgamations (Manitoba Housing and Renewal Corporation, 2019, p. 13).
- Support funding to repair personal care home beds and safety measures for seniors.
- Support the repairs and preservation of the 22,031 existing community housing sector units over the length of the bilateral NHS agreement (Manitoba Housing and Renewal Corporation, 2019, p. 14).
- Construct 1,287 housing units over the entire bilateral NHS agreement.
- Claim ten percent of the bilateral NHS agreement funding for administrative costs.

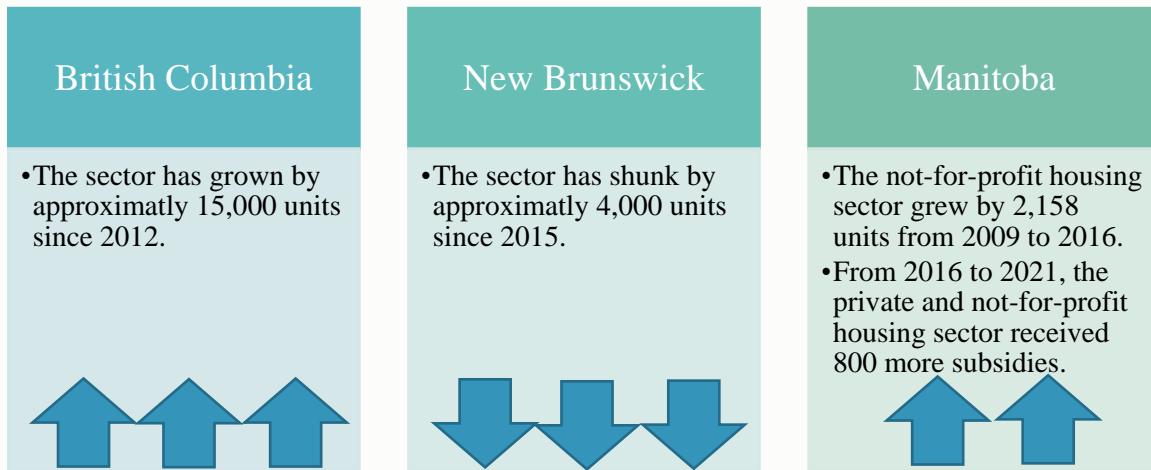
### **3. Canada-Manitoba Housing Benefit**

- The benefit will provide a housing supplement of up to \$250 per month on top of the existing portable benefit to target youth aging out of child and family services, people at-risk of homelessness and people with mental-health struggles (Manitoba Housing and Renewal Corporation, 2020).

### 3.6 Provincial Affordable Housing Contexts Summary

Legend for Figures 3 and 4: Change in Number of Units								
<b>Slight Increase</b>	More than 1000 units	↑	<b>Moderate Increase</b>	More than 2000 units	↑↑	<b>Substantial Increase</b>	More than 3000 units	↑↑↑
<b>Slight Decrease</b>	Less than 1000 units	↓	<b>Moderate Decrease</b>	Less than 2000 units	↓↓	<b>Substantial Decrease</b>	Less than 3000 units	↓↓↓

Figure 3: The Not-for-Profit Housing Sector Prior to the NHS



BC data: BC Non-Profit Housing Association. (2012). *Our Home, Our Future*. BC Non-Profit Housing Association.

[https://bcnpha.ca/wp-content/uploads/2021/07/00\\_British\\_Columbia\\_120921.pdf](https://bcnpha.ca/wp-content/uploads/2021/07/00_British_Columbia_120921.pdf)

New Brunswick Data: Martin, S & Mosher, M. (2015). *Housing Crisis in New Brunswick as Thousands Wait and Federal Funds Expire*. Nb Media Co-Op. <https://www.nbnonprofithousing.ca/single-post/2019/05/17/association-welcomes-announcement-of-provincial-housing-strategy>

Manitoba Data: Manitoba Housing and Renewal Corporation. (2020). *Three-Year Action Plan Addendum (2019/2020 - 2021/2022)*. Province of Manitoba. <https://www.gov.mb.ca/housing/pubs/national-housing-strategy-2020-addendum.pdf>

Figure 4: The Public Housing Sector Prior to the NHS



BC Data: BC Auditor. (2017). *An Audit of BC Housing's Non-Profit Asset Transfer Program*.

[https://www.bcauditor.com/sites/default/files/publications/reports/FINAL\\_BC\\_Housing.pdf](https://www.bcauditor.com/sites/default/files/publications/reports/FINAL_BC_Housing.pdf)

New Brunswick Data: New Brunswick. (2019). 2019 – 2022. New Brunswick Action Plan.

New Brunswick. <https://www2.gnb.ca/content/dam/gnb/Departments/sd-ds/pdf/Housing/2019-2022NewBrunswickActionPlan.pdf>

Manitoba Data: Manitoba Housing and Renewal Corporation. (2020). *Three-Year Action Plan Addendum (2019/2020 - 2021/2022)*. Province of Manitoba. <https://www.gov.mb.ca/housing/pubs/national-housing-strategy-2020-addendum.pdf>

Figure 5: The Not-for-Profit Housing Sector Since the NHS

British Columbia	New Brunswick	Manitoba
<ul style="list-style-type: none"> <li>British Columbia has a multitude of provincial new affordable housing supply and repair programs for the sector.</li> <li>NHS funds will be used to support these existing programs with 6,387 new units for people in core housing need. Thousands more should be supported with provincial funding.</li> <li>28,967 project-based subsidies should be provided to replace expiring SHAs.</li> </ul>	<ul style="list-style-type: none"> <li>New Brunswick has introduced one new affordable housing supply program from NHS bilateral funding that can be accessed by the sector.</li> <li>1,262 new units should be constructed to meet those in core housing need.</li> <li>9,954 project-based subsidies should be provided to replace expiring SHAs.</li> </ul>	<ul style="list-style-type: none"> <li>Manitoba has no new affordable housing supply programs for the sector.</li> <li>This year the province announced 400 rent supplements for the not-for-profit and private housing sectors and 300 new affordable housing units that do not appear to be part of the NHS.</li> <li>The province committed to constructing 1,287 new units for those in core housing need.</li> <li>22,230 project-based subsidies should be provided to replace expiring SHAs.</li> </ul>

BC Data: BC Housing. (2019). *BC Housing Action Plan 2019/20 to 2021/22*. Province of British Columbia. <https://www.bchousing.org/publications/BCH-Action-Plan-2020-2022.pdf>  
 New Brunswick Data: New Brunswick. (2019). 2019 – 2022. *New Brunswick Action Plan*. New Brunswick. <https://www2.gnb.ca/content/dam/gnb/Departments/sd-ds/pdf/Housing/2019-2022NewBrunswickActionPlan.pdf>  
 Manitoba Data: Manitoba Housing and Renewal Corporation. (2020). *Three-Year Action Plan Addendum (2019/2020 - 2021/2022)*. Province of Manitoba. <https://www.gov.mb.ca/housing/pubs/national-housing-strategy-2020-addendum.pdf>;  
 Bernhardt, D. (2023). *Manitoba Announces \$58M to Create 700 Social Housing Spaces this Year, Expand Shelter Hours*. CBC. <https://www.cbc.ca/news/canada/manitoba/homelessness-strategy-manitoba-funding-1.6762791>

Figure 6: The Public Housing Sector Since the NHS

British Columbia	New Brunswick	Manitoba
<ul style="list-style-type: none"> <li>British Columbia is using the not-for-profit housing sector for new affordable housing and is not focused on investing in new public housing.</li> </ul>	<ul style="list-style-type: none"> <li>Funding was announced in 2022 for 380 new public housing units in four years. This funding is not part of the NHS.</li> </ul>	<ul style="list-style-type: none"> <li>Manitoba Housing owned housing units continue to be sold-off to the private and not-for-profit housing sector.</li> </ul>

BC Data: BC Housing. (2019). *BC Housing Action Plan 2019/20 to 2021/22*. Province of British Columbia. <https://www.bchousing.org/publications/BCH-Action-Plan-2020-2022.pdf>  
 New Brunswick Data: New Brunswick. (2022). *Investment of \$102.2 Million for Construction and Renovation of Public Housing Units*. New Brunswick. [https://www2.gnb.ca/content/gnb/en/news/news\\_release.2022.10.0579.html#:~:text=%E2%80%9CSignificant%20cost%2Dof%2Dliving,housing%20units%20in%2038%20years](https://www2.gnb.ca/content/gnb/en/news/news_release.2022.10.0579.html#:~:text=%E2%80%9CSignificant%20cost%2Dof%2Dliving,housing%20units%20in%2038%20years).  
 Manitoba Data: Manitoba Housing and Renewal Corporation. (2020). *Three-Year Action Plan Addendum (2019/2020 - 2021/2022)*. Province of Manitoba. <https://www.gov.mb.ca/housing/pubs/national-housing-strategy-2020-addendum.pdf>

## 4.0 Literature Review of Current Sectoral Characteristics

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The following is an overview of the characteristics of the not-for-profit housing sector. The characteristics that are seen as benefits of creating affordable housing reveal the rationale behind the federal and provincial governments' shift towards funding social housing in the sector as opposed to directing funding in the public sector. Exposing the challenges in the sector are worthwhile to highlight as governments need to address the issues as they pose a risk to the sustainability of the sector in providing affordable housing, particularly for people in core housing need. The following literature review reveals that not-for-profit housing organizations are no better off after decades of adapting to external neoliberal policy pressures.

### 4.1 Socially Guided

Mullins et al., found that not-for-profit housing providers saw themselves as having a “primarily social purpose or employing business methods for a social purpose, rather than being purely market driven” (Mullins et al., 2018, p. 583). Not-for-profit housing providers are more likely to take risks to have housing in disinvested areas such as the inner city while for-profit housing providers tend to invest in areas where they can maximize profits and take part in gentrification (August & Walks, 2018; Bratt, 2008). Not-for-profit housing providers also serve under-represented populations and hard-to-house individuals who tend to not have the political power to advocate for affordable housing (Bendaoud, 2018, p.169). Moreover, the private market often will not house these populations (Thomas, 2022). Hackworth & Moriah found that even though the not-for-profit housing sector in Ontario is required to prioritize hard-to-house individuals who require more resources, the housing providers were expected to do so without adequate resources (2006, p. 520). This phenomenon of taking on a range of services outside housing to satisfy government pressures is discussed below as it relates to the increased hybridity of the sector.

### 4.2 Hybridization

Not-for-profit housing organizations have traditionally solely provided affordable, rent-gear-to-income housing (Fallis, 1993). The new construction streams in the NHS and provincial programs almost wholly rely on the not-for-profit housing sector to develop affordable mixed-income housing projects. Private housing providers also benefit from many of the NHS

development programs, yet they rarely create affordable housing (Blueprint ADE., 2022). The increased hybridity of the sector has begun to alter the way organizations serve the community but also how organizations perceive themselves (Cooper, 2022, p.2). Mullins, Czischke and Bortel (2012) speak to many forms of the hybridization of the housing sector. Yet, the most relevant definition for this research is to define the hybridization of the sector to include “hybrid financial dependencies (mixing state and market funding), hybrid governance structures (reflecting stakeholder mix or separating charitable and commercial activities) and hybrid products and services (combining housing with social and neighbourhood support services)” (Mullins, Czischke and Bortel, 2012, p.407). As Cooper notes, with the expiration of social housing agreements, organizations are less able to prioritize the social values of the third sector and shift toward private sector values which include profit-generation to survive (2022, p.2). Increasingly, housing is treated as a commodity by the not-for-profit housing sector due to increased hybrid pressures. The next section will speak to this reality of the financialization of housing.

### **4.3 Financialization**

Financialization refers to the increased role of the market in our everyday lives (August & Walks, 2018). The financialization of housing is when the “logic of capital accumulation increasingly trumps the right to housing, with the ‘exchange’ value of housing as a financialized commodity and as a generator of wealth valued above the ‘use’ value of housing as shelter” (Whitzman, 2022, p 308). The financialization of housing occurs when housing is used as an investment rather than as a home and may intensify when governments lose interest in social housing and decrease regulation such as parameters for real estate investors (August & Walks, 2018). Raynor & Whitzman found that the devolution of housing responsibility increased the financialization of housing and reduced support for low-income households in Melbourne, Toronto, Vancouver and Portland (Raynor & Whitzman, 2021, p.2). Pomeroy notes that the financialization of housing has resulted in the loss of affordable housing and notes, “the erosion of naturally occurring affordable housing is the most serious threat to Canada’s supply of affordable housing. Between 2011 and 2016 the number of private rental units affordable to households earning less than \$30,000 per year (rents below \$750) declined by 322,600 units” (2020, para 1). The commodification of housing has continued to intensify and make housing

less affordable, yet the federal government seems to be reluctant to halt the financialization of housing as financial institutions, including Canada Mortgage and Housing Corporation, function to generate profits through the commodification of housing to promote economic development (August, 2022).

