



HOUSE OF COMMONS
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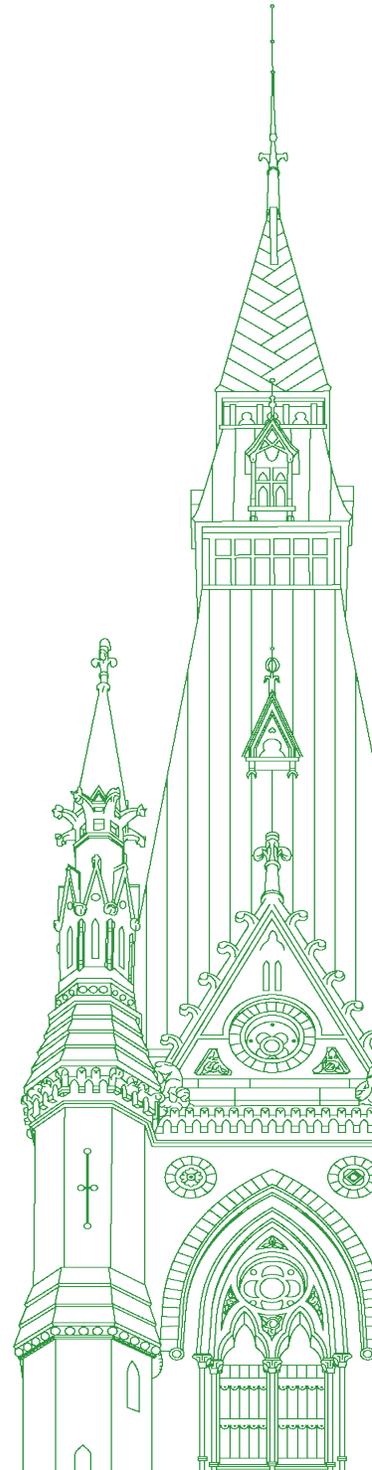
43rd PARLIAMENT, 1st SESSION

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

EVIDENCE

NUMBER 023

Monday, August 17, 2020



Chair: Mr. Sean Casey

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

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• (1505)

[English]

The Chair (Mr. Sean Casey (Charlottetown, Lib.)): I call this meeting to order.

Welcome back to meeting number 23 of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Pursuant to the orders of reference of April 11 and May 26, 2020, the committee is resuming its study on the government's response to the COVID-19 pandemic.

Today's meeting is taking place via video conference, and the proceedings will be made available on the House of Commons website. The webcast will always show the person speaking, rather than the entirety of the committee.

Before speaking, please wait until I recognize you by name. When you are ready to speak, please click on the microphone icon to activate your mike. I remind everyone to please use the language channel of the language they are speaking.

I want to begin by thanking our witnesses for their patience with our aborted attempt at this meeting last week and for their co-operation in agreeing to reappear this week. I also want to let members of Parliament know that with regard to our second panel, we received a cancellation from MKO less than two hours ago, so we have only one witness for the second panel. The witnesses on the first panel have graciously agreed to remain.

For the first hour we're going to have representatives from Homeward Trust Edmonton and from Mortgage Professionals Canada. For the second hour we'll have Front d'action populaire en réaménagement urbain as well as the witnesses from the first hour.

Without further ado, I want to welcome Susan McGee and Giri Puligandla from Homeward Trust Edmonton, as well as Elaine Taylor and Paul Taylor from Mortgage Professionals Canada.

I understand Ms. McGee is going to be giving the presentation for Homeward Trust Edmonton. You have the floor, Ms. McGee. Please go ahead.

Ms. Susan McGee (Chief Executive Officer, Homeward Trust Edmonton): Thank you very much, and thanks for the introduction.

I am the chief executive officer for Homeward Trust. We are a community-based organization utilizing a system-planning approach to ending homelessness in our community of Edmonton. We

are the local entity supporting the implementation of Reaching Home, and we have actively supported the evolution of Canada's national housing and homelessness strategies. I was very privileged and fortunate to sit on the advisory committee on homelessness, chaired at the time by Parliamentary Secretary Adam Vaughan, and I currently sit on a number of national committees.

I'm joined today by Giri, our chief strategic officer. I expect there will be some questions that he would be better at answering than I would be. We want to allow time for that.

We and our partner agencies have been recognized nationally and internationally for our collective efforts to end homelessness, housing nearly 11,000 people since the beginning of our Housing First program in 2009. Our organization brings together funding from all orders of government to support service providers, indigenous communities and government partners in Edmonton to collectively plan, act on and monitor our solutions to end homelessness in our community.

We're grateful for the opportunity to speak today about the Government of Canada's response to COVID-19 and what is needed to ensure that vulnerable and homeless Canadians are supported and protected on the long road ahead.

It has been just six months since COVID-19, and the risks it presents to our community members have required a complete rethinking of our priorities and programs. This has been an intense and exhausting effort, but one that we can be proud of and that wouldn't have been possible without the quick mobilization of resources from municipalities and provinces and, indeed, the federal government.

For Edmonton's homeless response, Reaching Home funding played a critical role. Funding was committed early, processes were accelerated, and both local organizations and federal program staff were empowered to make necessary decisions, building on existing accountable relationships. For many of us involved, the lasting reflection is that we can and should continue to respond that way by treating homelessness as the national emergency it is in any situation.

Homeward Trust is a strong supporter of Recovery for All and the six-point plan already presented to government by the Canadian Alliance to End Homelessness, and we support other national organizations such as the CHRA and its advocacy of greater investments in affordable housing, specifically indigenous-led housing investments.

Rather than reiterate those well-considered positions, we will focus on what we consider to be critical and immediate steps to support their successful implementation.

First is that our country requires a sustained investment to make sure that communities' Herculean achievements over the last six months, which has been a sprint, have the endurance for the marathon that lies ahead. With no commitment on the horizon, planning has ceased and programs are being wound down, while individuals are exposed to the same health and safety risks that we experienced in March from the beginning.

Second is that all orders of government focus efforts not only on protecting vulnerable Canadians from the pandemic but also on addressing the many systemic issues that have made people vulnerable to homelessness in the first place. The pandemic has laid bare these system failures, and we can't unsee what we have seen.

Last is that the government reinforce communities in leading this response in a coordinated system-planning approach, bringing together the various cross-systems and interjurisdictional roles that, operating independently, risk recreating the system failures we are working so hard to address.

On the first point of sustained investment, there is no question that all orders of government recognize that we are many months away, if not years away, from this pandemic's being completely behind us. There are more waves on the horizon and, perhaps most critically, large numbers of people losing their jobs and families in crisis. They are losing their homes and their mental health is being significantly affected. We've never experienced anything like the initial pandemic response before, and there is no precedent, certainly in our lifetime, for the economic and fiscal fissures that are already forming.

Initial investments were made quickly, and we were fortunate to have strong program infrastructure and partners to work with to activate those resources.

In Edmonton, our response prioritized mobilizing critical services in an alternate location, as agencies, public spaces, and other locations that often provided respite for homeless individuals closed. We brought in our coordinated access and Housing First program with additional rapid rehousing and diversion efforts, and included new partners and prevention initiatives by providing immediate funding to address short-term needs. We were able to secure and headlease a hotel to provide bridge housing, which has played an important role in our community's response in housing over 700 people to date since April.

- (1510)

In the absence of sustained funding, we are faced with having to contract all of those efforts at a time when we are seeing significant increases in homelessness and encampments on a scale not seen in

Edmonton since 2007. We know that housing is a solution to homelessness, and we have seen the direct health risks to those without a home. We cannot build our way out of the situation fast enough, but we can ensure that our pandemic response results in long-term permanent solutions if program funding is sustained and targeted. There is a role for all governments and charitable funders in supporting our efforts, but it is important to recognize that community-based providers are reeling from lost fundraising revenue and staff capacity and will have difficulty dealing with the onslaught of needs, let alone the existing demands. It is imperative that the federal government lead with a commitment now.

Reaching Home has incorporated many important changes in community planning approaches, emphasizing evidence-based models, clear accountabilities and system-wide engagement. This means having the infrastructure to enable a culture of knowledge-driven decision-making so that our interventions can be targeted, evaluated and corrected continually, and taxpayers can be confident that public dollars are achieving the results they'd expect. As such, I have great confidence that continued investments through Reaching Home will have the greatest immediate impact.

This brings me to my second point: that the pandemic response has to address the foundational issues that contribute to poverty and homelessness, especially those that are institutional in nature. The homeless population is dynamic. There are no clean boundaries between people who use shelters, people who sleep rough or in encampments, and people who are unstably housed and people who are living with friends and family.

With rising unemployment, bankruptcies and evictions, people who faced housing insecurity before the pandemic will become homeless. Addiction and mental health issues are increasing rapidly and threatening the ability of families and individuals to stay resilient, yet for homeless and vulnerable populations, various systems and government departments get involved in a way that creates a patchwork of responses, with huge gaps and blind spots and far too many unmet needs. Their roles are often defined by narrow mandates and cost containment, without a holistic sense of how all their parts interact—and they don't.

An effective pandemic response for the homeless population has to incorporate commitments to fix the underlying systemic problems that create and sustain homelessness. There may not seem to be an obvious first step to address this issue. Indeed, governments have spent years in system-planning meetings trying to turn the *Titanic* in an inch of water. However, during the pandemic we have seen health authorities actively participating in local efforts, and they have been required to address the specific risks that homeless community members are exposed to. The pandemic has highlighted how quickly we can adjust how we work together when the urgency and the will are there.

This leads to my final point, which is about the importance of community-based leadership in the pandemic response.

In March, community organizations were navigating shifting and sometimes conflicting authorities in the federal government, provincial ministries, health authorities and local governments. Siloed internal command structures and interjurisdictional confusion can threaten an active, effective and comprehensive pandemic response. One of our key roles as community entities and system-planner organizations is to transcend and bridge across these chasms so that we can enable communities to do what needs to be done. In many ways, governments and systems need to take a back seat to let communities lead the way. They have the knowledge, experience and relationships to ensure that we are doing what is best for vulnerable people. This means empowering and resourcing communities to enable community-level leadership and governance. It also means building the necessary infrastructure so that community partners can implement actions collectively and leverage resources and strengths across the board without having to manoeuvre between funding and institutional roles.

