

**Notes for an oral submission to House of Commons
Standing Committee on Finance
Pre-budget consultations 2009**

October 22, 2009

Thank you for the opportunity to make these submissions. My name is Michael Shapcott, and I am Director, Affordable Housing and Social Innovation, with the Wellesley Institute. I am joined by Nimira Lalani, Research Associate. The Wellesley Institute advances urban health through rigorous research, pragmatic policy solutions, social innovation, and community action. In our written submission, we have offered several recommendations for the upcoming federal budget. Today, we want to focus on two critical areas: Affordable housing, and community innovation.

Even before the current recession, hundreds of thousands of Canadians experienced homelessness, and millions more were precariously housed. Housing is the single biggest expense for most households, and it affects communities, the economy and personal health. The toxic combination of insecure housing and inadequate incomes is causing increased illness and premature death – a tragic reality that has been documented in research reports from the Wellesley Institute and many government and academic studies.

Estimates show that in the current year, the federal government will spend \$17.5 billion on housing – not including the \$64 billion for banks through the Insured Mortgage Purchase Program. Yet only a small fraction of those dollars will reach households that face the most urgent need. For instance, the Home Renovation Tax Credit is estimated at \$2 billion this year. To fully qualify, homeowners need \$10,000. That excludes most of the 3.2 million households (nine million women, men and children) that Statistics Canada report are living in substandard housing. They may be able to access the Residential Rehabilitation Assistance Program (funded at \$128 million). RRAP helps about 20,000 households a year, which means it will take 160 years to meet the current need at the current level of spending. Only 15% of the \$3.571 billion the federal government will spend on affordable housing this year will go to new supply. It is prudent to sustain the existing 623,750 federally-assisted affordable homes, but it is folly to ignore the growing supply deficit. The number of new households that need affordable homes outstrips the supply of new affordable homes.

The House of Commons has voted to give second reading to Bill C-304, an act to ensure secure, adequate, accessible and affordable housing. Canada urgently needs a comprehensive national housing plan that engages the federal, provincial, territorial and municipal governments, along with Aboriginal people, and the non-profit and private sectors. The plan needs clear goals and objectives and accountability for results. We hope Members of Parliament will move quickly to create the long-overdue framework for a national housing plan. In the meantime, the next federal budget should include a substantial down-payment towards this national housing plan, including:

- An additional \$700 million for new affordable housing supply;
- A doubling of funding for the Homelessness Partnering Strategy (\$135 million);
- A doubling of funding for the Residential Rehabilitation Assistance Program (\$128 million).

These investments don't necessarily require new tax revenues. The federal government can start to re-profile its existing housing investments to make sure the dollars reach the households that really need the help. In addition, the federal government can put the estimated \$1.353 billion surplus at Canada Mortgage and Housing Corporation this year to practical use by re-investing part of it in affordable housing and homelessness initiatives.

The recession is not only making an already bad affordable housing crisis even worse, but it is also delivering a critical blow to Canada's non-profit sector. The non-profit sector is a vital web of health, education, housing, community services, recreation, culture and faith groups that enriches our communities, and makes a major contribution to our economy – five times more to Canada's GDP than auto manufacturing, along with significant levels of paid employment and a wide variety of direct and induced economic activity. Even before the recession, the community sector was suffering due to uncertain revenues and a growing administrative burden.

Now, as the recession continues to claim victims, community-based health, housing and social services are being asked to deliver critically important services with reduced grants and donations. Our partners throughout Canada tell us that hundreds, perhaps even thousands, of organizations will collapse under the fiscal and service pressures of the recession.

Governments in Britain and the United States, to name just two, recognize that the community sector is vital to the health of the nation and its communities. They have committed funding, programs and resources and created new partnerships with the community sector. Canada's federal government is lagging far behind, and the community sector is suffering from a lack of effective partnership at the federal level.

Two days ago, a column by Microsoft CEO Steve Balmer in a Canadian newspaper had this headline: "Investing in innovation will fuel Canada's economic growth". That's obviously true in the private sector. It's also absolutely true in the community sector, but non-profits are struggling just to maintain their services, let alone create the infrastructure for community innovation.

Just as Canada needs a comprehensive national housing plan that engages all the key actors, the federal government also needs a comprehensive community innovation strategy. We can learn a great deal from the successes, and the failures, in Britain and the United States as we build a made-in-Canada plan. In the meantime, the next federal budget should include a substantial investment in community innovation including:

- \$150 million for a national social innovation fund (for social purpose ventures),
- \$50 million for a national community innovation fund (for non-profit enterprises),
- \$15 million for a new national health equity fund to invest in innovative, community-based, multi-sectoral demonstration projects.

Respectfully submitted by:

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