There is no doubt that viewing housing as an investment rather than as a fundamental basic need alters policy direction as well as society's view on housing. For instance, Whitzman found that housing actors in North America and in Australia spoke about affordable housing policy within a framework of housing as a commodity as they referred to housing policy through a cost-benefit analysis rather than emphasizing the right to housing (Whitzman, 2022, p. 308). Those employed in the housing sector often spoke about affordable housing as a zero-sum game whereby only a finite amount of affordable housing could be maintained for the most deserving low-income earners, leaving the rest behind (Whitzman, 2022 p. 308). This view of housing as a commodity rather than a human right has contributed to the underfunding of the sector which will be discussed next.

#### **4.4 Funding Dependent and Financially Strained**

The not-for-profit housing sector is chronically underfunded and in reaction has adapted through the hybridization as noted above. Still, due to the dynamic and adaptive nature of the not-for-profit housing sector, housing providers in the sector have proven to offer lower shelter costs than for-profit housing organizations (Bratt, 2008; Leviten-Reid et al., 2019). There is a perceived economic edge that not-for-profit housing organizations have over government owned housing, yet it must be noted that these perceptions largely come from a time when not-for-profit housing providers had social housing operating agreements and were able to provide rent-geared-to-income housing. Since social housing operating agreements have begun to expire in the early 2000s, many not-for-profit housing providers have no longer been able to charge tenants rent-geared-to-income rents, thus defeating the primary purpose of the sector which is to provide affordable housing (Cooper, 2022; Hackworth & Moriah, 2006; Pomeroy, 2017). With the expiration of these agreements, not-for-profit housing organizations have struggled to sustain themselves, often at the cost of taking on organizational capacity issues (Thomas & Salah, 2022, p. 285). Yet, the continued perception that not-for-profit housing providers are efficient in terms



of being able to produce quality affordable housing while being underfunded is a risk for the sustainability of the sector, particularly in creating housing for those in core housing need.

#### **4.5 Perceived Cost-Efficient Providers of Affordable Housing**

As reflected in the federal and provincial governments' policy move towards funding not-for-profit housing, providers are seen to be cost-efficient housing providers. The hybrid properties of modern not-for-profit housing organizations have been understood to work for community interests better than for-profit housing providers and be more cost-efficient than public housing (Herrington, 2012, p. 154). Not-for-profit housing providers have a unique role in that they can access government funding and other benefits such as capital funding, tax exemptions and donations to assist with housing development projects (Herrington, 2012, p.9). Efficiency is sometimes seen when not-for-profit organizations contract with businesses, such as construction companies as estimates may be more competitive than if government were to receive the same estimate for work because it is known that not-for-profit organizations are working with limited budgets (Herrington, 2012, p. 79).

Bendaoud surveyed and interviewed policy makers in British Columbia, Alberta and Quebec on the question of efficiency. Bureaucrats and former politicians understood not-for-profit housing providers to be more efficient, both for economic and qualitative reasons (Bendaoud, 2018 p.170). Bendaoud noted that there was a general understanding in all three provinces that not-for-profit housing made sense over public housing and was the best use of resources (2018, p. 181). Bendaoud attributes support for the not-for-profit housing sector across differing political contexts to a cost-benefit analysis which is based on policy makers past experiences of creating policies that are constrained by the government budget (2018, p. 181-182). Whitzman's study also concluded that not-for-profit housing providers were seen as the most economically efficient option amongst housing actors, yet her analysis reveals that she believes interviewees were "trapped by the neoliberal discursive" which saw housing as a commodity as opposed to a human right (2022, p. 310). Whitzman cautioned that this vision wrongfully assumes that the provision of affordable housing can be satisfied by market mechanisms (2022, p. 310). The myth that not-for-profit housing organizations use market mechanisms to be cost-efficient creators of affordable housing is dangerous as it legitimizes the underfunding of the sector.

## **4.6 Stunted Sectoral Growth and Organizational Capacity**

Since the late 1960s, the not-for-profit housing sector has been shrinking due to the lack of federal funding and sporadic funding from lower levels of government (Thomas, 2022). While most not-for-profit housing organizations are focused on survival, expansion is most likely not on the table for most organizations without government capital and operational grants (Fallis, 1993; Hackworth & Moriah, 2006; Thomas & Salah, 2022). Furthermore, the units that exist without social housing agreements are vulnerable to being sold to the market as inflation increases, buildings deteriorate and operational capacity declines (Cooper, 2022; Thomas, 2022; Thomas & Salah, 2022).

Organizational capacity issues have stemmed from being underfunded as housing is seen as a commodity over a human right, as noted above. Thomas and Salah found that not-for-profit housing organizations in Nova Scotia had a reduced capacity to manage and build housing due to a lack of government funding (Thomas & Salah, 2022, p. 285). Capacity issues have also arisen due to the expanded responsibilities of not-for-profit housing organizations to be developers and housing providers. The authors also found that board members lacked knowledge with property management, development and financial backgrounds (Thomas & Salah, 2022, p. 283). Pomeroy similarly found that staff tend to have expertise in social services but often lacked asset management knowledge (Pomeroy, 2017, p. 1). Sectoral capacity gaps have been bridged with not-for-profit housing associations. As Thomas notes, sectoral capacity varies in each province which is in large part due to the presence and activity of not-for-profit housing associations (Thomas, 2022, 271). British Columbia is often cited as a strong not-for-profit housing association as it has the capacity to do their own research, advocacy and training for the seven hundred not-for-profit housing providers that it represents (Atkey & Stone, 2018, p. 60; Raynor & Whitzman, 2021, p.18). Yet, Thomas & Salah found that overall not-for-profit housing providers were extremely limited in their advocacy abilities and had little impact on government housing policy (Thomas & Salah, 2022, p. 287). This is largely due to funding constraints which continue to stunt the growth of the sector.

## **4.7 The Need for Indigenous Housing**

There is a need for more Indigenous not-for-profit housing units as the Indigenous population in Canada is overrepresented in the population of people who are in core housing

need. Indigenous not-for-profit housing providers are better able to respond to the needs of Indigenous populations with curated housing and cultural supports (Walker, 2006, 187). For instance, Indigenous not-for-profit housing staff are often required to introduce new tenants to the city if they are from a reserve (Walker, 2006, 187). The Urban Native Housing Program (UNHP) was a CMHC program that subsidized Indigenous organizations to create rent-g geared-to-income housing with culturally appropriate support services (Walker, 2006, 186). Walker notes that UNHP tenants who had these supports “increased their use of social services, made more friends, felt more secure, more settled, and more independent since moving” (Walker, 2008, 187). This is to say that Indigenous-led organizations are best positioned to be funded to provide housing and support services to Indigenous peoples. Unfortunately, the UNHP was cut along with the rest of the housing programs in the 1993 budget.

#### **4.8 State Directed Policy**

As the responsibilities of the affordable housing sector have devolved from government to the not-for-profit housing sector, the government has kept a keen interest in directing the sector as shown in a recent study in England, the Netherlands and Australia (Mullins et al., 2018, p.584). Mullins et al. have found that hybrid organizations continue to largely be shaped by government as they are bound by heavy government regulations which have restricted the organizations from being able to act independently (Mullins et al., 2018, p.585). Another study on Ontario’s devolution of not-for-profit housing responsibilities found that not-for-profit housing providers had a more difficult time functioning in an entrepreneurial and autonomous way after devolution (Hackworth & Moriah, 2006 p. 522). The system became more difficult to navigate with increased bureaucratic complexities as the affordable housing system devolved from the province to forty-seven districts (Hackworth & Moriah, 2006, p. 158). Hackworth & Moriah note these findings are counter to neoliberal ideology that reducing state interference will increase efficiency and innovation (2006, p. 522-24). The authors conclude neoliberalism did prevail as it did ultimately reduce the government’s size by weakening the social housing system (2006, p. 524).

#### **4.9 Literature Review Summary**

The literature review shows that neo liberal pressures have forced the not-for-profit housing sector to take on more government responsibilities and not-for-profit housing

organizations have attempted to become more self-reliant due to less government funding which has reduced their overall capacity to function and serve people in core housing need. It has now reached the point where organizations need new capital and operational funding from the government to remain viable.

## 5.0 Findings

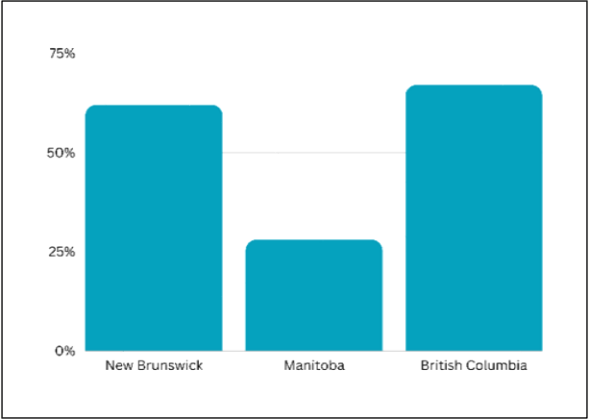
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The findings come from interviews with 24 not-for-profit housing organizations with 27 individuals in British Columbia, New Brunswick, and Manitoba. Organizing the findings from the interview data begins with a look at how familiar the organizations are with the NHS. Afterwards, one organizational case study per province examines the development projects funded by NHS unilateral programs. Findings highlight major concerns about the unilateral NHS and conclude with the positive aspects of the unilateral NHS. The next section discusses development projects that were funded by bilateral NHS funding and provincial governments. According to the findings, unilateral NHS programs pose a number of barriers to accessing funding for the not-for-profit sector, the NHS provides limited housing at affordable rental rates, and many policy gaps exist. It is clear from the findings that provinces that use NHS funding to create new affordable housing supply in conjunction with their own affordable housing programs have the greatest success in creating affordable housing, bridging NHS policy gaps, and reducing barriers to accessing NHS funding.

### 5.1 Familiarity with the National Housing Strategy

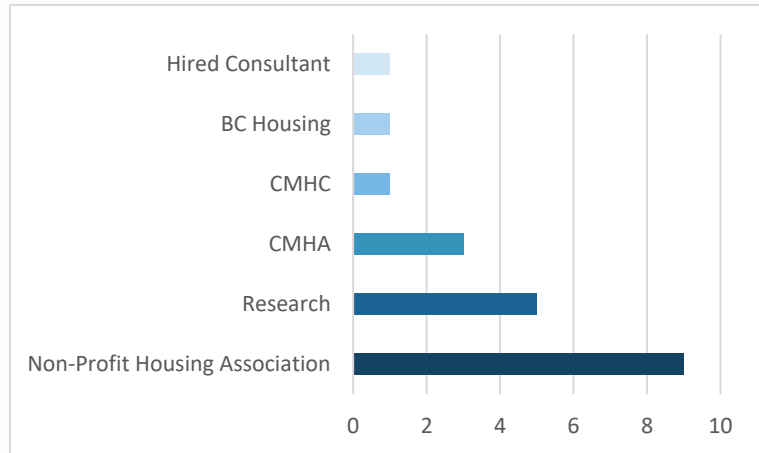
To begin with, all organizations were asked how familiar they were with the NHS. Among the 24 organizations, 11 were unfamiliar with the NHS and were unable to speak about it. There were 13 organizations that were familiar with the NHS and were able to share their experiences or opinions about the NHS programs (figure 7). The organizations that did not know about the NHS provided valuable insight into their provincial affordable housing context. Many of these organizations also

Figure 7: Interviewed Organization’s Familiarity



shared experiences with provincial affordable housing funding programs. The NHS was familiar to six out of nine organizations in British Columbia, five out of eight organizations in New Brunswick, and only two out of seven organizations in Manitoba. Most organizations learnt about the NHS from their provincial not-for-profit

*Figure 8: Where Interviewed Organizations Learnt about the NHS*



housing association, through their own research or from the Canadian Housing Renewal Association. See figure 8 for the full details on where organizations learnt about the NHS.

Organizations were less likely to have knowledge about the NHS due to two main factors. First, organizations not familiar with the NHS were less likely to mention involvement with their provincial not-for-profit housing organization. Non-profit housing associations play a large role in information sharing and capacity building within the not-for-profit housing sector, as demonstrated by this data. There were only two organizations that weren't familiar with the NHS that cited a connection with their local non-profit housing association. Secondly, organizations not familiar with the NHS cited that they could not do their own research to find out more about government funding programs. A single organization unfamiliar with the NHS had the capability to do its own research on government programs. CMHC has not effectively communicated the NHS to the not-for-profit housing sector, as just over half of the interviewees were unfamiliar with the NHS. There is concern regarding the lack of direct communication from the federal and provincial governments about NHS programs. Without education from the government on NHS programs, organizations are left to conduct their own research or rely on not-for-profit housing associations that often lack the resources to take on this responsibility. Given that housing is a provincial and federal responsibility, the two levels of government should be able to effectively communicate their NHS programs to the not-for-profit housing sector.