Reaching Home clearly embraces the role of local leadership, and as such has been able to deploy resources quickly during this time, with demonstrated impacts. While other investments are considered, whether to support housing developments or mitigate housing loss, we strongly recommend reinforcing community-level leadership in coordinating that deployment of those resources.

In summary, for an effective pandemic response, the federal government needs to commit to supporting community-based leadership with funding and policies that can address two public health emergencies: the recent and ongoing impacts of COVID-19 and the long-standing institutional causes of homelessness. Continuing investments by the federal government are the only way to ensure that community efforts and achievements over the past six months are sustained and that we don't regress in our ability to protect vulnerable people from the impacts of the pandemic in the long run.

● (1515)

A critical component of this is to accelerate efforts to realize an end to homelessness, including the six-point recovery plan put forward by the Canadian Alliance to End Homelessness, and intentional engagement with provincial and municipal governments to support communities in making this happen by transforming systems so that they facilitate their work instead of hindering it.

I appreciate the opportunity to speak to the committee today, and we are certainly happy to answer any questions.

The Chair: Thank you very much, Ms. McGee.

Next we'll hear from Mortgage Professionals Canada.

Ms. Taylor, you have the floor.

Ms. Elaine Taylor (Chair of the Board of Directors, Head Office, Mortgage Professionals Canada) : Thank you, Mr. Chair, and members of the committee. On behalf of the over 12,000 members of Mortgage Professionals Canada, thank you for providing the opportunity to take part in the discussions today.

My name is Elaine Taylor. I am vice-president of sales for MCAP Corporation and chair of the board of directors of Mortgage Professionals. Also with me today is Paul Taylor—no relation—the president and CEO of MPC.

For additional context for our remarks today, I'd like to remind the committee of MPC's membership composition. We are a professional association promoting mortgage broker-originated mortgages.

By head count, mortgage brokers and agents across Canada make up the largest component of our membership. However, almost all Canadian banks and mortgage lenders that originate mortgages through independent agents and brokers also belong to our association.

Additionally, all three mortgage insurers in Canada are also members. Because of the diverse nature of our members' businesses and their respective role in facilitating broker-originated mortgages, MPC has a thorough understanding of the marketplace impacts of any changes to mortgage financing and funding costs, securitization and liquidity, underwriting criteria and lending guidelines, and changing consumer behaviours.

In our remarks today, we would like to thank the government for many of the measures taken to ensure economic and liquidity support for Canadians and businesses alike. Specifically for our industry, the reintroduction of the insured mortgage purchase program, with its newly increased stated limit of \$150 billion, provided much-needed access to capital for banks and other lenders. Additionally, the reduction of the domestic stability buffer added \$300 billion in liquidity to banks for them to be able to support struggling businesses through additional extensions of credit. The reductions in the Bank of Canada benchmark rate also occurred during this time.

We are supportive of all of these changes and the speed with which these mechanisms were brought to bear. As an industry, we were reassured by the timely and coordinated macroeconomic support brought forward.

One suggestion that we may offer for OSFI to consider, following the same thought process as the already implemented reduction in the domestic stability buffer, is to reduce the capital requirements for mortgage insurers. This would allow them to reduce their required premiums, making access to the IMPP and other programs easier for lenders and borrowers.

The Canada emergency response benefit and the innumerable suite of cash flow and credit support programs were tremendously supportive of many of our independent and smaller mortgage brokerages. Making CERB accessible to non-EI eligible income earners was greatly appreciated.

Mr. Paul Taylor (President and Chief Executive Officer, Head Office, Mortgage Professionals Canada): Thanks, Elaine.

Switching gears somewhat, the industry, with government support, has been providing mortgage payment deferrals to many mortgage holders. Current Canadian Bankers Association statistics suggest that 16% of all mortgage holders have at some point since March deferred at least one payment. In testimony to FINA, CMHC president Evan Siddall warned that this number could reach 20%, or one in five, and that these deferrals may all become mortgages in arrears when these programs expire in September-October.

I'm happy to report that the experience of our member mortgage lenders is much more optimistic. Many borrowers who took advantage of the deferral program have since voluntarily resumed their payments and opted out. Participation numbers are falling, not increasing. Public records of these results are available in recent releases by Equitable Bank and Home Trust to their shareholders.

While this is encouraging news, we do, however, anticipate that there will be some mortgage holders who will find themselves unable to meet their mortgage obligations when the deferral period expires. The general expectation is that these families will be forced to sell their homes and that this influx of housing inventory to the market will create price softening as more housing options are available to buyers. It's with this expectation that we make two requests.

First, consider extending the deferral period for those who are truly unable to meet their obligations but expect to return to work in the near term. If OSFI were to implement a portfolio percentage maximum permissible to continue to not be considered a non-performing loan, lenders would ensure appropriate means testing and targeting of this continued support. Permitting lenders this capital relief of 5% of loans within their portfolio will assist those Canadians most affected by the pandemic to stay in their homes. We would recommend extending this provision for at least another six months.

Second, given the possible price softening expected in some markets, and with the recent and unambiguous assurance from new Bank of Canada Governor Tiff Macklem that interest rates will stay low for a very long time, we ask for the immediate implementation of the previously announced, but postponed, adjustments to the insured and uninsured mortgage trust tests. Today's uninsured mortgage qualification requires borrowers to show that they're able to manage their mortgage payments at a fictionally higher interest rate, either two percentage points above the negotiated contract rate or the Bank of Canada's posted five-year rate, whichever is higher.

In the past year as interest rates have fallen, and recently as the Bank of Canada has significantly reduced its overnight rates, the posted five-year rate has not moved in lockstep. In fact, it's only moved incrementally, as is evidenced by the very small 15 basis-point reduction last week. Today many borrowers are having to prove mathematically that they can manage a mortgage payment at an interest rate of almost 3% higher than their contract rate. If the proposed changes were enacted, really simply, the stress test would effectively be reduced from what is currently almost 300 basis points to 200 basis points, or from 3% to contract plus 2%. Remembering that this test is in addition to existing debt service ratio maximums, this implementation will permit would-be owner-occupiers to purchase their first home while still ensuring that stringent underwriting and qualification mechanisms are in place.

If real estate prices do come down in the upcoming months, that's exactly the time we should be encouraging young and aspiring middle-class Canadians to purchase a home. Excluding them from the marketplace will only serve to widen the wealth gap, leaving more homes for investor purchases rather than would-be owner-occupiers.

Lastly, Mortgage Professionals Canada has additional recommendations related to housing finance, insurable 30-year amortization options specifically to support first-time buyers, increasing the maximum insurable value of a property, and creating an exemption to the aforementioned stress test for renewing borrowers who wish to change lenders.

We'll continue this discussion, and we'd be happy to elaborate further on some of those during the question period, but for the sake of brevity today, in our opening statements we'll stick strictly to the implementation of the previously announced test adjustment and the extension of the deferral program, if possible.

Thank you very much indeed to everybody for your attention and for the opportunity to present today. We look forward to your questions.

● (1520)

The Chair: Thank you, Mr. Taylor and Ms. Taylor.

We will begin our questions with Ms. Kusie for the Conservatives.

You have six minutes.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Before I move to my questions, I want to bring a notice of motion to the committee, please.

The Chair: Go ahead.

Mrs. Stephanie Kusie: Thank you.

The motion reads, “That the committee call upon the Canada Mortgage and Housing Corporation to appear before the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities before September 30, 2020, as part of our study on the government’s response to COVID-19, and that they appear for no less than two hours.”

The Chair: Very well.

Mr. Clerk, I believe that this does touch on the business of the committee.

Mrs. Kusie, is it your wish that this serve as notice of motion; or do you want the motion debated now?

• (1525)

Mrs. Stephanie Kusie: Well, as I understand, I can only provide a notice of motion today, given that it is not under committee business. However, if you deem it relevant under COVID-19 business, then certainly we can move to a discussion at this point.

Alternatively, as I did mention, this is the notice of motion. Given that we have witnesses here today, we can perhaps take half an hour aside or put some time aside for our next meeting, at which time we can discuss it.

The Chair: Thank you, Mrs. Kusie. I’m happy to set aside time at a future meeting. I would, however, say that CMHC seems to me to be a relevant witness. It would simply be a matter of adding them to the witness list. I think the only thing that’s particularly unique about the motion is the request that they be there for two hours. We may or may not need to debate this, but thank you for providing notice.

Go ahead with your six minutes.

Mrs. Stephanie Kusie: Thank you very much.

Mr. Taylor, thank you very much for being here today. I’m sure you saw in the news recently that media had reported that CMHC will study the prospect of a federal home equity tax that would see residences taxed as capital gains. How would a home equity tax impact the housing market?

Mr. Paul Taylor: I think a tax on equity would alter an awful lot of things, actually, and would probably be really detrimental in a number of different ways, but to be fair, I think that the study that’s being conducted by CMHC is actually really more through an academic grant that’s been provided to a think tank in B.C. I don’t know if it’s specifically a policy that is being investigated directly by CMHC. That said, I think it would not be a very good policy to be implementing in Canada at this point.

An awful lot of folks within, I would say, the aspiring middle class—as well as the established middle class, frankly—have been considering that their home is their largest asset. Having that tax haven on a primary residence for an awfully long time has made it, I think, for most, the nest egg or the centre point of their retirement

funding. In doing what would likely feel like changing the rules on their investment strategy mid-term, you likely would end up eroding the value of the retirement portfolios of a significant number of Canadians today, which would have additional knock-on effects to the grander economy through very traditional wealth effect issues that any economist would tell you about. It would certainly not be a good day for the grander economy in terms of a continuation of fund and fluidity, I would say.

Mrs. Stephanie Kusie: You talked in your opening statement about first-time homebuyers. Do you think a home equity tax would make it more difficult for first-time homebuyers wanting to enter and invest in the real estate market?