## 5.2 Desire to Expand Housing Portfolio

Among the 24 organizations interviewed, 14 explicitly expressed a desire to expand the number of housing units that they owned beyond the projects already in progress. A total of five organizations were in British Columbia, five in Manitoba, and four in New Brunswick. Among those interested in expanding, eight spoke of the possibility of pursuing unilateral NHS development funding. A total of three of these organizations were in New Brunswick, three were in Manitoba, and two were in British Columbia. In New Brunswick, all three organizations said they would also consider provincial funding with unilateral NHS

funding. In Manitoba, only one organization stated they would seek funding from the province in addition to unilateral NHS funding. In British Columbia, two organizations stated they would

Figure 9: Organizations that Expressed a Desire for New Units in Interview Data

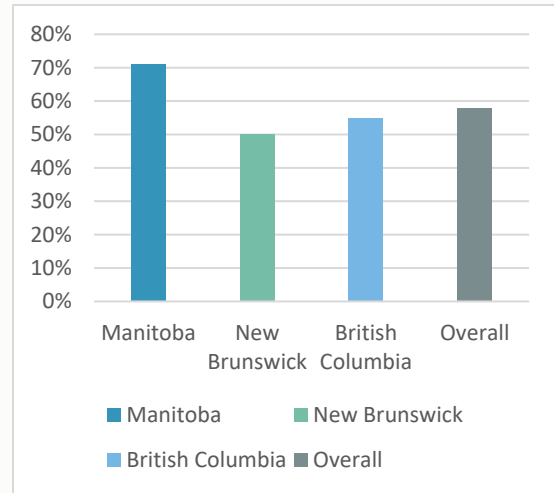
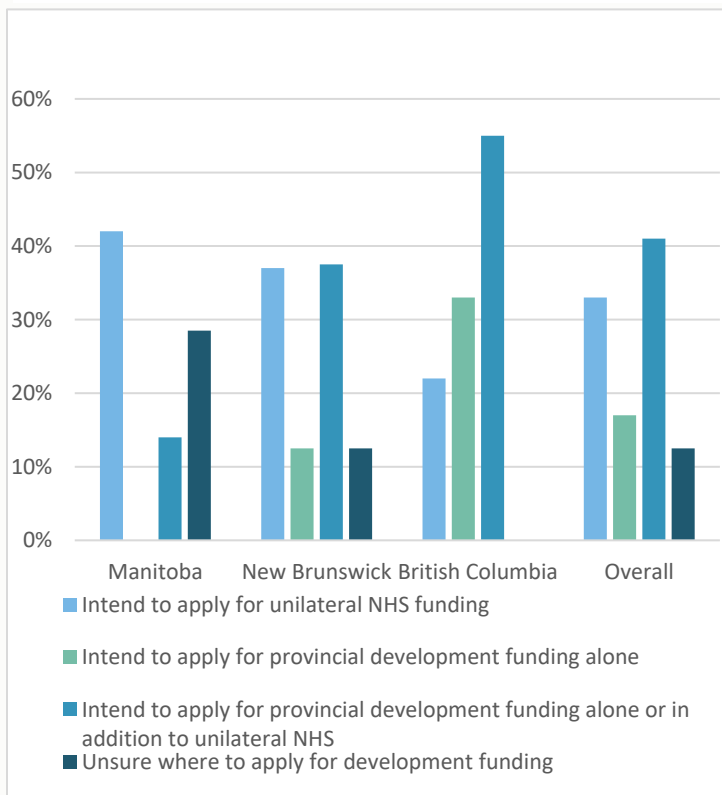


Figure 10: Organizations' Intended Development Funding for Desired New Units in Interview Data

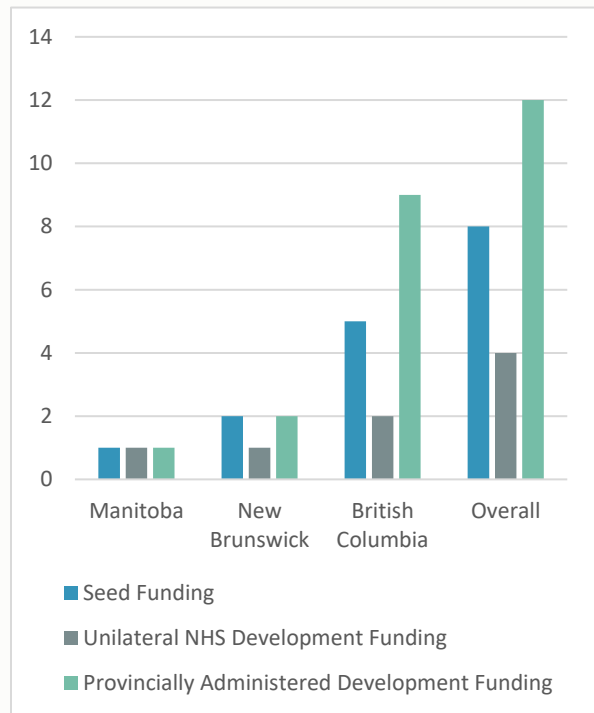


seek funding from BC Housing in conjunction with NHS unilateral funding. Four organizations said they would rely solely on provincial funding, with three in British Columbia, one in New Brunswick and none in Manitoba. One organization in New Brunswick also stated that they would rely on provincial funding alone. Two organizations in Manitoba, one organization in New Brunswick and no organizations in British Columbia were unsure of where they would find funding for a new development project.

### 5.3 CMHC Seed Funding

Even though CMHC's Seed funding is not a new program or formally part of the NHS, it provides interest-free loans and non-repayable contributions for pre-development work required to apply for unilateral NHS programs. Non-profit housing providers frequently lack the funds for initial pre-development work, which is necessary to qualify for an NHS new supply program. Therefore, seed funding is essential for not-for-profit housing providers to create new housing supply with NHS funding. Provinces and territories develop and administer NHS bilateral programs for new housing supply. A program that supports pre-development work for these provincial programs would be an asset as CMHC Seed funding is ideal for unilateral NHS programs as Seed funding application requirements follow CMHC standards. From the 24 organizations interviewed, seven received CMHC seed funding for eight development projects. In the three case studies below, four of the Seed funded projects received further unilateral NHS development funding. At the time of the interviews, four of the organizations that received Seed funding had not received further development funding from a unilateral NHS program.

Figure 11: New Development Projects that were Approved for Government Development Funding in Interview Data



Seed funding had been provided to a newly established organization in New Brunswick, but no further unilateral NHS funding had been approved. The organization was about to submit its first application for the National Housing Co-Investment Fund. Another Seed project that did not receive NHS development funding was from a large organization in British Columbia. According to the organization, they applied for the National Housing Co-Investment Fund but were denied because they already had a building permit which made the development project ineligible and were further investigating BC Housing funding. In the third case, the organization received Seed funding, but no NHS unilateral development funding. This is because it targeted a

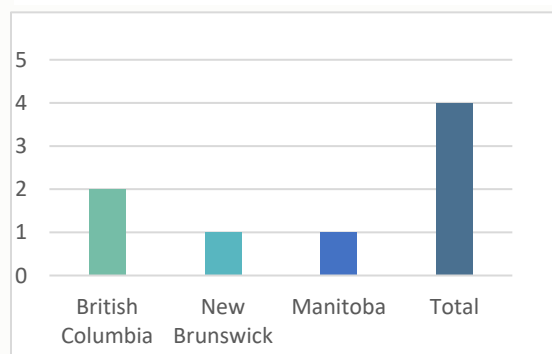
BC Housing grant which the organization did not receive. It was the organization's intention to use the Seed funded pre-development work to re-submit a subsequent development funding application to BC Housing. The organization did not consider unilateral NHS programs since it was unfamiliar with the NHS.

Fourth, a medium-sized organization in British Columbia received Seed funding without receiving unilateral NHS development funding. An estimated construction cost was not provided on the organization's Seed funding application. In their application for unilateral NHS development funding, the organization stated that CMHC refused to approve their development funding application since construction costs were omitted on the Seed funding application. This was the only organization that ultimately built the housing project with CMHC Seed funding and no other NHS development funding. The project is a mixed-income building with below-market rents and affordable rent-gear-to-income rents. BC Housing provided a loan guarantee, but no funding. In addition, the municipality provided a small grant. Ultimately the organization received \$70,000 in government support and paid for the rest of the \$10 million project themselves. During the interview, the interviewee expressed disappointment in the lack of government involvement and how it negatively affected the organization's financial stability. Prior to the new development, the organization owned two buildings that they had to leverage for the new mortgage guarantee. According to the interviewee, the large mortgage of the housing project may lead to a reduction of staff for the organization. As it was the organization's first development project in over 30 years, they stressed the importance of seeking guidance from an organization that knows the affordable housing funding landscape.

## 5.4 Unilateral National Housing Strategy Funded Housing Developments

Four unilateral NHS development projects were funded among the 24 interviewed organizations. There was one project in New Brunswick, one in Manitoba, and two with one organization in British Columbia (figure 12). The three case studies below describe each organization's unilateral NHS project. Based on these case studies,

Figure 12: Unilateral NHS Development Projects from interview data





we can gain a deeper understanding of the challenges and opportunities of unilateral NHS development projects.

#### **5.4.1 Unilateral National Housing Strategy Funded Housing Development Case Study in New Brunswick**

##### **a. Overview of Project**

The first case study of a successful unilateral NHS funded development project was with a medium-sized housing organization in New Brunswick. The mixed-income housing project will provide half of the units at rent-geared-to-income levels, and the other half at median market rental rates. The project received support from a variety of government and community sources. A faith-based organization donated the land along with two substantial donations from other faith-based organizations. The building permit and excavation were funded by a municipality. Another municipality contributed capital funding. Capital funding for the project was also provided by the province and regional development corporation. The bilateral NHS agreement program for new affordable housing called the Affordable Rental Housing Program, was not yet in place. The organization received funding from the province through informal discussions with the province. The organization did not need to fill out a formal application for funding as there was no formal program that funded new affordable housing supply. After accumulating enough capital from other sources, the development project ultimately received unilateral NHS funding from the National Housing Co-Investment Fund.

##### **b. Challenges with the NHS Unilateral Program**

According to the organization, one challenge with the National Housing Co-Investment Fund was that construction costs doubled due to rising inflation costs and supply chain issues. There was not enough funding from the National Housing Co-Investment Fund to keep up with the rising costs associated with the project. A second disappointment for the organization was the lack of CMHC Seed funding to cover the total pre-development costs. The organization also cited long processing times and a difficult application process for the National Housing Co-Investment Fund.

##### **c. Opportunities with the NHS Unilateral Program**

Despite these issues, the organization had many rewarding experiences that enabled the housing project to proceed with construction. This NHS-funded project was able to provide many more rent-g geared-to-income units than the National Housing Co-Investment Fund requires. All levels of government and community support were key to deepening rental affordability levels. A second positive aspect of the NHS funded project was that despite its medium size, the organization was able to complete the funding application without development staff. A responsive CMHC contact, a long-serving Board Chair, and a municipality that co-wrote the grant application allowed the organization to successfully complete the National Housing Co-Investment Fund application.

#### **d. Lessons Learnt**

This case study demonstrates that community partnerships are important for small to mid-sized organizations seeking to fund a housing development project with the National Housing Co-Investment Fund as the program only covers up to 40 percent of eligible project costs. Furthermore, small to mid-sized organizations often lack the organizational capacity to write funding applications, so it is crucial that local and national government housing staff are able to assist applicants with the process.

### **5.4.2 Unilateral National Housing Strategy Funded Housing Development Case Study in British Columbia**

#### **a. Overview of Projects**

An extra-large organization in British Columbia had successfully applied for two National Housing Co-Investment housing projects. The development projects utilized funding from various sources, including all levels of government, quasi-government agencies and many smaller grants from community funds. The projects did not receive bilateral NHS development funding from the province but instead were provided with a pre-development loan from the provincial government which was to be paid back. The organization spoke about the importance of various smaller grants that could be stacked to show CMHC that a project is feasible to be approved for unilateral NHS development funding.

#### **b. Challenges with the NHS Unilateral Program**

With this NHS funding, the organization transitioned from providing strictly rent-geared-to-income housing to providing low-end market rate housing. For instance, in the most recent mixed-income project, 30% of the units are now rent-geared-to-income, while the rest are rented at low-end market rates. People on fixed incomes who are in core housing need will probably not be able to access units at low rental rates. People with mid- to low-income jobs are more likely to be able to rent at lowest prices. During the interview, the organization discussed the consequences of these mixed-income projects. A shift was occurring in the organization's mission and branding which signaled a step back from the level of community support that the organization used to be able to provide. The organization became known in the community as an organization that cared for its tenants and would go above and beyond typical landlord assistance for residents. Further, it was noted that marketing and leasing units at market rents would require different skills from staff which required more organizational capacity. The organization noted, “we weren't set up to serve the low end of market... It's inevitable because there aren't ongoing subsidies really”. Fundraising was considered to avoid renting at market rate, but tens of millions of dollars were needed, which was not feasible. In addition, the organization noted that the National Housing Co-Investment Fund isn't as viable to build affordable housing as it once was due to rising inflation and interest rates. In order to fund affordable housing, the organization concluded that either new social housing agreements would have to be paired with the program or the capital portion of the program would have to be significantly increased. The organization noted that since NHS unilateral funding applications require a great deal of time and expertise, the organization had to use consultants to advise and write some of the funding applications despite having development staff.