Mr. Paul Taylor: As I understand the structure of what has been proposed, because the tax is due at the time that you sell your home, I don’t think it would make much difference to folks who are considering entering into the space, but it definitely does alter the value proposition for folks who previously would have been considering it as potentially something to pursue, and not only for the security of having a place that’s your own where a landlord cannot sell the property out from under you or move a family in. There’s an awful lot of security in housing that is available to folks who own their own home, but if the investment advantage, the tax haven, for a primary residence is removed, I think it would certainly affect people’s decision to potentially enter the market.

Mrs. Stephanie Kusie: We talked a little bit about what you think the impact on the housing market would be. We often think of how the current Reaching Home plan does not consider moving people further along the housing continuum. How do you think the home equity tax would impact the housing continuum as a whole, in an effort to move people away from homelessness and along the housing continuum? Do you think an equity tax would have any impact on that, and how? Where do you see the pinch marks in that?

• (1530)

Mr. Paul Taylor: It’s difficult to comment on that without having a really good understanding of what the proposed structure of that tax would look like. I think it would be disastrous to simply implement, as a switch, a 50% capital gains tax on the equity for everybody all at the same time. I envision that, if such a thing were ever actually to be contemplated to be implemented, it would have to be tiered over time. If that were the case, the impact would be really difficult to understand without seeing exactly how the tiering is actually going to occur through that period.

I can tell you today, though, that because home equity without the tax tends to be the largest driver of net wealth creation for individuals, it's also the thing that has permitted people to graduate through the housing continuum as you've described there. A young couple might start in a condominium with one bedroom, and as the family starts to grow, they'll move into a two- or three-bedroom home. It's quite specifically because they're not only able to retain the equity increase, if there is a potential increase in the property itself, but the forced savings of the mortgage itself actually help to create wealth so that they're able to make the next step into the larger property.

If they were to have to sacrifice some of the equity to a tax, it would make the process of moving through that continuum a slower process and it would potentially constrain people to smaller residences at the onset of the tax, but it's really difficult to comment on that without fully understanding what the structure of such a tax would actually look like when it would purportedly be implemented.

The Chair: Thank you.

Next on my list is Ms. Young, but I have a note that she is having some technical difficulties and is trying to get back on, so the next slot is for the Liberals.

Mr. Vaughan, would you like to proceed, or is there someone else on the Liberal side ready to go?

Mr. Adam Vaughan (Spadina—Fort York, Lib.): I'm good to go.

As a very quick reassurance, Mr. Taylor, the minister and the head of CMHC have both rejected the idea and communicated that to your organization. The line of questioning we just heard, while interesting, is not applicable to any policy decision the government is going to make.

Mr. Taylor, we've communicated that we're not pursuing that idea under any circumstance. That's been communicated to you.

Mr. Paul Taylor: It has to me. You will know yourself that, once the news actually broke that CMHC was studying such a thing, we reached out to your office directly. I think you're one of the first to assure us that.... I think CMHC, probably quite rightly, has certain funding arms to pursue academic research to examine all areas of the housing continuum, so the topic of such an equity tax is probably not off limits for anybody who's being funded through that, but I don't think it's an indication, and I certainly don't receive it as an indication, that there's a particular policy examination for such a thing at this time.

Mr. Adam Vaughan: Thanks very much.

Ms. McGee, I have a couple of questions on Reaching Home.

We have been asked by some of the opposition parties to end Reaching Home and to send the dollars straight to provincial capitals and not to front-line services, particularly in B.C., by the member for Vancouver East, Ms. Kwan. What would the impact of that be on some of the prairie provinces—Manitoba, Saskatchewan, Alberta—where support for homeless services, in particular harm reduction, has been very slow to meet the front-line needs of a COVID response?

Ms. Susan McGee: For our effort, I think it would have a very negative impact. I would say that Reaching Home needs to be understood, and our local efforts generally, because we certainly administer investments in homelessness by other orders of government. The important underlying focus is that it is a coordinated approach and a community commitment to work in a coordinated way and in alignment with any homelessness.... Harm reduction is definitely a principle of the Housing First program. The Housing First program, which is also strongly reinforced by Reaching Home, is client-centred and client-focused, focused on the potential of individuals. Agencies are really empowered, as well as front-line staff.

I think one of the things that don't necessarily get generalized or understood around Housing First is that it really empowers the decision-making at the front line to support individuals in ending their homelessness in a way that has the most sustainable outcome in the long term, and that happening in a coordinated way has been critical to communities being able to really move the bar—not just for a person, not just for a program, but as a community.

In the absence of that, we run the risk of just cycling people through other programs, and having a very programmatic structure ensures that people just don't get the traction that we're working so hard to provide them.

• (1535)

Mr. Adam Vaughan: In terms of the \$19-billion restart fund that we just delivered to the provinces and territories, how much of that have you received so far?

Ms. Susan McGee: Through Reaching Home, Homeward Trust received about \$6.4 million through our entity commitment, as well as indigenous funding of \$1.1 million. Those are rounded numbers.

Mr. Adam Vaughan: That's out of the restart program that we just recently shipped to.... It's federal money that's being distributed by the province to your organization.

Ms. Susan McGee: No, sorry; that was out of the initial announcement of the \$157-million Reaching Home. The other funding for Homeward Trust directly has not as yet been cascaded through the programs that are focused on homelessness in our community.

Mr. Adam Vaughan: That's the risk of funding the provinces and asking them to do federal work. Sometimes the provinces have different priorities, and therefore the money wouldn't get to the front lines. And it hasn't.

Ms. Susan McGee: Yes. It certainly has some risk. Good plans and good scenario planning can't happen in a bubble. That's the risk.

Mr. Adam Vaughan: In terms of the acquisition of assets to support distancing people, quarantining people and providing health services, how many sites has your organization helped secure during COVID to provide more stable housing for individuals who are in precarious situations?

Ms. Susan McGee: We've taken a bit of a different approach, not through acquisition but through head-leasing and negotiating with a hotel operator. We have a couple of other permanent supportive housing projects in play. We're still hoping to secure capital through the CMHC grant.

We've taken the approach that we really want to have both a short game and a long game in terms of immediate crisis response, but we want to make the best long-term investments for our community. We did look at a lot of things initially. We were concerned about really tying up money that needed to be thought through better.

Mr. Adam Vaughan: I have one last quick question. In terms of the CERB or basic income delivered by the federal government, and in terms of housing supports for individuals, do the supports work better when the assets are owned? That would drive down the cost of delivering those programs. Would you recommend that we support the acquisition of sites as we build out supportive housing networks across the country to deal with both COVID and homelessness going forward?

Ms. Susan McGee: Absolutely. We really do need longer-term planning when it comes to our assets and to homes and housing. We are building housing for people, not just temporary transitional spaces. It ensures that we can plan ahead. That's achieved through acquisition, certainly thoughtfully; when when we work in communities, that is what we aim to do. That long-term commitment is pretty critical to being able to ensure long-term success.

Mr. Adam Vaughan: To be clear here, basic income works, but it works better when there's affordable housing attached to it. In other words, if there's a system to tie it to, then basic income goes further, works harder and provides more support for people.

Ms. Susan McGee: It would be what we look to in terms of turning the lights on and in terms of capital and operating capital. Then we can bring supports to the individuals as they need in order to ensure they have the greatest opportunity for success.

The Chair: Thank you.

[Translation]

Ms. Chabot, you have the floor for six minutes.

Ms. Louise Chabot (Thérèse-De Blainville, BQ): Thank you, Mr. Chair.

Welcome to the witnesses. I am pleased that we were able to meet again so quickly.

My first question is for Ms. McGee.

Thank you for your testimony. You talked about the issues of homelessness and social housing. You have this particular organization in Alberta, but I think these are important concerns in every province. They were important before the pandemic, but they have become even more pressing during the pandemic. Earlier, you said that you are a leader.

If I understood correctly, you said that community organizations sometimes see confusion between levels of government. You believe that we should let organizations govern because they are able to better understand the needs of the community. As we have seen, ecosystems in every province have a role to play in meeting the demand when it comes to both homelessness and social housing.

Don't you think that agencies and provinces should be allowed to lead and that the federal government should support them with funding?

• (1540)

[English]

Ms. Susan McGee: I think when we talk about organizations, there are certainly different types of organizations that fulfill different roles in both responding to a crisis and maintaining a focus on long-term solutions. While both are needed, if they're not coordinated, we just continue to do what we've always done, and it is a very expensive response in the long run.

Certainly our role in working with the 25 agencies that we contract with is to really strengthen and reinforce what they are focused on and what their capacity is and to rely on it heavily. However, no one social delivery organization, be it a shelter or a drop-in or another, will necessarily have the alignment to really focus on longer-term community successes. There are organizations that focus on that, such as Homeward Trust and other entities across Canada. Really, it's about looking at and acknowledging that we do have a system that responds to and either helps people or, in a worst-case scenario, actually contributes to their experience of homelessness if it's not delivered really effectively and impactfully. When we talk about those organizations, that is very much what we do.

In terms of prioritizing, we apply a lot of rigour around ensuring that we are having the greatest impact for our resources, and we do that as part of the added value locally. I think the other thing I would note is that for Homeward Trust and the multiple streams of funding that we administer, we try to alleviate administrative pressure on agencies, and we are able to utilize money from different streams in a really intentional way.

[Translation]

Ms. Louise Chabot: Thank you for your answer.

That said, often, thanks to the coordination efforts in the provinces, each of the communities is able to see what the best means and solutions are, depending on the ecosystem. Sometimes, attempts are made to impose uniform policies across the country, but that may not be the solution. I understand your answer and I respect it.

Let me ask you a second question, which is simple. In the event of a second wave of the pandemic, given what we have been through, what would your apprehensions be? What would have to be done?

[English]

Ms. Susan McGee: In Edmonton, we simply do not have the square footage to allow for and support a response with the appropriate distancing, should any of our shelters have to close in response to a pandemic. So there is definitely a priority, real-time focus on space, and we need to be able to mobilize resources very quickly. The ability to continue to do that relies on continuing to support a coordinated approach, but the ability to do that as we did in the first few weeks has shifted. My concern is that our thinking has regressed a bit towards our less confident approach to solving problems.

[Translation]

Ms. Louise Chabot: Thank you.

Mr. Taylor, you talked a lot about mortgages. One of your recommendations is to extend the deferral period for mortgage payments by at least six months. Could you tell me how you came up with your assessment of the required period? Do you know how many Canadians have asked for this deferral?

Furthermore, are you not concerned that, when interest rates are very low, household debt is high? Actually, household mortgages can account for as much as three-quarters of a household's debt.

How can your proposal be reconciled with the fact that 8.6 million unemployed men and women in Quebec have asked for emergency assistance? Don't you see a danger there?

• (1545)

[English]

The Chair: Give a short answer, please, if you can. We're out of time.

[Translation]

Mr. Paul Taylor: Thank you for the question. I apologize for answering in English, but my French is very bad.

[English]

We decided that an additional six months' extension on the mortgage deferrals was required because the people who we think are most significantly impacted by the COVID-19 shutdown are the folks working in travel, tourism and hospitality-related industries. Some are anticipating that it's going to be at least 12 months from last April before the airline industry, for example, really gets anywhere close to previous volumes. The folks involved in those industries are not generally in low-paying professions; they will be in very secure roles once those activities return.

As we said, we really do expect there to be an extension of credit to only the folks we anticipate will actually have a good opportunity to be able to begin to repay those loans once they return to work. In March when the announcement that deferrals were available was made, you will probably all recall that there were record-breaking numbers of phone calls to banks and lenders as people tried to avail themselves of those deferrals. Just because of the sheer volume of requests, the deferrals were given to effectively everybody. There wasn't an awful lot of means testing, and so there were an awful lot of people in those programs who probably didn't actually need them from a cash-flow perspective, which is why, encouragingly, we're now seeing a number of people sort of step out voluntarily to

make those payments again. We do think there are some sectors of industry that likely will continue to need that support beyond September and October.

The Chair: Thank you.

Ms. Gazan, go ahead, please, for six minutes.

Ms. Leah Gazan (Winnipeg Centre, NDP): Thank you, Mr. Chair.

It's really nice to see all of my colleagues on the HUMA committee. My first questions are for Ms. McGee.

During this unprecedented time in history, as we've seen in other unprecedented times in history, critical social programs that have been created have collectively benefited all Canadians. There was, for example, employment insurance. I believe that now is a time in history when we have a chance to restructure our economy in a way that is more just and equitable for all. I recently introduced motion 46 in support of a guaranteed livable basic income that would be in addition to all current and future government and social programs, including accessible affordable social housing. How do you think a guaranteed annual livable income in Canada could help realize our international legal obligations to ensure the human right to housing?

Ms. Susan McGee: We have supported, certainly within the Canadian Alliance strategy, the value of a livable income. I know there's a lot of analysis and there are more discussions to be had about that. The pandemic really is a convergence of different groups and different levels of need. As much as most individuals we support who are currently living rough are a day-to-day emergency concern, we look at the horizon of the next few months and we know that many more people will come into and experience homelessness perhaps for the first time. They will come into a system that right now is quite eroded in its ability to respond through front-line social agencies, the civil society if you will, but also through government programs because individuals have really tenuous housing circumstances and what the next few months will bring is very difficult to predict and we're kind of guessing. What we do know, however, is that we're not ready for it.

Ms. Leah Gazan: Thank you very much. I completely agree with you and I think, knowing that we could be in this for two or three more years, we need an urgent response to ensure that we can keep people out of poverty. That being said, can you speak about the critical importance of ending homelessness and ensuring adequate housing for all within the government's COVID-19 response strategy? I know that in my riding of Winnipeg Centre, which is the third-poorest in the country, we now have families going into shelters because we just don't have enough houses even for families, and that means kids becoming homeless and living on the street. That's another reason to speak to the importance of guaranteed livable basic income. How, going forward, is this going to be critical in the emergency response to COVID-19?

• (1550)

Ms. Susan McGee: In terms of the individuals we are currently seeing, such as the increased number of people living rough, they are many of our most vulnerable individuals. They have often complex needs. They are requiring a high level of support. As our most vulnerable community members, they have very few options. It's very critical right now. I mean, the reason we get out of bed every morning in our organization is to end homelessness. I would say that one of the things that really keep us motivated is the fact that we know we can. One person at a time, we have provided housing solutions, and it has reduced costs in other systems.

When we are faced with such a huge human cost and we know we can do something about it, and when in the context of a pandemic we've been working really hard collectively in a different way and in a better way, I think it's incumbent on us to really take the moment and continue to do that work. It certainly is a situation where it is the most vulnerable and it's a convergence of people with different pressures. Right now we're seeing more and more people really succumb to significant pressures on their mental health and their ability to just maintain themselves.

Ms. Leah Gazan: Yes. I totally agree.

I have one last question for you. Do you believe the national housing strategy should be revised or revisited to consider the increased vulnerability and housing insecurity facing Canadians as a result of COVID-19? I think you've spoken to a lot of that. My concern is that we have a homeless crisis, certainly in Winnipeg Centre, that I believe will grow rapidly. How should the response change as the situation rapidly changes?

Ms. Susan McGee: You know, the national housing strategy has some really important moves forward. It was a significant step forward for our country to have such a coordinated strategy that was absent for so long. I would really underscore that we need to do things faster, providing housing in a well-thought-out business model, which is the way the program was designed, and prioritizing vulnerable people, which it does. It still relies, however, on a level of risk mitigation where, at the end of the day, we're just downloading on people. They will remain in the situation they're in for far longer if we don't expedite the program and the delivery of the decisions that have already been made.

The Chair: Thank you.

Mr. Vis, you have the floor for five minutes, sir.

Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC): Thank you, Chair. I will be sharing some of my time with MP Vecchio.

I have just a quick comment regarding Mission, British Columbia, the community I'm in right now. The number of homeless has tripled from about 63 in 2017 to 178 in 2020, which is more than any other municipality in the Fraser Valley regional district. As a community, though, we are too small to qualify as an urban centre and too big under the rural stream for Reaching Home. In essence, we are the missing middle.

I just want to share with committee members that right behind me is actually the shelter where homeless people live. We don't qualify for that funding. I was pleased that Abbotsford got some. Mission really needs support too, but we don't get it.

I'll switch now to the mortgage brokers. I've heard directly from mortgage brokers regarding the Canada emergency business account. They have shared that the CEBA is being pegged against their mortgage debt when applying for a mortgage. In some cases it's impacting their ability to purchase a home.

Has your organization heard anything about this taking place?

Mr. Paul Taylor: I have not, actually, until this moment.

Elaine, is there anything from your side?

Ms. Elaine Taylor: No. I have not heard that either.

That is new news, if in fact that is happening.

• (1555)

Mr. Brad Vis: As I understand it, the CEBA is not meant to count against someone's overall debt when applying for a home. Maybe we need to have a conversation with some of those local banks or credit unions.

That was really my only big question. I will turn it over to MP Vecchio unless you have another quick comment, Mr. Taylor.

Mr. Paul Taylor: I do, only to say please get in touch with my office directly if you actually have those scenarios with constituents in your riding. We will certainly do our best to assist anybody with whatever expert knowledge is needed. We have members throughout the continuum, so we'll certainly do our best to help.

Mr. Brad Vis: That's very helpful. Thank you.

Mrs. Karen Vecchio (Elgin—Middlesex—London, CPC): I'm going to move over to Ms. McGee.

Ms. McGee, we know that in 2016 and 2018, point-in-time counts were done, and looking at those gives us an idea of what homelessness looks like. In 2020, of course, it's been postponed.

What kind of impact will that have on data collection, and what will we be able to do so that we have that coordinated response that you speak of?

Ms. Susan McGee: That's an interesting question, because I have worked closely with the department on that through the data committee that we participate in.

There will be a data gap, but we also have communities that have been working and implementing their outreach through a registry and a by-name list. I've suggested that we have a parallel approach, so that in the absence of data, we curate what communities do have. Most importantly, as is always the case, counts are not absolute, but they're trends, and we have really good trending information. Unfortunately, it's not a good picture.

Mrs. Karen Vecchio: Okay. That's great to know.

When you're looking at first-time homelessness, I know that for many people who are unfortunately finding themselves without a home, it is for the first time and it is due to the pandemic. What does that look like, and are there any factors we should be looking at? Are there financial needs because of the pandemic, or is it something to do with a variety of addictions and other things that are occurring? What would you say is one of the biggest causes during this pandemic for increased first-time homelessness for people?

Ms. Susan McGee: Certainly I think we need a serious look at an emergency response fund that some provinces have had, as well as an expansion of accessibility to what exists now. Sometimes the thresholds for accessing emergency dollars are very high. We actually spend a lot of time, money and resources just maintaining a barrier against individuals who are trying to access supports that can transition them out of homelessness very quickly, so I think we need a deeper dive into that. For some, that it is a very light touch and can happen quickly, and for others there doesn't need to be a commitment for ongoing support so that they're not cycling back into what was the wrong housing situation in the first place.

Mrs. Karen Vecchio: Okay. I'm going to switch over very quickly to Paul Taylor.

Right now, what are you seeing on the trends when it comes to the first-time homebuyers getting into the market during this pandemic?

Mr. Paul Taylor: There is an awful lot of transaction activity across the country, I think. We are running a series of consumer surveys. The first of those reports was released just last week. Every six weeks between now and the end of the year we'll be going back out to consumers to get their sense.

We are concerned about that September-October deferral cliff. We think it may well impact people's sentiment about what they're doing with housing, but that's no surprise. The lockdown has made an awful lot of people a whole lot more critical about their current living environment and whether where they're living is actually suitable for their situation. Across the last couple of months, there has been a lot of pent-up demand that is not necessarily economic but is based more on lifestyle, it would seem.