### **c. Opportunities with the NHS Unilateral Program**

The organization has a long history of social housing and has become a recognized name in the community. They also have a development team that stays informed about funding opportunities. Their Board was willing to take on a high level of financial risk when starting a new project due to the expertise of their staff and their ambition. The organization's social housing agreements stabilized the organization to have mortgage-free legacy social housing assets which enabled the organization to have more financial flexibility to subsidize staff salaries with competitive wages.

#### **d. Lessons Learnt**

The case study demonstrated that established organizations with social housing operating agreements benefit from a higher degree of stability than other not-for-profit housing providers without social housing agreements. This is evident as the organization has more flexibility to pay staff competitive wages, which has helped to retain skilled workers and increased organizational capacity to take on new development projects that have a higher financial risk like the National Housing Co-Investment Fund. In the case study, an organization's ability to assist its community in ways that extend beyond providing the bricks and mortar of a rental unit is underestimated with mixed-income projects that have no operating funding and rely on market revenue for survival. In order to house underserved populations, the organization's reputation as a compassionate housing provider was vital.

### **5.4.3 Unilateral National Housing Strategy Funded Housing Development Case Study in Manitoba**

#### **a. Overview of Projects**

The third organization to receive unilateral NHS development funding was an extra-large organization in Manitoba who recently completed a development project through the Rapid Housing Initiative. The NHS program covers all capital costs at the time the application is approved. After Rapid Housing Initiative approval, the organization was forced to incur about \$1 million for the project due to rising construction costs, and therefore, these costs were not covered by the program. The increase in costs prompted a request for additional funding from the organization to the province. In the end, the province funded the request to ensure the project was viable and capable of charging rent-geared-to-income units to meet the Rapid Housing Initiative's requirements. Since there was no formal funding program for which to apply, the organization received funding through informal discussions with the province.

#### **b. Challenges with the NHS Unilateral Program**

In addition to this completed project, the organization was looking to apply for NHS funding for two additional development projects. One was under the National Housing Co-Investment Fund, and another was under the Rapid Housing Initiative project. While the

organization wanted to apply for funding under the National Housing Co-Investment Fund, they were grappling with becoming a landlord of median market and low-end market rental housing as the Fund does not provide enough funding for rent-geared-to-income units. According to the organization, approximately 95 percent of their portfolio consists of rent-geared-to-income units and adding more mixed-income units would impact their mandate. According to the interviewee, the National Housing Co-Investment Fund will no longer be able to finance affordable housing projects without significant funding from another government agency due to rising interest rates. It was stressed by the organization that the NHS must fund rent-geared-to-income units, citing the alarming decline of affordable rental units in the private and not-for-profit sectors. There was also a level of uncertainty when requesting provincial funding as there was no formal application process with earmarked funding for the purpose of building new affordable housing.

### **c. Opportunities with the NHS Unilateral Program**

The organization was satisfied with the level of Rapid Housing Initiative funding as it funded rent-geared-to-income units. The organization attributed its success in receiving funds from the Rapid Housing Initiative to being a very large organization with a long history in the community and dedicated development staff. In addition, the organization had a good relationship with provincial and municipal levels of government.

### **d. Lessons Learnt**

This organization was happy to be able to offer new rent-geared-to-income units to its community. The case study reveals that the main critiques from the organization again came from the National Housing Co-Investment Fund as mixed-income units would mean a change in mandate for the organization which could shake the foundation of an organization in being able to provide rent-geared-to-income units. As this case study demonstrates, provincial affordable development programs can serve as a complement to unilateral NHS programs by filling in program gaps.

## 5.5 Issues with the Unilateral National Housing Strategy Programs

Program challenges and policy gaps with NHS unilateral programs were discussed by not-for-profit housing providers. Most organizations mentioned one of two unilateral NHS programs, the first being the National Housing Co-Investment Fund because it was perceived as the most accessible program with available funding while still offering non-repayable loans, which were necessary to develop affordable housing. Organizations also discussed the Rapid Housing Initiative, which was seen as less accessible due to limited funds but more desirable due to its 100 percent capital funding.

**A Unilateral NHS program is a NHS program that is funded, developed and administered by the federal government.**

This data helps to identify why not-for-profit housing organizations pursue certain NHS unilateral programs and why many organizations decide not to build affordable housing through NHS unilateral programs even when they want more affordable housing. The only way to create better programs and ultimately create improved affordable housing in the sector is to understand the downfalls of unilateral NHS policies. A further discussion will reveal that provincially funded affordable housing programs and bilateral NHS programs can work to address the challenges and gaps faced by unilateral NHS programs.

### 5.5.1 Lack of Capital Funding

A lack of capital funding in unilateral NHS programs was one major reason that organizations were not taking on new development projects. Three organizations reported that the projects they wanted to see funded under the National Housing Co-investment Fund are no longer feasible due increased interest rates and inflation. As one organization said:

If CMHC doesn't want to get back in the ongoing operating subsidy business, which I get why, then they need to radically look at their capital grant component of the Co-Investment Fund. It was 4% as costs have increased, they're coming up to close to 10%. The reality is that difference which sounds big only really covers the increased cost. It's no more money to the bottom line. It just, our projects actually were better off of a 4% grant with a previous prices in place for construction. But if the reason you have Co-

Investment Fund in National Housing Strategy is that the market when it comes to housing is broken for so many Canadians, a 4% or a 10% capital grant is totally insufficient... You know what you're getting when you go in and it should be a 25% capital grant.

According to one organization, larger capital grants would allow not-for-profit housing providers to build more affordable units and would reduce bureaucratic processes since organizations would not have to piecemeal smaller grants together. Two organizations believed it would also allow smaller organizations to take less financial risk and be open to developing a project.

### **5.5.2 Scarcity of Rent-Geared-to-Income Units**

The unilateral NHS program's lack of rent-geared-to-income units had organizations turned off from wanting to pursue a future development project. Five organizations raised concerns about the National Housing Co-Investment's mixed-income model as mixed-income units would alter organizations' ability to provide affordable housing. Two organizations felt that they could no longer support individuals with low or fixed incomes because the National Housing Co-Investment Fund did not fund any affordable units that would be rent-geared-to-income. Four organizations stated that they needed ongoing funding from social housing agreements or ongoing provincial subsidies to maintain their rent-geared-to-income units. As one interviewee stated, "they've got to come up with a program where it's deeply affordable or more social housing. They have to do that. I think I've given the red flag to my board saying if things don't change in the next five to six years, if we think that homelessness is an issue right now, it will get significantly worse."

According to two organizations, providing market rental units without rent-geared-to-income units may hurt the organization's reputation in their community since they have been able to accommodate and support the most vulnerable members of the community. Two organizations spoke about the need to define and fund affordable housing units in the National Housing Co-Investment Fund as rent-geared-to-income units. As defined under the National Housing Co-Investment Fund, an affordable unit is defined as rent that is less than 80 percent of median market rent, which is insufficient to reach the majority of those in core housing need.

### **5.5.3 Shortfall of Supportive Housing Funding**

The unilateral NHS programs' lack of supportive housing made it difficult for housing organizations to forecast how they could meet the needs of those with higher needs if they were to develop a new housing project. Five organizations spoke about the need for supportive housing facilities for people with mental health issues, addictions, and those experiencing homelessness. Without such funding, the NHS unilateral programs were making it extremely difficult for not-for-profit housing organizations to serve those with higher needs. Organizations feared their resources were already stretched too thin to be able to take on more duties without additional supports.

The Rapid Housing Initiative is the only fund to cover all capital funding to ensure units are affordable for people on fixed incomes. Yet, the program does not offer any operational funding for supportive housing. Additionally, the Rapid Housing Initiative has not been integrated into the NHS. The federal government has not confirmed any future rounds of the Rapid Housing Initiative Housing. The first three rounds of funding were not sufficient to cover the large amount of demand for this kind of housing. A not-for-profit housing developer spoke about the possibility of partnering with service providers to develop more housing that includes wrap-around services for residents. Currently, the Rapid Housing Initiative puts the onus on the service provider to find a housing developer. However, there could be identified not-for-profit developers who are willing to take on these projects for service providers.

### **5.5.4 Absence of Operating Agreements**

Interviewees unanimously agreed that social housing agreements helped stabilize organizations by providing consistent funding. Yet, the unilateral NHS programs do not offer any operating agreements. There was discussion about the need for expiring social housing agreements to be renewed amongst 12 organizations. Since the replacement of provincial social housing agreements are under the bilateral program, the Community Housing, further discussion can be found in Section 5.7.4.

### **5.5.5 Barriers and Lack of CMHC Seed Funding**

CMHC Seed funding barriers were identified by four organizations. For many organizations, the requirements for accessing Seed funding are too onerous in terms of staff time



and costs. One organization spoke about the need to produce architectural drawings to apply for Seed funding, “those cost money. Well, we need the money. Well, no, you got to give us the drawings first. Well, where am I going to get the money to get the drawings? There's that disconnect.” The Seed funding was especially critical for an organization that was planning to redevelop a building and felt they were at a disadvantage when they bid against private developers. As one organization stated, “all of those groups which are operating for-profit have a lot of times internal staff that can do exactly what I just described, which is quickly do due diligence, put projects under contract and leasehold them.” Yet, the fact that all organizations that were successful in receiving unilateral NHS development program funds also received Seed funding does show that the funds are helpful in moving development projects forward, even if it is not a perfect process.

#### **5.5.6 Omission of an Affordable Not-for-Profit Acquisition Program**

Three organizations spoke to the need for an affordable not-for-profit acquisition program as the NHS did not have one. One organization stated, “there's no real mechanism for acquisitions... There's definitely opportunities around our province... the cost per door is much cheaper than building new.” Two organizations spoke about the high cost of constructing new buildings and the need to charge higher rents to be able to afford new construction mortgages when acquiring existing buildings would be much cheaper. Acquiring older buildings that are in good condition was one topic that piqued the interest of the three organizations looking to provide deeply affordable rental units. The need for accessible government funds was noted as an important tool for an acquisition program if not-for-profit housing providers were to bid against for-profit developers for real estate.

#### **5.5.7 Lack of Organizational Capacity and Development Experience**

There were 11 organizations that felt ill equipped to access NHS funding due to their lack of NHS program knowledge. There was a correlation between a lack of NHS program knowledge and a lack of organizational capacity to research and apply for NHS programs. The underfunding of housing providers directly contributed to the lack of organizational capacity. Most organizations did not have a staff person dedicated to grant writing and in 11 organizations it was the Executive Director who would be the person to fill out a NHS funding application.

Many Executive Directors expressed that they already worked in many different capacities to keep the organization afloat and simply did not have time to investigate NHS funding, let alone fill out an application. One interviewee remarked “I can't imagine making the application and then... reviewing it, staying on top of it, building the building... We have the filing of everything that happened for the first two buildings and it's an incredible amount of work.” Six interviewees spoke about hiring consultants to write NHS funding applications due to the lack on in-house capacity. One organization said, “To be honest, if I bring on and we do that development, I'm going to be hiring someone who's making much more money than I'm making, because I'm going to need to bring on a very high-end project manager that's going to run that piece.”

Six organizations were faced with a lack of development experience which impeded their ability to undertake a new development project. In two cases, organizations indicated they would have liked to apply for the Rapid Housing Initiative, but the short application timeline and a lack of grant writing abilities prevented them from submitting an application. Furthermore, one organization felt a Rapid Housing Initiative application was not worth the effort and upfront costs since there was a good chance it would not be approved due to fierce competition.

The application process was also described as difficult and cumbersome by eight organizations. One organization spoke about the lack of clarity on program guidelines when speaking to CMHC staff, the interviewee said, “we have people on our board from the private market and they cannot believe what we have to put up with to get clarity on whether a project can be financed.”

Three other organizations mentioned that they had dedicated development staff within their organization. These organizations all understood that they were in a privileged position with resources that most not-for-profit housing developers did not have. Organizations with development staff were directly correlated with organizations that had the capacity to take on NHS development projects.

Organizational capacity was also impacted by provinces that chose to devolve the responsibilities of affordable public housing to the not-for-profit housing sector when

organizations were not provided proper resources to manage the units. Manitoba and British Columbia both had four organizations that were managing the operations of units that they did not own. British Columbia organizations did not speak to any additional toll this had on organizational capacity. While two Manitoba organizations that took on the management of additional government units found that they were being under paid for the services and over promised on the benefits that they would get in return. For instance, one rural Manitoba provider was promised by the province to receive a vehicle to be able to drive to the rural housing. Yet, the province never fulfilled that promise which further stretched the resources of the property management staff to use their own vehicles to get to these remote units. These Manitoba organizations stated that it significantly affected the quality of work and the overall organizational capacity.

#### **5.5.8 High Financial Risk**

The high financial burden of starting a NHS unilateral development project was often not seen as worth the risk. There were three organizations that spoke about the high reputational and financial risk of moving forward with a development funded by a unilateral NHS program. In one organization, the board members were extremely hesitant to take on millions of dollars of debt since a failed project could ruin their reputation in the community. It is much less likely that a board would want to take on the financial risk of a multimillion-dollar project if they are unfamiliar with the development process.

One organization spoke about the risk transferred from government funded housing projects and downloaded to the not-for-profit housing sector. Owners of properties used their buildings as collateral for new developments, putting the organization at a greater financial risk.

Since boards are primarily run by volunteers, there is a lot of pressure and work to complete development projects on-time and on-budget. With chain supply issues, inflation increases, and later rising interest rates, the financial risk of projects increased dramatically during the pandemic. This is why the New Brunswick case study's development project initially cost \$11 million and grew to \$22 million. An organization spoke to the pressure of rising interest rates on already approved unilateral NHS development projects:

The interest rate floats with the market. I don't understand why the government even does that. They should just say the Co-Investment Fund is 2% done and that's what you pay and you go in with that certainty you can build your pro-formas. We change our pro-formas sometimes twice a month as the interest rate is floating to understand what that does for affordability, our equity gaps. The money we have to put in went from 0 to \$4 million on our last project as interest rates and construction costs grew.

Another factor that increased the financial risk with an NHS unilateral development project is that the interest rate isn't set until the organization takes their first draw, which occurs when the project is ready to be constructed. A private developer would know their interest rate three to six months in advance.

In addition, organizations expressed difficulty finding board members with the right expertise and willingness to serve on their boards. Organizations that were going forward with unilateral NHS development projects spoke about their board having that expertise, a bold vision, and a willingness to take on a large financial risk.

### **5.5.9 The Need for the Urban, Rural and Northern Indigenous Housing Strategy**

Six organizations called for funding to be provided as soon as possible for the Urban, Rural and Northern Indigenous Housing Strategy. Among those housing organizations, four were Indigenous housing associations, while two were not. It was feared that the Urban, Rural and Northern Indigenous Housing Strategy would not go forward because it was taking so long. As off-reserve Indigenous populations are often not included within the Assembly of First Nations, one organization advocated for a specific funding stream for their needs. Another organization emphasized that Indigenous peoples have a higher demand for affordable housing. Therefore, Indigenous peoples should be guaranteed adequate funding based on the population's needs. An interviewee described mutual trust, respect, and understanding within Indigenous organizations that is needed for community relationship building. Indigenous organizations understand cultural needs and incorporate ceremonies, feasts and celebrations for the community. They are more willing to make policy changes that allow cultural needs to be met. A non-Indigenous organization addressed the issue of Indigenous people not wanting to live in units far away from their communities in suburbia and emphasized the importance of funding Indigenous housing

organizations whose purpose is to work for Indigenous peoples' needs.

#### **5.5.10 Lack of Alignment between Provincial Policies and Unilateral National Housing Strategy Policies**

There was a reoccurring theme in the interviews that all levels of government needed to support affordable housing developments. Yet, this was far from reality. Provincial support is especially important for the National Housing Co-Investment Fund as it requires that all approved development projects have another level of government support. A Manitoban organization described this as a challenge since neither the province nor the municipality have an affordable housing strategy. There is no formal application process for funding from the Province of Manitoba, so funding requests are done on a one-off basis. Without an outlined policy, the province appeared more unpredictable, increasing the risk of a new development project. Rental-gear-to-income units can only be provided by the National Housing Co-Investment Fund with further subsidization from other levels of government. Because both New Brunswick and British Columbia have formal programs in place to develop affordable housing, organizations were less concerned about these provinces' financial support.

Further, one organization commented that interdepartmental policies needed to be in place to support affordable housing. Due to the nature of not-for-profit organizations, interviewed housing providers cannot make any profit to sustain themselves beyond the bare necessities, according to an organization. Because of the CRA's charitable status definition, not-for-profit housing organizations with mixed-income projects could not achieve charitable status. However, charitable status is extremely important for many of these organizations, since it allows them to collect donations and be GST-exempt. The organization said, “by definition, the CRA would actually like us to be more of a non-profit enterprise or something like that, but we don't technically meet charitable status the way that the CRA has defined it.”

#### **5.6 Positive Aspects of the Unilateral National Housing Strategy Programs**

There were positive aspects to the NHS that were cited during the interviews. There was a consensus that the NHS was a move in the right direction considering there was no substantial national plan for affordable housing for the last 30 years. As one organization put it:

The reality is if it wasn't for this loan... there wouldn't be any real affordability in them [the development projects]. It's definitely affected us in the fact of this ambitious strategy we have to try and double the number of homes we provide by 2030 wouldn't be possible. Two of these projects simply wouldn't have happened if it wasn't for Co-Investment Fund.

### **5.6.1 Capacity Building**

The majority of the interviewed not-for-profit housing providers had little experience with development projects. In two organizations, staff members indicated that they were willing to expand their development capacity once they were familiar with how NHS funding could be used. They believed the NHS is an opportunity for not-for-profit housing organizations to become familiar with the development process as many organizations have not undertaken a development project in over 30 years and need to build development skills into their organizational capacity once again. As one interviewee noted:

I think right now non-profits are seen as non-developers, but they have all the land, and they all want to develop, and there is a push for non-profits to scale that development and to get that capacity to take on developments and work with the right design consultants that understand the ins and outs of that piece and everything else.

### **5.6.2 Mixed-Income Model**

Two organizations cited increased financial stability from owning mixed-income housing projects. The profit from market rentals or above-market rentals can be used by non-profit organizations to subsidize some of their own units to be at the low end of the market. However, organizations were unable to offer rent-g geared-to-income units that depended solely on market rent profit because of the high level of subsidization.

Another positive aspect is that these mixed-income buildings is that they should have paid off their mortgages in 50 years. At that time, organizations would have equity and more monthly income without a mortgage. Organizations will likely need to use those additional profits from not having a mortgage on repairs as the building ages. Yet, a paid-off building can be used to leverage further development projects.

### 5.6.3 Ownership of the Development Project

One organization spoke about the importance of being able to own the development project as opposed to managing units for government owned buildings. The organization said “it's better if we have some mechanism where we can operate this over the next 20 years and at the end of it, own it in our pocket and do those types of pieces because that's where we can scale. That's why the private developers have taken off so far ahead of the non-profits is they have the ability to own their land and scale that and roll it over.” When not-for-profit housing providers can build equity, they become more stable and able to fund more affordable development projects by leveraging their equity.

## 5.7 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding

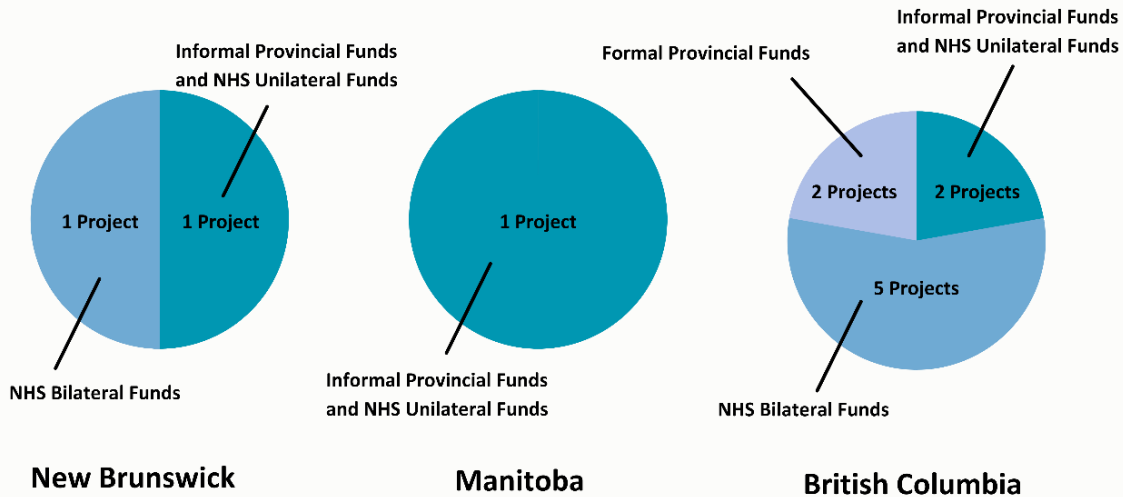
A total of seven organizations with 12 development projects received funding through a provincially administered funding program. These projects include all three case studies listed above that received funding from a NHS unilateral program. Formal provincial funding programs funded two projects. A formal provincial funding program is a provincially funded program with a transparent application process and funding criteria. There were three projects that were funded through informal provincial funding. Informal provincial funding is when the province funds a development project through informal processes with no transparent funding criteria. See figure 13 for a visual of how all government funded projects are broken down by province. The following sections give details on the bilateral NHS programs and provincial affordable housing development funding in each province as well as information about the renewal of provincial social housing agreements.

**A Bilateral NHS program is a program that is typically cost-shared, developed and administered by a provincial or territorial government.**

It is important to note that organizations were often unclear if funding came from a NHS bilateral program as this funding flows through the provinces so organizations were often under the impression that funding was strictly provincial. For instance, organizations spoke about expiring social housing agreements. Since these social housing agreements are provincial

agreements, the researcher was able to discern that the funding to renew these agreements would come from the bilateral NHS Canada Community Housing Initiative.

Figure 13: Government Funded Development Projects from Interview Data



### 5.7.1 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding in New Brunswick

One project from the province of New Brunswick received bilateral NHS funding through the Community Housing Initiative's Affordable Rental Housing Program. As the program was administered by the province, the medium-sized organization was unaware that the funding came from a bilateral NHS program. The development project is a mixed-income project with market and rent-geared-to-income suites. The organization was provided the maximum allowable capital funding under the Affordable Rental Housing Program of \$70,000 per suite. In addition, it received an additional subsidy to make the suites subsidized at rent-geared-to-income levels. The organization that received funding from the Affordable Rental Housing Program was pleased with the levels of capital funding as it allowed for rent-geared-to-income units with the provincial subsidy.

### 5.7.2 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding in British Columbia

All interviewees in British Columbia understood that the province had more robust housing funding options than most other provinces in Canada. One organization stated, “we're lucky to



live in BC where at least we have another option, although they only open up every year or two.” There were five organizations in BC with nine provincially funded development projects. Five projects were funded under the British Columbia Community Housing Fund, two projects were funded under the British Columbia Indigenous Housing Fund and two were the British Columbia case studies that received unilateral NHS funding with provincial loans. Three organizations were considered large, one was medium sized, and one was an extra-large organization.

About half of the total funds for the Community Housing Fund have come from the bilateral NHS agreement and the other half came from the 2018 provincial commitment to fund the program alone. Therefore, there is a 50 percent possibility that each of these projects had support from bilateral NHS funding, yet the organizations were not sure if the funding was derived from the NHS as the program was provincially administered. For the purpose of this research, the Community Housing Fund was categorized as a bilateral NHS program. The Community Housing Fund delivers mixed-income projects with various levels of affordable units and market rent units. The funding levels of each project varied. The Indigenous Housing Fund is not part of the NHS and was part of the province’s commitment in 2018 to fund the construction of new housing units. Therefore, the Indigenous Housing Fund is a formal provincial funding program. The units in the Indigenous Housing Fund were all funded to be at rent-geared-to-income levels.

Since British Columbia had a significant number of funded provincially administered development housing projects, the key lessons from British Columbia’s housing projects are outlined below and are later analysed against the unilateral NHS development funds:

- Mixed-Income Model
  - Similar to concerns about the National Housing Co-Investment Fund, all the organizations in receipt of the Housing Community Fund were concerned about the impact of a changing mandate from providing rent-geared-to-income units and moving towards a mixed-income model that was less likely to serve those in core housing need.
- High Demand for Affordable Housing Programs
  - Three organizations spoke about the high demand for the Community Housing Fund as BC Housing programs generally offered more affordable housing units than unilateral NHS programs.

- Satisfied with Application Processing Requirements and Timelines
  - Overall, the interviewees that had projects were satisfied with BC Housing’s application processes. One interviewee explained that BC Housing offers pre-development funding, similar to CMHC Seed funding. Each round of requests for proposals is different and are based on BC Housing’s target population for that round of request for proposals. One interviewee explained that unlike CMHC, the not-for-profit organization pays BC Housing for the mortgage of a new development project and BC Housing carries the mortgage until the asset is paid off. Once the mortgage has been paid, the asset is transferred to the not-for-profit without any subsidy.
  - One interviewee praised BC Housing’s Housing Community Fund for their accessible pre-development funding when compared to the CMHC’s Seed program, “kudos to BC Housing. Their approach has been they'll give you seed funding to get started and then they'll wrap that into your capital funding, and then your takeout mortgage at the end of the deal... unless you've got some money in your pocket it's really tough to get started.”
- Program Criteria not Aligned with Unilateral NHS Programs
  - BC Housing required one organization to apply for funding through CMHC’s National Housing Co-Investment Fund for BC Housing to fund the project even though the organization knew the project did not qualify for federally administered NHS funding. The same organization noted that the funding requirements for federally administered NHS development programs was much greater than for BC Housing development funding. For instance, for the accessibility requirements, CMHC required 20 percent accessible units while BC Housing only required five percent. The organization concluded that the different requirements caused confusion for the organization and ultimately ended up costing the project more as they were denied CMHC National Housing Co-Investment funding.
- Lack of Operating Funding for New Housing
  - One interviewee expressed their disappointment of the unavailability of social housing agreements for new development projects with the Community Housing

Initiative and Indigenous Housing Fund. The organization spoke about the need for a subsidy to cover maintenance costs and ongoing operation issues which were not part of the Community Housing or Indigenous Housing Fund. In addition, the organization would like to offer tenants more support services, but there is no budget for support service.