As our chief economist reminds me all the time, we have been surprised by numbers every single month. We would be foolish not to expect to be surprised for the next three months, frankly.

The Chair: Thank you.

Finally, we're going to go to Ms. Young.

You have five minutes, Ms. Young.

Ms. Kate Young (London West, Lib.): Thank you very much, Chair, and I apologize for that. I actually lost connection for a good 10 minutes, so I apologize if I'm repeating anything that's already been asked.

Ms. McGee, you mentioned that you have established new partnerships because of COVID-19. You mentioned hotels, and here in London our city has been using a hotel. I wonder about the sustainability of that model. As you said, something is going to have to give. What will happen to those 600 people in Edmonton who are being housed in hotels right now?

Ms. Susan McGee: To clarify, the 600 I cited are actually housed in apartments and are being provided support. They're in self-contained units. Housing First relies largely on the market housing that's available, and working with landlords. They do pay rent, so they're under the RTA.

The Coliseum Inn, which we had leased, is providing for approximately 100 people at any given time. It's bridge housing, so it isn't housing, because it's very short term. It's helping us transition people who are living on the street, as opposed to in shelters. We have a very different growth in our encampment population and our living-rough population versus our shelter population, so it plays a different role.

On your question about sustainability and making short-term decisions that are, quite frankly, very expensive, when we look at per diem rates in a hotel response versus owning something that can be part of our social infrastructure in the long run, that's one of the reasons we haven't put short-term investments into things that will have greater risks in the long term. However, we do have a pipeline of properties that we would look at procuring and operating with a very good opportunity in terms of cost in order to have longer-term solutions immediately in our community.

I think communities that have gone that route are struggling with the costs of what to do now. That hasn't been our strategy, in the short term at least, but we certainly have a pipeline of properties that we would look at.

• (1600)

Ms. Kate Young: Thank you.

Indigenous homelessness has been an issue that we've grappled with in London, and I was pleased to support a motion by MP Gazan to actually study indigenous homelessness. It's been put on hold because of COVID, but of course the problem is that much worse. I just wonder if you could comment on how COVID has changed the dynamics, if at all, for indigenous homelessness.

Ms. Susan McGee: The homeless community in Edmonton certainly has a dramatic overrepresentation of indigenous members, but we have looked at the relationships with nations, to try to support those nations and support their members where possible. That's one of the strategies that the COVID-19 response with Reaching Home has allowed us to do, because it has created some flexibility so that we are able to work directly with nations.

Amongst the organizations that are indigenous, our community was not really previously involved in homelessness responses, but we've been growing our relationships to have more of a community response that touches on a wider range of services—focusing on prevention, providing kits for families and helping with food security—through a lot of different relationships to work more directly around those organizations and to build new relationships with them. Consistently about 65% of our community experiencing homelessness is indigenous, and within that community there's a lot of turnover between communities as well.

Ms. Kate Young: I also want to pick up on something that MP Vaughan was talking about, which was money flowing from the province and maybe some of the concerns there. Certainly in some provinces, they're not getting the funds necessary within the right time frame.

Is building new housing the answer to this? Is that really the bottom line of what we need to do?

Ms. Susan McGee: We definitely need more product that is dedicated in perpetuity to the community, which is our social housing and community housing stock. We absolutely do. We also need processes to ensure that people access that and that they are prioritized. Honestly a fear that I think many have in the sector is that we build new housing, but then in the near term it isn't prioritized for the people it was built for.

Our system needs to ensure that this dedication of capital goes to the need it was intended to serve. The programs we work with right now try to message that consistently. We have “haves” and “have-nots”. We have have-nots amongst the haves and have-nots, and typically, the system will tend to start to house people who are less expensive to serve and who create less overhead. Our systems need to be designed so that we ensure that the significant capital and efforts that we put in go to the people who need them.

Ms. Kate Young: Thank you very much.

The Chair: Thank you, Ms. McGee.

Thank you, Ms. Young.

Colleagues, we are going to suspend while we welcome Ms. Corriveau. I would ask you all to stand by. I expect this will be a very brief suspension while we just do a sound check, and as mentioned before, the witnesses who are with us right now have agreed to stay on in case you have other questions once we hear from Ms. Corriveau. We stand suspended.

• (1600) _____ (Pause) _____

• (1605)

The Chair: We are now back in session.

[*Translation*]

I would like to welcome Mrs. Marie-José Corriveau from the Front d'action populaire en réaménagement urbain.

Mrs. Corriveau, thank you for appearing for the second time.

You have the floor.

Mrs. Marie-José Corriveau (Coordinator, Front d'action populaire en réaménagement urbain): As mentioned, my name is Marie-José Corriveau. I represent the Front d'action populaire en réaménagement urbain (FRAPRU), a group that was created 41 years ago. It is made up of 140 organizations from across Quebec that are concerned about poverty alleviation and housing rights. FRAPRU primarily calls on higher governments in order to advance the right to housing and access to social housing.

In terms of the government response to the pandemic, FRAPRU is grateful to the federal government for quickly setting up the Canada Emergency Response Benefit (CERB), which has enabled households to meet their basic needs, such as food and housing. However, FRAPRU is disappointed, even shocked, by the disproportionate amount of money made available to the wealthiest versus to the poorest and most vulnerable households to get through the health crisis. In terms of housing, just like after the 2008 economic crisis, Canada decided to primarily help banks, insurance companies and property owners, leaving tenants to fend for themselves. We are coming out of these last few months with an increased sense of injustice.

Moreover, the CERB failed to prevent 3,000 Quebec households from having to resort to the Quebec program set up to help tenants unable to pay their rent after losing their jobs and suffering drastic cuts to their incomes. The next few months will be worrisome for many of them, as they will have to pay back loans without necessarily having found a job by that time.

However, one good thing about the pandemic is that it has reminded us of the close and incontrovertible connection between the right to housing and the right to health, and of the fact that housing is one of the main determinants of health. The lockdown measures imposed to minimize the risks of the spread of the coronavirus have not been experienced by everyone in the same way.

How can you be in lockdown when you just don't have housing? How can you stay locked down in a house that is too small, unhealthy or suffocating because of successive heat waves? How can you stay healthy when rent takes up an inordinate part of the family budget to the detriment of food, medication and other necessities, such as a mask or the Internet? How do you cope in times of lockdown when you depend on community resources for food, clothing and transportation on a daily basis, but those community resources have to cut back on their activities to comply with the rules of physical distancing?

For too many households, the pandemic is yet another crisis in a life fraught with peril. Already, as of the 2016 census, 1.7 million Canadian households were in core housing need—that is, living in housing that is substandard, too small or too expensive. The overwhelming majority of them are poor renters. In Quebec, the approximately 244,120 tenant households in core housing need had a median income of only \$17,612 for all of 2015.

Since the last census, things have become worse. A housing shortage is spreading and taking root in Quebec's major cities, as in several other Canadian provinces. Here, the vacancy rate for rental housing is only 1.8%, and it is only 1.5% in the census metropolitan areas of Montreal and Gatineau. This represents half of the 3% threshold that is supposed to guarantee a balance between landlords and tenants. In Gatineau, the average market rent increased by 10% between 2018 and 2019, in a single year.

The impacts are devastating and will unfortunately last. Many tenants are under undue pressure to accept unjustified rent increases. On the ground, it has been observed that the rents charged for rental units this spring were well above the average current price. However, as the shortage seems to want to last, the concern is that this inflationary trend will continue. Among the hundreds of Quebec households who were unable to find new housing and who found themselves homeless last month, in July, many had been repossessed or “renovicted” because their landlords were trying to get rid of them, especially if they were long-term tenants and paying low rent.

Searching for housing in the midst of the pandemic is also problematic, if not impossible, for poor households that do not have access to the Internet because they do not have the equipment, because the system is too expensive or because the service is simply not available in their areas. Many, including families, racialized people and the poor, have also been discriminated against because of their condition, regardless of their credit or rent payment history, without any truly effective recourse to defend themselves. The shortage is literally pushing households to the brink of homelessness in the midst of a pandemic.

• (1610)

Finally, let's remember that, too often, to find new housing, the households thus displaced have had to leave their neighbourhood, their city, or even their region, thereby losing their family and community support network.

Under those circumstances, FRAPRU hoped that the federal government would not only quickly review the programs to help the poorly housed, but that it would also invest more in social housing

as part of the national housing strategy. To date, it has done neither of those things.

Yet in 2017, when the national housing strategy was adopted, the government also identified households in core housing need. However, the resources announced to assist them came with serious gaps, making those measures ineffective. FRAPRU then identified and denounced those problems. If you wish, I can give you some examples.

Since the pandemic was declared, the unemployment rate has soared. Now, a second wave is looming, as well as a recession, or even an economic crisis. Governments are investing massively to support different parts of the economy. FRAPRU is asking them to relaunch a major social housing project and to adequately finance the refurbishment of all those units already built. So far, Ottawa's response has been extremely disappointing and detrimental to what is to come.

Beyond the health and economic crises, we believe that the government has a duty to protect the poorest and most poorly housed from the environmental crises that are now certain to follow. To do so, it must stop procrastinating and start investing again in social, non-profit and non-market housing. To fund the effort, the government has no shortage of resources. Here are a few examples. It can reduce its investments in fossil fuels. It can review its tax system, withdraw the tax benefits granted in recent decades to the wealthiest and restore a more progressive tax scale. It must also fight more seriously against tax evasion and tax avoidance. However, whatever avenues it chooses, it must better protect the most vulnerable, otherwise the political and economic damage will be disproportionate and the social fractures likely to be irreversible.

I hope I have stayed within the time limits.

• (1615)

The Chair: Yes, absolutely. It was probably a challenge for the interpreters. Anyway, thank you very much.

Mrs. Marie-José Corriveau: I had sent my document in advance to make it easier for them.

The Chair: That's fine.

We will now go to questions from members, starting with Mr. Vis.

I would like to remind members that their questions can be directed to any of the witnesses who are still here.

Mr. Vis, you have the floor for six minutes.