### **5.7.3 Bilateral National Housing Strategy Programs and Provincial Affordable Housing Development Funding in Manitoba**

Manitoba only had one approved development project that was in the unilateral NHS case study, the project also received provincial funding. The provincial funding was requested and approved through an informal process as Manitoba does not have a transparent affordable housing supply program that not-for-profit housing organizations can apply for to request development funding. Two organizations in Manitoba spoke about the need for the province to step-up their housing commitments as development projects were difficult to fund in the province.

### **5.7.4 The Extension of Provincial Social Housing Agreements**

There was discussion about the need for expiring social housing agreements to be renewed amongst 12 organizations. Organizations' social housing agreements were provincial and therefore the responsibility of bilateral NHS program, the Community Housing Initiative, to cover. There were eight organizations whose social housing agreements expired or were about to expire and were renewed, and three organizations whose social housing agreements were about to expire and had not heard from the provincial government on if they would be renewed. Organizations in New Brunswick and British Columbia were assured that their social housing operating agreements would continue during the NHS. All three organizations that had social housing agreements that were about to expire and were not yet renewed were in Manitoba.

## **6.0 Analysis**

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This analysis begins by examining the impact of the NHS on the not-for-profit housing sector in Canada. Each province is assessed based on how it creates and maintains affordable housing. According to the findings, NHS programs are not sufficient to fund the affordable

housing units that not-for-profit housing organizations are looking to build, nor are NHS programs enough to meet core housing needs in each province. Additionally, each province has used bilateral NHS agreement funding to pursue different priorities which do not all build affordable housing equally. The weak affordable housing targets in the bilateral NHS agreements has resulted in a fragmented affordable housing funding system for not-for-profit housing providers across provinces. The subsequent analysis of the provinces shows that provinces that use bilateral NHS funding to create new affordable housing end up overcoming unilateral NHS program gaps and issues in addition to creating more affordable housing. Furthermore, provinces that have a robust housing funding landscape beyond the NHS offer the most opportunities for not-for-profit housing providers to build affordable housing that best meet the needs of those living in core housing need as the NHS alone is not sufficient to fund not-for-profit affordable housing in Canada.

## **6.1 The Impact of the National Housing Strategy on the Not-for-Profit Housing Sector**

The NHS has had a significant impact on the not-for-profit housing sector. There are nine key aspects examined below that impact not-for-profit housing organizations ability to create affordable NHS housing. The following analysis uses information from interview data, the literature review, the provincial affordable housing contexts, NHS background research and the history of the sector. The analysis of the impact of the NHS on the not-for-profit sector concludes that the NHS alone is not sufficient to fund affordable housing to alleviate the housing crisis, nor are the NHS programs the best use of resources to create affordable housing and address core housing need.

### **6.1.1 Transition from Social Housing Agreements to the Mixed Income Model**

The devolution of responsibilities for the affordable housing sector from the federal government to the provincial government in the 1990s ultimately shifted the financial burden to not-for-profit housing organizations themselves. This transformation has led to a fragmented and uncoordinated affordable housing funding system for the not-for-profit housing sector. The decentralization and federal fiscal restraint on Canada's social housing sector have had long-term impacts which have led to a deteriorated social housing stock (Leviten-Reid et al., 2019). Neoliberalism's impact on Canada's social housing policy cannot be overstated as it has

shifted housing policy towards the market and reduced government engagement through privatization and austerity measures (Cooper, 2022). All unilateral NHS development programs, except for the Rapid Housing Initiative, support a mixed-income model for new housing supply and rely on other levels of government funding and community support to further subsidize units for rent-geared-to-income units. Provincial new supply programs in New Brunswick and British Columbia are also largely in line with this trend, except for BC's Indigenous Housing Fund which supports all rent-geared-to-income units and BC's Community Housing Fund which supports a minority of rent-geared-to-income units.

The devolution of housing responsibilities to the not-for-profit housing sector has meant that not-for-profit housing organizations have needed to be increasingly financially self-reliant without traditional social housing agreements. Manitoba's *NHS Action Plan* states that mixed-income models are needed due to the devolution of responsibilities from the federal to the provincial government in the 1990s as the expiry of the social housing agreements caused too high a financial burden on the province to fund affordable housing (2019, p. 22). New Brunswick's *NHS Action Plan* echoes this sentiment and states, "for the province's social housing portfolio to become increasingly self-sustainable over the long term, rental revenues must be generated to offset some of the costs of the programs. The introduction of mixed-income communities will... generate increased rental revenues" (2019, p 24). British Columbia's *NHS Action Plan* does not have the same caveat as the other two documents. British Columbia is also using the same approach to funding mixed-income development projects in addition to investing in the sector with an array of other subsidies and programs that work to meet populations in greater housing need. Deeply affordable rent-geared-to-income housing is increasingly a model of the past for funding programs. Cooper states that this transition undermines the mission of providing low-income housing, particularly to under-represented populations and hard-to-house individuals (2022, p. 1).

Prominent housing researcher Steve Pomeroy does advocate for a mixed-income approach as it is more financially sustainable for housing organizations in times of austere government spending (Pomeroy, 2017, p.11). Shamsuddin analysed several mixed-income projects and found that the success of a mixed-income project is largely based on various factors of the project that do not necessarily have to do with whether it is a mixed-income project or not

(Shamsuddin, 2022 p.79). Shamsuddin notes that many studies on positive mixed-income projects are lacking and that most researchers have tended to focus on failed projects. Both these housing researchers have insightful opinions as the data from the interviews shows that some organizations felt more financially stable with mixed-income projects. As the interview data shows, some organizations used mixed-income profits to strengthen organizational capacity through hiring development staff or paying staff competitive salaries to retain skilled professionals. The interview data tells us that larger scale and older organizations reap the benefits of the mixed-income model. Smaller or newer organizations did not have the number of market units that would enable an organization to achieve the same level of self-sufficiency. Moreover, the mixed-income model has been shown to be less efficient in smaller and less expensive areas as market rents are lower and can subsidize other units to a lesser degree. The mixed-income model assumes that all housing organizations are seeking to grow into an extra-large organization to achieve maximum self-sufficiency. Yet, the interview data shows that many small and medium-sized organizations have been around for decades and had no intention of becoming an organization with over 500 units. In fact, it would simply not be feasible for many of the organizations that operated in rural and remote areas.

Mixed-income projects alone were seen as problematic for organizations as it changed their mandate as well as the services and supports that they could provide. The mixed-income housing model increased the hybridity of the sector to the point where the line between being a business that relies on profit and a social housing provider is blurred. Many organizations that wish to undertake government funded development projects are forced into becoming hybrid organizations as Mullins, Czischke and Bortel (2012) have defined, that share features of the not-for-profit, public and private sectors. Interviewed organizations felt that in order to build more housing units with the NHS, they had no choice but to take on the responsibilities for affordable housing that the public sector used to be responsible for while being underfunded and at the same time being expected to assist those in core housing need through market mechanisms. Organizations are in a position where they must lead with their social values to maintain affordable housing. However, they are also expected to prioritize private sector values such as profit making to be self-reliant by providing for-profit market housing.

### **6.1.2 A Further Need for Investments in Rent-Geared-to-Income Units**

A mixed-income model should not be relied upon as the sole source of financial support for an organization, as is assumed by the NHS. Due to the nature of mixed-income projects, they can't provide units for everyone in the housing continuum. Several interviewees have reported that operating funding provides financial certainty, which is essential for organizations to operate effectively. To provide greater depths of affordable units and support services, NHS operating agreements are necessary. In addition to providing housing, many of the organizations that were interviewed also provided support services such as mental health services. It is therefore impossible to lift people out of core housing need and provide support services by eliminating continuous government funding for affordable housing as promoted by the NHS and provincial affordable housing programs.

The introduction of the Rapid Housing Initiative program addressed some of the rent-geared-to-income gap in the housing continuum, but further funding is needed to increase the number of deeply affordable units. This program, which was developed in response to the acute need for housing during the pandemic, was put together very quickly with tight timelines, and initially only announced one round of funding. In the following years, a second and third round of funding was announced, and application processes have become more relaxed. It remains a concern, however, that the Rapid Housing Initiative does not have ongoing funding like other NHS programs introduced in 2017. Rapid Housing Initiative must have sustainable capital and operational funding for the duration of the NHS. Further, CMHC funding for more affordable housing could be diverted from NHS programs that support market rate rental housing, such as the Rental Construction Financing Initiative.

### **6.1.3 The Need for All Levels of Government Support**

The Rapid Housing Initiative targets supportive and transitional housing. Yet, beyond the Rapid Housing Initiative, there is not a unilateral NHS program that by itself is intended to support units of rent-geared-to-income units. The only way to fund rent-geared-to-income units with unilateral NHS programs is to have the additional support of other levels of government, find significant private or community support or to use organizations' own funds. The creation of

rent-gear-to-income units is unlikely if an organization is located in a province without affordable housing programs.

One critical theme in the interviews was the difficulty in getting all levels of government on board with an affordable housing strategy. Leone & Carroll argue that it is incredibly difficult to centralize a policy once it has been devolved to a lower level of government (2010, p.390). This theory holds true when referring to the NHS as the federal government has had a challenging time having some provinces sign the bilateral NHS agreements even despite the flexibility of the agreements. There have been inconsistent levels of funding for affordable housing in many parts of the country due to the failure of the bilateral NHS agreements to include strong conditions to create affordable housing. For this reason, it is important to have more stringent bilateral NHS agreement conditions on rent-gear-to-income housing creation.

#### **6.1.4 A Lack of Affordable Housing Targets in Bilateral Agreements**

Provincial governments are not required to fund the bricks and mortar of affordable housing units under the current bilateral NHS agreements. Provinces must show how they will eliminate or significantly reduce core housing need for at least 490,000 households in Canada (which includes at least 300,000 households adequately supported through a Canada Housing Benefit). The original target was reduced from eliminating housing need for 530,000 households. Therefore, some provinces have used the NHS bilateral funding to develop and maintain more affordable housing than others.

Social housing agreements have been extremely important to the not-for-profit housing sector as they were the only significant mechanism that ensured rent-gear-to-income units across Canada. CMHC did not track what occurred to units that had expired social housing agreements. After these agreements have expired, reports have estimated that up to half of these units could not continue to offer the same depth of affordability and decided to sell their asset or rent it at market or just below market rent (Blueprint ADE, 2022, p. 6). In addition, even if the NHS targets are achieved, Canada will have a smaller number of community housing units than it did two decades ago as the sector has declined (Blueprint ADE, 2022, p. 35).

The bilateral NHS agreements state that provinces and territories must ensure that they continue to offer social housing operating agreements at 2018 levels. Provincial and territorial



governments can accomplish this goal without providing the same level of support to not-for-profit housing organizations that social housing agreements provide. For instance, government officials have noted that the depth of affordability does not need to be maintained to the same affordability depth as the original social housing agreements (MacKinnon, 2020). Also, some provinces have been slow to act on providing organizations with reassurance that their social housing agreement will be extended. Additionally, the interview data from Section 5.7.4 shows that Manitoba has not reassured not-for-profit housing organizations with expiring social housing agreements that they will be extended. Yet, the other provinces have had this reassurance.

The bilateral NHS agreements require provinces to provide additional affordable units by expanding 15 percent of the current social housing agreement with “rent-assisted social housing units”. It is still not clear what this target means once implemented. Yet, it is likely that it will include the households that receive the Canada Housing Benefit which will remove very few people from core housing need (Blueprint, ADE, 2022). Rent-assisted housing benefits were not a large topic in the interviews, likely because the benefit is portable and does not have a large impact on the current not-for-profit housing sector. Yet, when not-for-profit housing organizations are providing more market rental units, they will likely require rent-assist to be able to house lower-income earners in market suites. The bilateral NHS agreements reflect a policy shift toward more portable housing benefits and away from funding strictly bricks and mortar buildings with social housing agreements. The federal government’s NHS housing policy is inadequate to develop and maintain affordable housing for those in core housing need without provincial and territorial governments’ support of the socialization of housing. Since regional governments largely continue to shape affordable housing policy, more conditions are needed in the bilateral NHS agreements to ensure that social housing is built and funded in Canada.