[English]

Mr. Brad Vis: I don't believe it's me, Mr. Chair. I believe it's Mr. Albas.

[Translation]

The Chair: Mr. Albas, the floor is yours.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Mrs. Corriveau, thank you for your testimony.

Recently, the Government of Canada announced a one-time payment of \$600 for people with disabilities to help with the additional costs they are facing during the COVID-19 pandemic. The government recently announced that this payment would not be made until the fall, several months after Canadians have felt the impact of COVID-19 on their expenses.

Based on your work, you have experience working with individuals living in low-income housing, some of whom may be experiencing financial hardship because of a disability. How important do you think it is that this tax credit be provided sooner than currently estimated by the Liberal government?

Mrs. Marie-José Corriveau: I would like to come back briefly to a number of points.

First, we have to remember that most people with physical disabilities receive social assistance and that their income is extremely low. I don't know about the rest of Canada, but at least that's the case in Quebec. That's the first issue. They generally have no savings. They spend their cheques as they receive them, because that is the only way they can manage. They are in survival mode.

As for the second problem, as I mentioned, there is a shortage of housing, particularly housing that is adapted for people with disabilities. They are basically confined to their homes year-round. They are already having a hard time finding resources to support them and it is already difficult for them to move around. Clearly, under such circumstances, when they cannot count on any savings, they cannot be asked to fund this effort.

The government has to subsidize people. First, the Government of Canada needs to increase transfers to the provinces and encourage the provinces to increase social assistance benefits, especially for those people, but also for all poor unemployed people. They should not be asked to fund this effort because they are not able to do so. Therefore, they should be paid an amount quickly, as the government has done with the CERB.

I'm not sure whether that answers your question.

Mr. Dan Albas: I agree with what you're saying.

Based on what you have heard from individuals and families living in low-income housing and from your organization's perspective, what will the future concerns be in terms of providing people with decent living conditions?

Does FRAPRU have the resources to continue to provide assistance?

Mrs. Marie-José Corriveau: I'm glad you asked me that question. I didn't have time to address it in my presentation, but I wanted to tell you about it. The problem is renovating, improving and modernizing existing low-income housing to which the federal government contributed more than 25 years ago. The federal government has responsibilities to the provinces, to municipalities and, most importantly, to the households in low-income housing. However, those units have often been poorly or inadequately main-

tained. Preventive maintenance has been neglected for decades. In Quebec, we are facing a significant deficit, to the point that, as we have seen in Toronto in particular, buildings and low-income housing units are boarded up and uninhabitable because of a lack of proper subsidies to keep them in good condition.

Currently, the Fédération des locataires d'habitations à loyer modique du Québec estimates that Quebec needs \$420 million a year to refurbish its 71,000 low-income housing units. For its part, the Office municipal d'habitation de Montréal, which owns 12 boarded-up buildings totalling almost 300 low-income housing units, needs \$1.2 billion over five years or \$150 million per year for 20 years to complete its 2017 replacement, improvement and modernization plan.

Just this week, I spoke to the director of the Office municipal d'habitation de Montréal, which has just received its budget for 2020-2021. This budget will not even allow for the restoration and rental of low-income housing that has become vacant simply because the occupants had to leave for one reason or another. In short, not only are we unable to refurbish and rent out boarded-up housing, but we are not even able to rent out those whose previous occupants just left. It makes no sense.

In our opinion, this is the responsibility of both levels of government, but certainly and first and foremost of the Government of Quebec, which is the main funder. For years, if not decades, it has systematically refused the preventive maintenance plans proposed by groups and municipalities to keep the supply of low-income housing in good condition. As someone who has been working in the field for a long time, I can attest to it. So this is the first urgent priority.

Furthermore, not only is the national housing strategy's funding for retrofitting buildings in good condition clearly insufficient, but we are also outraged that the government is maintaining its game plan to eventually stop funding and subsidizing the rent of the families that will occupy those units. From now on, after a decade or so, the responsibility will fall on neighbours, provinces, municipalities and territories. It makes no sense for the government to offload the responsibility and thereby abandon poor families. That was the second point I wanted to make.

The third point relates to the need for social housing. As I mentioned, in a number of large cities in Quebec, but also in Canada, we are seeing huge increases in the cost of rent. Poor families are no longer able to find decent housing in large cities. Financially, this would require impossible efforts on their part, because their budgets are clearly insufficient.

For its part, the government has chosen to fund what it calls affordable housing. Affordable housing is not affordable for low-income households and households in core housing need. Affordability is relative. What is affordable for you and me is not affordable for a poor family.

To have lower rents, we must stop setting targets based on current prices and instead set targets based on the ability of tenants to pay. To do so, we need to subsidize rents. The only solution is to rebuild and develop the supply of social housing so that we are not constantly starting all over again. Right now, among OECD members, Canada ranks 16th in terms of the proportion of social housing on its territory. This is obscene. We are part of the G7. Abandoning poor households in this way makes no sense. On our end, we believe that the government needs to drastically review its investments in developing new social housing and, above all, to focus its efforts in this sector.

• (1620)

We can't even blame the private market; it's doing its job, it's trying to make a profit. I'm sorry, but when you're out to make a profit, it's not true that—

The Chair: Thank you, Mrs. Corriveau.

Mrs. Marie-José Corriveau: Excuse me, Mr. Chair.

The Chair: I gave Mr. Albas six minutes, but we're well over that.

Thank you, Mr. Albas.

We'll now go to the Liberal side with Mr. Kusmierczyk.

Mr. Kusmierczyk, you have the floor for six minutes.

[*English*]

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you very much, Mr. Chair.

I just want to say what an excellent conversation we're having here this afternoon and to thank my colleagues for the excellent questions and the panellists for the excellent responses.

My question is directed to Ms. McGee and Madame Corriveau. I'm not sure if Ms. McGee is available.

Vancouver recently did its annual homeless count and for the first time they used race-based data, which revealed and confirmed that people who identified as black and as indigenous were disproportionately represented among the homeless population. Statistics Canada recently released its labour force survey, again using disaggregated race-based data for the first time, and it revealed that COVID-19 is hitting hard Canadians who identify, for example, as south Asian, Arabic, black and indigenous.

How important is the gathering of disaggregated race-based data when it comes to housing and homelessness, and why is that important?

• (1625)

Ms. Susan McGee: I would just comment in general that it's very important. Data, information, everything we know, prepares us better for solutions. It's important in sharing with the rest of Canadians and recognizing that the pandemic has really hit some of our

most marginalized community members the hardest, and those experiencing racism. That data goes to support that. It obviously needs to be collected with care and good intentions for sure. I really do adhere to the principle that we are best positioned to solve the problem the better we understand it. One of the things about the pandemic is that it has clearly demonstrated that those who have been previously marginalized and have difficulty accessing support services and employment have had an even more difficult time at this juncture.

Mr. Irek Kusmierczyk: Thank you very much.

I would ask Madame Corriveau for her opinion on this too.

[*Translation*]

Mrs. Marie-José Corriveau: I agree with everything the previous speaker said. We obviously need data to be able to see as clearly as possible the challenges we are facing and to be able to find good solutions.

But the fundamental problem with homelessness is the whole debate about what is and what is not a proper count. A few years ago, the City of Montreal counted about 3,000 homeless people in Montreal. However, that is not what we are seeing on the ground. They only counted people who, at a given time or on a specific day of the year, were on the street, period. They did not take into account all the strategies that people who are homeless or experiencing homelessness use, such as sleeping sometimes here and sometimes there. For example, I think of women who have become homeless because they can no longer afford a place to live, but who avoid sleeping on a park bench by all sorts of means. They are no less homeless, but they are never counted as such.

This means that the way in which the number of homeless people is determined is a fundamental problem. I feel that, if the count considered those strategies, we would come up with a much higher number than we had imagined.

The problems of homelessness among indigenous people have been relatively well documented in Quebec, particularly in Montreal and Gatineau, as well as in some other cities.

In the case of racialized people, there have been some clues, but no counts. Therefore, I am not in a position to tell you whether or not the technique currently in use is adequate or not. We can see, particularly in Montreal, that more and more racialized people are on the streets. This is a relatively recent trend, I would say, but I'm not sure whether their proportion is higher than that of the general population. I'm not able to tell you that.

In any case, I would like to stress that, from the outset, the method needs to be reviewed, because it gives us what I would call a false sense of comfort about what is really happening in cities.

[English]

The Chair: You have less than a minute, Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: Thank you very much, Chair.

Thank you very much for your answers. That gives us a lot of food for thought and is much appreciated.

We know that through the Reaching Home initiative there is an indigenous homelessness funding stream. I just want to ask both of you again to comment on the following: Compared with the general population, do indigenous people experience homelessness and face additional or different vulnerabilities when it comes to COVID-19?

• (1630)

Ms. Susan McGee: When it comes to COVID-19, if we look at the pandemic and the bottleneck it has created in accessing so many services, the impact would be exponential for any population as disproportionately impacted by poverty and homelessness as our indigenous community.

I don't want to oversimplify the response but I think it's in the numbers and in the experience, and in the challenge of "just where is home?" Being able to isolate in place, being able to manage in some circumstances or situations where several people are living in the same home and somebody becomes ill.... There are compounding factors for sure, but it is really just an amplification of the fact that the most restrictive processes are going to hurt the most vulnerable the most.

[Translation]

The Chair: Thank you. Mr. Kusmierczyk's time has run out.

We'll now go to Ms. Chabot for six minutes.

Ms. Louise Chabot (Thérèse-De Blainville, BQ): Thank you, Mr. Chair.

Mrs. Corriveau, I applaud you and FRAPRU. Thank you for being here and for your testimony.

I am very familiar with your organization in Quebec. The claims you are making today are in line with those you have been making for years.

Please tell me if my figures are accurate. I believe you said that, in July 2020 alone, 350 households were without housing. That would be the highest number since 2003. Also, if the community organizations did a count, it might be higher. If this is accurate, it does confirm that there is a shortage of what we may call social housing. A distinction could be made between community-based housing, low-income housing and affordable housing, but let's say there is a shortage of social housing. This is something you have been working on for years.

Other speakers have talked about the national housing strategy. As you know, an agreement was signed between the federal government and all the provinces except Quebec. For Quebec, the amount over the last three years could be between \$1.4 billion and \$1.7 billion, which is not insignificant.

In your opinion, if the money had been transferred unconditionally to Quebec, what difference would it have made to the dynamic?

Mrs. Marie-José Corriveau: My hope is that the Government of Quebec would have been more generous in launching new programming for the development of social housing. It already had a first challenge to meet: it had decided to deliver some 15,000 social housing units that had already been in the program for about 10 years, but that had still not been delivered because the Quebec subsidy program had not been adapted to the new economic realities, particularly land prices and construction costs. I therefore dare to hope that, had it received money from the federal government, the Quebec government would have launched a new program.

That said, my main problem at the moment is that the federal government, while claiming that this is an area of provincial and territorial jurisdiction, has developed a series of funds that could be called programs. In so doing, it is taking the role of the provinces in the way they do things and solve problems, instead of giving them the financial resources they need to take action according to their own challenges and to what the communities want.

I think the federal government should do the right thing and be a funder. It should take full responsibility for all the low-income housing that it helped to bring about before 1994, of course. It should not only comply with the agreements, but also ensure that the supply is refurbished. After that, it should proceed with the transfers properly. My hope is that this would allow Quebec in particular to move things along more quickly. It must be said that in Quebec, social housing development has continued, but that is not the case in all the provinces at this time.

Let me come back to what I was saying earlier: we must entirely abandon the idea of entrusting the private sector with developing housing for families in core housing need. It's not true that the private sector will be able to develop the housing for them. It is impossible for them to pay for that kind of housing when their annual income is between \$17,000 and \$20,000. We have no choice but to look at non-profit housing and subsidized housing. In order to prevent this from being a complete waste of time or an unsustainable measure, it is important to have social housing that is not sold, but that is protected and properly maintained for future generations.

• (1635)

The Chair: You have one minute left, Ms. Chabot.

Ms. Louise Chabot: Thank you, Mr. Chair.

Mrs. Corriveau, given what we currently know and the solutions you are proposing, what concerns or apprehensions would you have about a second wave that remains possible but that we do not want? What do we have to do in order to prepare for that situation?

Mrs. Marie-José Corriveau: Let me quickly summarize what I have already told you.

Of course, we need to make sure that the poor have the income they need for adequate housing, because that is one of the conditions for staying healthy. We have to start working right now on social housing, whether it already exists or is being developed, and take the steps needed to fund it. While the government has printed a lot of money in recent months, money still does not grow on trees. So we are going to have to turn to more fortunate individuals and companies who can fund this effort, with a view to genuinely sharing wealth in Canada. That is quite the challenge.

Ms. Louise Chabot: Thank you, Mrs. Corriveau.

The Chair: Thank you, Ms. Chabot.

The floor now goes to Ms. Gazan, for six minutes.

[*English*]

Ms. Leah Gazan: Thank you, Mr. Chair.

My questions are for Madame Corriveau. I apologize that I will have to ask them in English. I am taking French classes, though so maybe the next time I can ask in French.

I really appreciated your comments on the need to invest not just in affordable housing but also in affordable social housing. There's a huge difference between the two. I want to speak more specifically about persons with disabilities who have been, in my opinion, completely disregarded during the pandemic, including in terms of our having a real housing strategy with real investments and affordable, accessible social housing. I'm wondering if you could speak more to that.

[*Translation*]

Mrs. Marie-José Corriveau: What more can I tell you? We still have no clear picture of the way in which each of the groups has experienced this pandemic, except what I was able to describe to you based on what has made the headlines or the number of calls that we have received in recent months. They were dealing with COVID-19, but what made things untenable is that they were also dealing with a housing shortage. That shortage is still with us. Whether there's a second wave or not, we still have a housing shortage.

That shortage is a reality in the large cities of Quebec and Canada but it is even more of a reality in indigenous territories. In our opinion, it is clear that every effort must be made in order to create new housing as quickly as possible to assist that segment of the population.

We know, as scientists are telling us, that because of climate change, pandemics are going to increase in the coming years and decades. We are going through one at the moment and we are finding it difficult. But goodness knows how many others are apparently waiting for us, because we are heading for serious environmental problems. Clearly, in that context, we have to act starting now, if only to avoid the worst of it.

That is more or less my message. Yes, some steps can be taken immediately, if only to provide households with the income they need to have suitable housing. We can't ask them to finance that effort because they have no savings. That makes no sense. Renters have no houses on which they can take out a mortgage. They have no goods they can sell, for example. Social housing has to be devel-

oped as quickly as possible. However, it has to be built properly in order to make sure that it will last.

I do not know whether that answers your question. One thing is for sure: we do not have a precise picture of the situation for people with disabilities. There have been calls for assistance, but is difficult to quantify the needs. However, we know that there is always a need for housing for those with disabilities, if only because the population is aging.

• (1640)

[*English*]

Ms. Leah Gazan: Just to expand on that, would you say it's important for the government to collect data? I know we talked about it for black and indigenous peoples. For persons with disabilities, there seems to be a real gap in data collection.

Can you expand on that, please?

[*Translation*]

Mrs. Marie-José Corriveau: Yes, I agree with you. Each time we have a census, we produce a report using the data that Statistics Canada sells us. However, for those with disabilities, we don't manage to get a clear picture, because the only data that we have available are not about households, but about individuals. For example, we have no way to determine whether a person with a disability belongs to a household that has a core housing need. For that reason only, it would be helpful and meaningful to have that information. I imagine that we would then be in a better position to grasp the extent of the need and to budget for it as a result.

[*English*]

Ms. Leah Gazan: Madame Corriveau, I have just one last question in that regard. Would you say that the failure to collect data further marginalizes disabled persons from accessing their human right to housing?

[*Translation*]

Mrs. Marie-José Corriveau: I hesitate a little. I agree with you that we need more specific data. But I am more concerned about the homeless. I was talking about that earlier with another member of your committee. Currently, we have a problem: we are unable to accurately estimate the needs in terms of homelessness, because people are using a number of strategies to avoid ending up on the street. That is specifically the case with women. In actual fact, however, they are homeless. They have nowhere to live, nowhere to rent. They move from one person's house to another. Because it is impossible for them to find accommodation, they end up in violent situations that put their lives in danger.

People working in shelters for women in difficulty told us once again how much danger some women were in last spring because there was a shortage of housing, of cheap housing. But it was also because the places in those shelters had been restricted because of the lockdown measures. Because of the pandemic, a number of women were turned away and did not receive the help they needed.

I would have a hard time determining who wins the prize for being the worst off. We certainly need more data on those with disabilities. However, I am not able to tell you whether, on a per capita basis, that is the group in the worst situation. I just cannot tell you at present.

The Chair: Thank you, Mrs. Corriveau and Ms. Gazan.

[English]

Ms. Leah Gazan: I have one last question on the national action plan.

The Chair: No, Ms. Gazan, you're out of time.

Ms. Leah Gazan: Sorry. I had myriad questions.

[Translation]

The Chair: Now it is the Conservatives' turn.

Mrs. Vecchio, you have the floor for five minutes.

[English]

Mrs. Karen Vecchio: Thank you very much.

I'm going to turn to Mr. Taylor, but first of all, I would really like to thank Ms. Corriveau and Ms. McGee for talking about the continuum as we're looking at it. When I look at housing, I look at the whole thing and the impact in terms of that simple physics measure that whenever there is one action, you're going to get the opposite reaction as well. I look at that, and when we're talking about housing and homelessness, we also have to look at the other end.

However, my major concern right now is in the middle of this continuum. From some statistics I was looking at from the CREA, the Canadian Real Estate Association, one of the greatest concerns I have right now is about supply. Right now, housing inventory is at a 16-year low, and in my community it's at about 1.1 months of inventory, when we should be having averages of between five and eight months of inventory. This is just way out. The average cost of a house in Canada right now is \$571,500. We know that it's gone up. Of course, there were going to be people wanting to get into the market, so we were expecting a bit of a boom, with sales going up by 26% in the month of July. I'm really concerned about the impact and I'm just going to tell you a little story about my own community.

Though I know that people who live in Toronto love having Mr. Vaughan there, they like to move to my community where they get a more affordable house, a variety of different things, especially with COVID. We have backyards, we have so many great things, but we're seeing the price of housing going up. Just recently a house that was on sale for \$289,000 went over the asking price by \$83,000. That's almost a 33% increase. That's what we're seeing in my community, especially for first-time homebuyers, for the people trying to get into the housing market.

What do you think the federal government needs to do, or what are some of things we should be aware of as we're moving forward, knowing that we have low inventory and that first-time homebuyers are being pushed out of the market because we're seeing such high prices right now? Knowing the financial turbulence facing many people right now, how are they going to be able to get a mortgage?

• (1645)

Mr. Paul Taylor: Thank you very much indeed for the question.

How long do I have?

Mrs. Karen Vecchio: Go for it.

Mr. Paul Taylor: There's definitely going to be pricing pressures on real estate for the foreseeable future. I think there's a shortage of supply of housing almost everywhere, and it's been exacerbated by a number of different varying factors, especially in the already quite dense areas in Toronto and Vancouver. We've had internal migration to those areas. Immigration tends to flow to those regions as well. They're economic engines. That's generally where employment exists, so that's where people go. We are unable really to keep pace with demand with additional supply. It's something we definitely need to be spending more time thinking about.

It would probably be really beneficial for the government as a whole to start discussing emergency measures almost to create housing supply in all forms. Social housing is definitely needed and government-supported subsidized properties are needed, but almost rather than investing in something like a first-time homebuyers incentive plan, for example, where the government is owning a portion of equity, perhaps the government should actually become the primary investor in some commercial spaces that they themselves would resell to individuals. Oftentimes it's the investment that gets the property project kick-started in the private sector. If the government is comfortable owning property as a percentage, potentially it might want to think about owning projects to get them going—ultimately of course with the goal to provide that inventory back out to Canadians.