### **6.1.5 Insufficient National Housing Strategy Targets to Address Core Housing Need**

Now 12 years after the Census data was collected, NHS programs are being funded to respond to the lack of market rental housing identified in the 2011 Census (Canadian Housing Evidence Collaborative, 2021). The NHS does not have any explicit targets for the number of affordable housing units it will create. The *2022 Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs* states that even if all the affordable housing created served those in affordable housing need, it would not reach the original NHS

commitment to reduce core housing need by 530,000 households (Blueprint ADE and Wellesley Institute, 2022, p. 24). Nor is there a public reporting mechanism as to how CMHC will track the target of cutting chronic homelessness in half and removing 530,000 families from housing need. The Auditor General of Canada's 2022 *Report 5 on Chronic Homelessness* reported that CMHC did not know who was benefitting from the NHS programs and found that CMHC did not measure the changes in housing outcomes for priority vulnerable groups, including people who were experiencing homelessness (2022, p. 15). The report further found that rental housing units approved under the National Housing Co-Investment Fund that were labelled as affordable were typically not affordable to low-income households (2022, p.15). Yet, the NHS Report repeatedly speaks to the importance of creating and maintaining affordable housing throughout the document and notes, "while the primary goal of the National Housing Strategy is to make safe and affordable housing accessible for the most vulnerable Canadians and for those struggling to make ends meet—the Strategy also addresses housing needs across the entire housing continuum" (CMHC, 2017, p. 22). Market and low-end of market housing has been easier for the NHS to address. This is because market housing does not require ongoing government operating nor require provincial cooperation to further subsidize development projects. The private sector has been keen to take low-interest loans from the largest NHS program, the Rental Construction Financing Initiative, to create market housing. These housing units will serve people who are mid-income and are not in core housing need. It is much harder to create rent-geared-to-income housing that meets the needs of those in core housing need. In this way, NHS programs are not the best use of resources to create affordable housing and address core housing need.

One major theme in the interviews was that the NHS programs did not have a consistent use of how an affordable unit was defined. The 2019 Parliamentary Budget Officer report found that the NHS "largely maintains current funding levels for current activities and slightly reduces targeted funding for households in core housing need" (Office of the Parliamentary Budget Officer, 2019, p.1). Current activities consist of programs that fund market and low-end market housing. 41 percent of the NHS support is provided through loans and another 10 percent of the funding is cost-shared from provinces (Office of the Parliamentary Budget Officer, 2021, p. 10). Furthermore, the report notes that "CMHC's assumptions regarding the impact of NHS outputs on housing need do not reflect the likely impact of those programs on the prevalence of housing need" (Office of the Parliamentary Budget Officer, 2019, p. 23). The reason for this is that "aside

from rent subsidies, there is no plan or change that would be expected to reduce core housing need in social housing” and “units with affordability commitments are not necessarily allocated to low-income households, or affordable by CMHC’s definition, and may have been built anyways” (Office of the Parliamentary Budget Officer, p. 23). Indeed, this is because the NHS has multiple definitions of what is considered affordable housing. Each program definition is different and only one program offers rent-geared-to-income housing. The National Housing Council’s *Analysis of the Progress of Bilateral National Housing Strategy Programs* notes the following about the depth of affordability of the new NHS units:

About half (49%) of new units in NHCF [National Housing Co-Investment Fund] funded projects could lift the median household in their areas out of core housing need. The NHCF [National Housing Co-Investment Fund] is better than the RCF [Rental Construction Financing Initiative] at producing units that could lift low-income households out of need: about one third (35%) of new units in NHCF [National Housing Co-Investment Fund] funded developments are suitable for and affordable to low-income households” (Blueprint ADE, 2022, p. 4).

Another major theme in the interviews was the frustration that not-for-profit developers had with seeing private developers receive massive subsidies. One interviewee remarked that there were not enough rules around NHS programs for the for-profit sector and believed that the rent for units that were developed with the low depths of affordability would be hiked up after the mandatory ten-year period to sustain affordable units. The 2022 *Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs* states:

The majority (57%) of the total funding in the portfolio has gone to private developers. This has largely come in the form of loans and has been primarily driven by the RCF: 73% of all loans have been issued to private developers, nearly all of which have flown through the RCF (Blueprint ADE, 2022, p. 22).

### **6.1.6 The Lack of Organizational Capacity**

There is substantial demand for new development projects in each province with 58 percent of all interviewed organizations wanting to expand the number of units they own. Many interviewees were excited about NHS funding and were keen to build organizational capacity to research, apply and manage NHS development projects.

Yet, the interview data suggests that half of the organizations lack organizational capacity to start a unilateral NHS development project. This is apparent as only one organization per province had approved unilateral NHS development funding. During the interviews, organizations' lack of organizational capacity was mostly due to underfunding, which led to short-staffed organizations and the inability to have in-house development knowledge. Most organizations could not retain staff with competitive salaries and the staff that stayed were often overworked. If a development project was going to be developed, it typically fell onto the shoulders of the Executive Director to research, apply and take on the additional responsibilities of the development project. The amount of extra work that a development project would take was sometimes too much for small, volunteer-run boards. Even organizations with development staff found the application process to be complex and unnecessarily onerous. For this reason, organizations spoke of the need for mentorship and guidance as they increased their development capacity.

Organizational capacity increased when organizations had paid-off assets. It brought increased financial stability as organizations were able to re-direct funding from the mortgage to improve staff salaries and hire development staff. Organizations that had paid off assets were seen to be more resilient and innovative. A fully owned building increased the security of an organization, enabling those organizations to take more risks when developing new projects. Furthermore, organizations with social housing operating agreements felt more stable and wanted to take on development projects.

### **6.1.7 The Need for an Indigenous Strategy**

Housing need is the deepest and is most common for Indigenous peoples due to the continued impacts of colonialism. The lack of urgency of an Urban, Rural and Northern Indigenous Housing Strategy is worrisome for the sector. As many Indigenous organizations pointed out in the interviews, they were waiting for an Indigenous Housing Strategy as an Indigenous Housing Strategy should better meet the needs of their peoples. Yet, the federal government has been slow to fund an Indigenous Housing Strategy. British Columbia is the only province to fund an Indigenous affordable housing program. It is important for provinces to have Indigenous housing funding available now and when the Urban, Rural and Northern Indigenous Housing Strategy is ready. This research has shown that provincial housing funding is key to

filling in gaps and boosting funding to appropriate levels beyond the federal government's commitments.

### **6.1.8 Addressing the Financialization of Housing with an Acquisition Strategy**

Consistent federal and provincial funding that de-commodifies the housing sector is needed to build the capacity of the not-for-profit housing sector (Moore & Skaburskis, 2004; Raynor & Whitzman, 2021). This would require policy makers to view housing as a right instead of an investment (Whitzman, 2022). Kalman-Lamb wrote about the NHS and noted:

Neither the new housing finance regulations nor the new federal spending measures indicate a significant break from the federal government's policy trajectory, which has remained committed to fiscal restraint and the marketization of housing as a frontier of capitalist profit. Furthermore, investigating the acceleration of the financialization of housing and its resulting contradictions as a nexus of accumulation, wealth distribution, and housing allocation illuminates how the housing sector materially structures the balance of social forces that have supported the marketization of housing, and capitalist power and profit domestically (Kalman-Lamb, 2017).

Prior to the launch of the bilateral NHS agreements in 2018 there were approximately 283,000 households on the waitlist for social and community housing across Canada (Blueprint ADE, 2022, p. 24). Housing advocates have found that this number has increased with the pandemic and because of the loss of the large amount of naturally occurring affordable housing (Blueprint ADE, 2022, p. 24). The NHS alone is not sufficient to fund affordable housing to alleviate the housing crisis for many reasons, but a major one is that it does not address the financialization of housing. The issue is that investors such as REITs, capital funds and individual investors have increasingly been purchasing and redeveloping private affordable stock and drastically increasing the rent. Moreover, Pomeroy's research has shown that the number of units created by the NHS will not be nearly enough to keep up with the loss of the naturally occurring affordable housing units due to the continued financialization of housing (Pomeroy, 2020, para 1). The National Housing Council's *Analysis of the Progress of Bilateral National Housing Strategy Programs* echoes this sentiment, it states "community housing stock will not reach 2015 levels even if the NHS meets its targets. 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” (Blueprint ADE, 2022, p. 5).

There are no federally administered NHS programs that enable the acquisition of a property with existing units that do not need to be redeveloped. The National Right to Housing Network’s Report, *Expanding the National Housing Strategy*, states that “the next iteration of the NHS must include measures to address financialization and the erosion of naturally existing affordable housing. This includes concrete action to implement financial policies to prevent large corporate investors and financial actors like Real Estate Investment Trusts (REITs) from further exploiting the housing market” (Biss & Raza, 2021 p. 93). New Brunswick’s Affordable Housing Rental Program is one of the few programs that allow the acquisition of existing buildings. British Columbia has also recently announced an acquisition strategy with further details to be announced. These two programs exemplify the importance of provincial affordable housing funding programs even when there is a federal housing strategy as they have filled in gaps of the NHS.

## **6.2 Provincial Analysis**

A study of the provinces shows that provinces that use bilateral NHS funding to create affordable housing also eliminate many unilateral NHS program gaps and issues. As well, provinces with affordable housing programs beyond the NHS offer the most opportunities for non-profit housing providers to construct affordable housing that meets the needs of those living in core housing needs, as funding not-for-profit affordable housing in Canada cannot be adequately funded by the NHS alone.

### **6.2.1 British Columbia Analysis**

#### **a. New Affordable Housing Supply**

Among all three provinces, British Columbia has the most robust affordable housing funding available since it funds housing development projects beyond the funding provided by the bilateral NHS agreement and uses the funds provided by the bilateral NHS agreement to increase affordable housing availability. British Columbia has an array of development funding streams that have formal application processes. For this reason, the province had the greatest

number of projects funded without the unilateral NHS streams. These organizations also had the highest number of unilateral NHS funded development projects, which could indicate that organizations felt more stable and supported by the provincial government to take on the risk of development. Additionally, provincial funding was available to further subsidise NHS development projects in the province which made unilateral NHS projects more feasible. In addition, the province had the highest proportion of organizations intending to apply for provincial development funding alone or in addition to NHS funding. Clearly, organizations in this province are very motivated and are able to create development projects and apply for funding with more ease than other provinces. There were no organizations that did not have knowledge of how to access development funding.

Interviewees identified that BC Housing programs increased organizational capacity. For instance, BC Housing holds the mortgage on new development projects until they are paid off. Once the asset is paid off, it is transferred to the organization. The BC Housing model seemed to provide organizations with more security and less risk as BC Housing continued to be closely tied to the project until the mortgage was fully paid-off. The support of the provincial government resulted in organizations being able to take on more development projects as they felt more stable and able to take on financial risks associated with development projects.

In the interviews, only two organizations stated that they would apply for both a federally administered NHS program and provincial funding. According to one interview, CMHC requirements were too onerous compared to BC Housing requirements. There is also the possibility that organizations were simply more aware of BC Housing funding than CMHC funding. Due to the fact that development projects are feasible without also applying for unilateral NHS streams, three organizations who wanted new units in British Columbia only applied for provincial funding without applying for federally administered NHS streams as well. British Columbia's most popular programs in the interviews was the Community Housing Fund and the Indigenous Housing Fund. The Indigenous Housing Fund supports rent-geared-to-income units, while the Community Housing Fund supports mixed-income projects with a minority of rent-geared-to-income units. Compared to the National Housing Co-Investment Fund, BC Housing programs provide a much greater level of affordability and may be more appealing to applicants. British Columbia Seed funding was also rated more positively than CMHC Seed funding as interviewees liked that there were less barriers to accessing the funds

and the funds were integrated into the total capital project cost and mortgage. As well, BC Housing development projects overall received more positive feedback when it came to communication and processing times. Accordingly, BC Housing's funding programs fill the gaps of unilateral NHS programs. Provincial funding addresses many of the unilateral NHS's policy issues and gaps. The provincial affordable housing programs increase affordable housing capital funding, expand the number of rent-geared-to-income units, addresses the lack of an NHS acquisition program, boost organizational capacity, increase affordable housing targets, created an Indigenous affordable housing program and is an engaged level of government in addition to the federal government.

British Columbia is the only province to have a new affordable housing supply target that exceeds the target in British Columbia's NHS bilateral Action Plan. British Columbia is choosing to take a multifaceted approach by investing in the construction of consistent new affordable housing projects, repairing existing units and supplying various rent assistance programs. British Columbia's approach ensures a more robust housing policy that is less likely to be dismantled as buildings are being built and equity is being invested in the not-for-profit housing sector. British Columbia's NHS bilateral Action Plan targets are mild in comparison to the province's overall strategy to build 114,000 new affordable housing units over ten years (Lee, 2023). British Columbia's NHS bilateral Action Plan targets 1,188 new units over the first three years of the Action Plan with a final target of 6,387 units (BC Housing, 2019, p.14). This means that British Columbia is building new units at a steady and reliable pace to meet their Action Plan target for new affordable housing supply.

#### **b. Rent Subsidies, Repairs and Portable Housing Benefits**

British Columbia's bilateral NHS *Action Plan* will take people out of core housing need primarily through project-based subsidies for the not-for-profit housing sector. The province will also depend on household affordability assistance, new construction, and repairs to lift people out of core housing need. Some of these actions were seen in the interviews as two interviewees spoke about project-based subsidies that they received from the provincial government.

#### **c. Social Housing Agreements**

The interview data suggests that not-for-profit housing organizations in British Columbia are having their social housing agreements renewed to the same level of funding as the expiring



agreements. Additionally, British Columbia's bilateral NHS *Action Plan* states that expired social housing agreements will also be extended.

## **6.2.2 New Brunswick Analysis**

### **a. New Affordable Housing Supply**

Organizations in New Brunswick were least likely to want to expand their unit count. This may be due to the fact that most not-for-profit housing organizations in New Brunswick are relatively small. Without large and very large organizations, there was less organizational capacity to scale up and dedicate staff time to development projects. All organizations that wanted to develop more units, except one that did not know where to access funding, expressed a desire to apply for unilateral NHS development funding and provincial development funding. One organization built a development project with only the provincial Affordable Housing Rental Program. This indicates that the provincial development funding program is able to develop rent-geared-to-income housing when it is paired with another program like the provincial rent subsidy or a unilateral NHS program. New Brunswick only has one affordable housing development program. However, it has proven to still build some affordable housing beyond the NHS while filling in key gaps of the NHS unilateral programs. The provincial program for affordable housing fills in NHS unilateral issues including, enabling organizations to acquire buildings, increasing capital funding, increasing the number of rent-geared-to-income housing, and is an engaged level of government in addition to the federal government.

The one organization that did receive National Housing Co-Investment funding also received CMHC Seed Funding, provincial development funding and rental subsidies as well as substantial funding from their community. This development project was able to achieve deeply affordable rent-geared-to-income rents for half the units. This development project is an ideal example of how the National Housing Co-Investment program was designed to leverage other sources of funding from other levels of government and community partnerships to make a project successful. Yet, the organization that achieved funding from all these sources was in an extremely unique position. The organization had deep faith-based community ties. Many organizations do not have access to private or community donors nor have provincial support. It should not be expected that all organizations accessing the National Housing Co-Investment

Fund could raise funding from community sources and funding from all levels of government. The program, however, does require organizations to have funding from another level of government. Without large sums of funding in place before applying, it is also extremely difficult to access the program. Consequently, very few rent-geared-to-income units will be developed by the National Housing Co-Investment Fund in contexts without financial support.

New Brunswick's *Action Plan* outlines a three-year target of 151 new units for which housing need is addressed with a target of 1,262 units in the last five years (New Brunswick, 2019). The plan is slow to create affordable housing at the beginning of the NHS bilateral agreement. This policy flaw will make the creation of affordable housing much more difficult as development projects will all be crammed in the later years and may overwhelm the not-for-profit housing sector as they may reach their development capacity.

#### **b. Rent Subsidies, Repairs and Portable Housing Benefits**

In addition to new construction, New Brunswick's NHS bilateral *Action Plan* seeks to lift people out of core housing need primarily through repairs. Project-based subsidies and portable rental benefits will also be offered, but they are not expected to lift people out of core housing need alone. These actions were seen in the interviews as one project received a new project-based rental subsidy which further deepened the level of affordable units to rent-geared-to-income levels.

#### **c. Social Housing Agreements**

The province has had a shrinking not-for-profit housing sector with the expiration of the social housing agreements. The NHS should stop the sector from shrinking as social housing agreements are renewed. The interview data suggests that not-for-profit housing organizations in New Brunswick are having their social housing agreements renewed to the same level of funding as the expiring agreements. While New Brunswick's NHS *Action Plan* states that expired agreements will also be renewed.

### **6.2.3 Manitoba Analysis**

#### **a. New Affordable Housing Supply**

In the interviews, Manitoba organizations had the greatest desire to build new affordable housing units. The lack of provincial affordable housing development funding set out in the province's NHS bilateral Action Plan and the absence of provincial programs that support new development projects is likely the reason for the high demand and low number of development projects in the province. Many organizations do not know how they will develop a housing project due to the lack of affordable housing funding in the province. As a result of the lack of provincial affordable housing funding, no projects were planned to be funded without the assistance of unilateral NHS programs. Due to the lack of formal affordable housing programs in the province, not-for-profit organizations have fewer opportunities to develop affordable housing. There were unresolved unilateral NHS gaps and issues as there were no bilateral or provincial affordable housing programs to alleviate them. Organizations were more likely to face issues with the NHS such as a lack of capital funding, not being able to create rent-geared-to-income units, not being able to provide support services and were not able to acquire existing affordable housing buildings. Furthermore, organizations had more internal barriers that impeded the creation of affordable housing which included not having development staff, having less funding to pay staff competitive salaries and less ability to take financial risks. Many of these issues were alleviated by bilateral funding and provincial affordable housing programs in other provinces. However, Manitoban organizations were largely left to rely on the NHS.

While Manitoba does not have an application process to request development funding, the one Rapid Housing Initiative project that was approved ended up having some provincial funding support through an informal funding request. Since the only project that was approved in Manitoba was through the Rapid Housing Initiative, the province might have been more inclined to fund the asset since the province's smaller investment would mean a larger federal investment for a paid-off asset that would house a more vulnerable population that the provincial government has greater responsibility for. It may be harder to get the provincial government to partner on affordable housing projects that offer less federal investment. This is noted as the province had the lowest amount of CMHC Seed funding approved for new projects and had no approved National Housing Co-Investment Fund projects.

Manitoba organizations were half as likely as organizations in New Brunswick and British Columbia to be familiar with the NHS. Compared to other provinces with better

provincial support, Manitoba's not-for-profit housing organizations have a harder time researching and applying for NHS programs. Manitoba organizations seemed to be struggling more with organizational capacity and therefore did not have the resources to delve into the NHS. The province was also offloading the management of thousands of Manitoba Housing assets to the not-for-profit housing sector. This plan could have been done with adequate funding to ensure organizational capacity would not be compromised. Instead, those who took on the management of the Manitoba Housing units found that funding was inadequate which led to organizations trying to fill the gaps with already stretched existing funding. Interviewees indicated it increased the burden on organizational capacity issues which made them less likely to develop new projects.

The province was not planning to build many new affordable units with the bilateral NHS funding. Due to the flexible conditions in of the bilateral NHS agreement funding, Manitoba is within its right to barely fund any affordable housing development projects that will meet the needs of households in core housing need. Manitoba's most recent NHS bilateral *Action Plan* for 2019/2020 - 2021/2022 has a target of creating 429 new units in the first three years of the NHS bilateral agreement and has a final target of 937 for the entire length of the bilateral NHS agreement (Manitoba Housing and Renewal Corporation, 2019, p. 16). The province recently released the bilateral *Action Plan* for 2022-2023 that omits the number of funded affordable housing units that were created in the first three years but details that the new construction for units in the fourth year of the bilateral agreement will only be 52 units (Manitoba Housing and Renewal Corporation, 2022, p.16). The data in the report is not transparent and makes it difficult to discern how much affordable housing is being built under the NHS bilateral agreement. Yet, the fourth year of the bilateral agreement may be a sign that the construction of affordable housing units has been low.

#### **b. Rent Subsidies, Repairs and Portable Housing Benefits**

Beyond the promised new affordable construction projects, the provincial government's bilateral NHS agreement *Action Plan* for 2019/2020 - 2021/2022 states that it will direct bilateral NHS funds toward project-based subsidies, portable housing benefits and repairs to lift people out of core housing need. The number of households receiving portable rent benefits has shrunk by 6,000 households from 2016 to 2021, thus the projected NHS increase of 1,350 portable

housing benefits to meet those in core housing need over the length of the bilateral NHS agreement will not reach 2016 levels. The majority of funding will go into project-based subsidies for the community housing sector and repairs for social housing.

### **c. Social Housing Agreements**

Four years into the bilateral NHS agreement, Manitoba not-for-profit housing organizations have been left in the dark as to if or when their expiring social housing agreements will be extended. All three organizations in Manitoba that had upcoming expiring social housing agreements had no indication from the province on if they would be extended. In addition, while New Brunswick and British Columbia's NHS action plans state that expired agreements will also be extended, there is no such indication in the interview data nor Manitoba's NHS bilateral action plans that the already expired agreements will be extended. This factor also made not-for-profit housing organizations in Manitoba less likely to have the capacity to increase their affordable housing stock.

## **7.0 Conclusion**

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The NHS presented an opportunity for the federal government to lead the nation's housing policy. In the end, the federal government created unilateral affordable housing programs and hoped the provinces and territories would create bilateral programs that would compliment the federal programs. Unfortunately, without adequate affordable housing targets in bilateral NHS agreements, some regional governments chose not to create affordable housing programs. This resulted in a fragmented funding system with many gaps and challenges for not-for-profit housing providers.

### **7.1 Research Questions' Answers**

**Research question 1:** What are the internal and external factors influencing not-for-profit housing providers' operations when attempting to maintain and develop new affordable housing?

Not-for-profit housing organizations are no better off after decades of trying to adapt to external neoliberal policy pressures. The not-for-profit housing sector has taken on more government responsibilities, attempted to become more self-reliant due to less government funding which has reduced their overall capacity to function and serve people in core housing

need. This research has shown that not-for-profit housing organizations face many external pressures such as the uncoordinated nature of bilateral NHS programs, the lack of funding for the unilateral NHS programs, the emergence of the mixed-income model and the financialization of housing that limit organizations to develop and maintain affordable housing. Not-for-profit housing organizations also experience many internal factors that largely respond to external factors such as a lack of organizational capacity and inadequate development experience that suppress the creation and maintenance of affordable housing in the sector.

**Research question 2:** How is the not-for-profit housing sector in Canada utilizing unilateral and bilateral National Housing Strategy programs to maintain and develop affordable housing?

The not-for-profit housing providers utilize the NHS differently in each region and depends largely on the provincial affordable housing context. Organizations in provinces with strong affordable housing supports are far more likely to access the NHS program to create affordable housing.

**Research question 3:** How have differing provincial affordable housing contexts in British Columbia, New Brunswick and Manitoba influenced the ability of the National Housing Strategy to preserve and expand affordable housing in each province?

The NHS alone is not sufficient to adequately fund affordable housing as there are many policy gaps and issues that prevent affordable housing from being created. The impact that these gaps and issues have on not-for-profit housing organizations heavily rely upon provincial programs to fill in these gaps to create affordable housing. For this reason, it is important for provincial governments to have their own affordable housing programs available to fund affordable housing even when there is a federal housing strategy.

## **7.2 Final Thoughts**

Unfortunately, the re-engagement of the federal government in housing policy will not make as large of an impact in creating affordable housing as originally promised in 2017. While the NHS is not a panacea for neoliberal policy issues that have created the affordable housing crisis, it is still an encouraging step towards maintaining the not-for-profit housing sector and offers programs that can be altered and supported by provincial and territorial programs to fill in gaps. It is concluded from the research that NHS funding is insufficient to create affordable

housing to alleviate the affordable housing crisis. In addition, affordable housing created by the NHS often does not reach those in core housing need. This research does, however, indicate that provinces that offer affordable housing programs and use bilateral NHS funding to create affordable housing not only build more affordable housing, but also fill in NHS policy gaps and resolve NHS program challenges.

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### **Figure 1: Not-for-Profit and Public Units Per 1,000 People Prior to the NHS**

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*<https://www.gov.mb.ca/housing/pubs/national-housing-strategy-2020-addendum.pdf>*



## Table References

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### **Table 2: NHS Targets**

CMHC. (2023). *Progress on the National Housing Strategy*. Government of Canada.  
<https://www.placetocallhome.ca/progress-on-the-national-housing-strategy>

### **Table 3: NHS Program Descriptions**

Blueprint ADE and Wellesley Institute. (2022). *Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Housing Programs*. The National Housing Council. <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf>

### **Table 4: BC Housing Supply Programs**

BC Housing (2019). *BC Housing Action Plan 2019/20 to 2021/22*. Province of British Columbia.  
<https://www.bchousing.org/publications/BCH-Action-Plan-2020-2022.pdf>

## Appendix A: Interview Questions

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1. How does your organization define affordable housing?
2. What percentage of your organization's housing units are considered affordable?
3. Are you familiar with the National Housing Strategy?
4. If so, has your organization been affected by the National Housing Strategy?
5. What changes/improvements to the National Housing Strategy would assist your organization to maintain and develop affordable housing?
6. Do you have any new development projects?
7. What are the details of your new development project?
8. How would you hear about funding from the National Housing Strategy?
9. What program would you like to see as part of the National Housing Strategy?
10. Would you say your organization is more or less stable than five years ago?
11. What gaps do you see in the National Housing Strategy?
12. What do you see that is working well with the National Housing Strategy?
13. Do you have expiring social housing agreements?
14. Have you accessed funding from the provincial government for affordable housing?

Organizations were provided with the following list of NHS programs to speak to:

- National Housing Co-Investment Fund – New Construction Stream or Renewal Stream
- Affordable Housing Innovation Fund
- Rental Construction Financing
- Federal Lands Initiative
- Rapid Housing Initiative
- Affordable Housing Innovation Fund
- The Federal Community Housing Initiative
- Community Housing Transformation Centre
- Community-Based Tenant Initiative
- Solutions Labs
- Housing Supply Challenge
- Canada Community Housing Initiative
- Provincial Priority Funding
- Canada Housing Benefit
- Reaching Home