I think we really need to focus on trying to promote owner occupation of properties, though, rather than keeping properties potentially reserved for investor purchases. I understand that we are concerned about overall levels of indebtedness in Canada, but by continuing to address the supply-demand imbalance by adding demand tapping measures, we're always seemingly excluding young and upcoming folks, or the people at the bottom of the economic ladder, who frankly need the most support, and the people who are really transitioning from what would be social or community housing through rental housing and then onto that first rung of the ladder. As we continue to make it more difficult to extend credit to those folks, we are effectively keeping those properties on sale, as it were, for investor purchases, and those people still need to live somewhere. They're definitely going to be renting from those now sort of amateur landlords, and as the supply there becomes continually constrained, we're actually not assisting their monthly carrying costs at all.

Mrs. Karen Vecchio: Adding to that, we're just hearing that the cost of softwood lumber is going to go up by about 30%. The cost here in our community, as one of the hardware store owners just explained to me, is going to increase by 30%. If we're trying to build a house and one of the main things it needs is framing and there's a 30% increase in the cost of creating this house, what are some of the factors we should also look at, and what can we do to help there?

Obviously, that's probably for a trade negotiation that just hasn't been happening, but what can we do there?

• (1650)

The Chair: Give a short answer, please.

Mr. Paul Taylor: Unfortunately in that instance, I'm not sure we can do very much. Something like the pricing of the raw materials is very much a supply and demand constraint. You can't really legislate your way into securable pricing on that, unfortunately.

Mrs. Karen Vecchio: Thank you so much.

The Chair: Thank you, Mrs. Vecchio and Mr. Taylor.

We go to Mr. Vaughan, please, for five minutes.

Mr. Adam Vaughan: Thanks very much.

Madame Corriveau, would you agree that if the federal government puts new dollars on the table for provinces, the provinces should not be allowed to cut provincial spending limits on housing? As we put money in the front door for the housing system, the Quebec government should be required not to take money out the back door so that it becomes a wash. Would you agree that's a reasonable request by the federal government?

[Translation]

Mrs. Marie-José Corriveau: In terms of reducing their own contributions, yes, I quite agree. If the Government of Canada puts money on the table, it should come with conditions, as it has previously done in the past, after all. When I said that I did not want the federal government to create programs in place of the provinces and territories, that did not mean that I feel it should provide money without requiring some conditions.

The government should do everything in its power to have the right to housing acknowledged. It should also go back to proven strategies, such as developing social housing. In addition, it must make sure that the provinces do not use federal money to replace the budgets that they otherwise should be putting on the table.

[English]

Mr. Adam Vaughan: Exactly, and in terms of new rent supplement programs, for example, the Canada housing benefit, which aims to subsidize rents for the very individuals you talked about, if the federal government has a program that requires cost-matching dollars from the provinces, should the provinces have to match the new program or should they be allowed to say that we're already doing that and, therefore, we don't have to add any of our new dollars?

Should provinces be brought into a stronger housing system with the federal authority, as long as it's provincially designed and delivered? Would you agree with that?

[Translation]

Mrs. Marie-José Corriveau: I am not sure I know what you mean by a stronger system. However, I do know that we have to consider housing allocation programs that the provinces already have and make sure that they are not withholding their cash. Quite the opposite, we need the amounts allocated to surpass the provinces' and territories' current objectives. At the moment, for example, in Quebec—

[English]

Mr. Adam Vaughan: But not surrender their current goals or refuse to participate...?

[Translation]

Mrs. Marie-José Corriveau: No. In fact, those objectives should even be enhanced.

As I understand it, in various areas, the federal government generally requires provinces and territories to fulfill certain conditions when they are allocated money, failing which, penalties can be imposed on other activities.

[English]

Mr. Adam Vaughan: Right. For example, would it be a reasonable request by the federal government that it should be spent on rent supplements and should be new money?

[Translation]

Mrs. Marie-José Corriveau: Yes.

[English]

Mr. Adam Vaughan: Okay.

In terms of a federal housing program—

[Translation]

Mrs. Marie-José Corriveau: I agree with that, but—

[English]

Mr. Adam Vaughan: —if we're expending federal dollars on capital programs, is it reasonable, based on your assessment of people with disabilities, to ask for new housing to meet minimum standards around accessibility? For example, the national housing strategy requires all new builds to be 20% accessible. Is that a reasonable social goal that a province could sign onto?

[Translation]

Mrs. Marie-José Corriveau: That approach actually does not work. That's an example of a situation where Canada is too specific in its judgment.

Personally, I would really like the government to determine that the money it is giving must be spent on households that have a core housing need or must increase the number of households receiving assistance. What does not work in what you are describing is that, currently, there are municipalities and territories where the needs are much greater than 20%, but there are others where the needs are less than 20%. Are we going to start building adapted or adaptable housing for communities that do not need it, whereas elsewhere we do not have enough money to build enough of it? Each situation is best placed to provide us with that information.

[English]

Mr. Adam Vaughan: You do know that someone without disabilities can live in accessible housing. It doesn't require a person with disabilities to live there, but if it's purpose-built from the start, it's there in the future to be used. It's reasonable to set social parameters around social spending, especially when it's addressing people's charter rights. Wouldn't you agree?

[Translation]

Mrs. Marie-José Corriveau: I agree in principle, but there is not enough money to meet all the needs. Do we agree on that? As I understand it, the federal housing allowance program is looking at 300,000 households. But right off the bat, we know that 1.7 million households have core housing needs. So we are in a deficit situation.

Would it be possible, in the period that we hope will be short, for rules of that kind not to be imposed, so that the needs expressed on the ground can be met? Additional conditions can then be imposed once a sufficient number of units has been reached.

I just want to point out that, according to that logic, housing has been built in some communities that does not meet the needs. I am sorry to say this, but adapted or adaptable housing is a little more expensive than other kinds because they are a little bigger and the costs are calculated by square-footage. We absolutely must not get into that kind of discussion. Currently, the greatest urgency is to get projects done, to build housing that is truly affordable and to subsidize it with an eye to the household income.

I am not saying that we should not have objectives, but could we please not fit them into too tight a framework?

• (1655)

[English]

Mr. Adam Vaughan: You've been very clear—

The Chair: Mr. Vaughan, you're out of time. Thank you.

Colleagues, we have about four minutes left, so we have time for one more round of questions.

It's the Conservatives' turn. Is there someone on the Conservative side who would like to take up the last four minutes?

Mrs. Stephanie Kusie: Mr. Albas will proceed.

The Chair: Thank you, Mr. Albas. You have the floor.

Mr. Dan Albas: Thank you.

Mr. Taylor, I appreciate the explanation you've given. Obviously COVID-19 has created a lot of challenges for policy-makers. You've talked a little bit about the Office of the Superintendent of Financial Institutions and about making some minor changes to allow for banks and other mortgage carriers to have a 5% pocket, or a set-aside, so that it doesn't affect the overall amount of the mortgages they have under deferral.

Could you maybe elaborate on that, why that would be important for offering some flexibility not only for those borrowers but also for the institutions?

Mr. Paul Taylor: Yes, I'm certainly happy to.

Quite simply, when the mortgage deferral programs were first created, all banks and lenders, as regulated by OSFI, have to retain additional minimum capital for any loans that are non-performing. It's prudent, of course. They need to have a stockpile of cash in the event that the loans that are currently in arrears don't ever actually find their footing and make their way to repayment.

Therefore, as a means to assist with the liquidity of the banks and allow them to continue to extend credit, OSFI agreed to allow deferred loans, specifically, not to be considered non-performing, which means that the banks do not have to set aside that additional minimum capital.

As reported at the beginning, the CBA says that somewhere around 16% of mortgage holders have deferred their mortgage at some point. We're actually seeing that number reduce, which is great to see and what we would hope to see as the economy comes back, but we do expect there will be pockets, which will be quite industry-specific, that are going to take a little more time.

If OSFI were to allow for an extension of the deferral program with some parametered constraints—and here I think that a 5% as a maximum allowable target within a mortgage portfolio is quite reasonable—to allow the banks themselves to set parameters around how they're going to means test, or who is actually going to be eligible to enjoy a continued deferral, there will, of course, be assessments of expected future earning capacity for the folks the banks would extend this to. It would be a nice accommodation for the folks who are likely still going to feel the effects of COVID for a little while longer, and for the banks to have the financial flexibility or freedom to be able to provide that extension as well.

Mr. Dan Albas: This brings up two points. First, the banks would not have to immediately foreclose and put a lot of people in a lot of stress trying to go through the system to recover their mortgage. Second, it would also ensure that there would not suddenly be a lot of homes going on the market at reduced rates. Obviously, that might please some people, but again, that could be factor, especially if you're in a particular neighbourhood that is dependent on one mill or a large factory.

• (1700)

Mr. Paul Taylor: Very much so. You hit both nails on the head there.

No lender wants to have to liquidate a whole bunch of properties. It's quite an expensive and labour-intensive process, and you really do create dislocations for families, which nobody really wants.

You also don't want to create a glut of inventory in any given market. House price erosion is actually really poor for the local economy. We talked about the wealth effect, or the psychology of people's expectations as their own financial security starts to reduce.

It's in everybody's best interest, frankly, especially given that we are at historically low interest rates at the moment, to allow folks the opportunity to be able to capitalize whatever the deferred portion of their mortgage would be. It would probably be quite a small long-term additional interest cost to them, frankly. The financial institutions would be far happier to be able to see that loan return to being a performing loan rather than to have to go through a foreclosure process and actually liquidate the property.

Mr. Dan Albas: Great. I'm glad to hear that.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Taylor and Mr. Albas.

Thank you to all of the witnesses for being with us twice and for being so patient and so thorough in your responses. The testimony today will be very helpful to the work of the committee.

I also want to offer a sincere thank you to the interpreters and IT people. They were able to work through fairly significant challenges to have the meeting run flawlessly today. To one and all, thank you so much.

Colleagues, we'll see you next week.

The meeting is adjourned.

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