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Chair: Mr. Robert Morrissey

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

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• (1700)

[English]

The Chair (Mr. Robert Morrissey (Egmont, Lib.)): Committee members, I will call the meeting to order, as we have a quorum and we respected the timeline from the conclusion of the vote in the House of Commons.

I would remind committee members that it is our intention, with approval, to have a full two-hour meeting.

Can everybody hear me?

Mr. Michael Coteau (Don Valley East, Lib.): Chair, did you say the meeting will be two hours?

The Chair: Yes. I'll advise those who may have other commitments to arrange for a replacement. I've been advised that we are approved for two hours from the time I called the meeting. That was roughly around five o'clock.

We will be proceeding. The first hour is the public meeting with the witnesses on housing. The last hour is committee business.

Those appearing virtually have been sound-tested and were fine.

Before I begin, I want to remind members again to keep your earpiece in the assigned place when you're not using it. Actually, if you unplug it, that would work best. Please avoid touching the microphone boom while it's live, in order to prevent hearing damage to the interpreters.

Today's meeting is taking place in a hybrid format according to the House of Commons rules that were adopted. Members and witnesses are appearing in person in the room and virtually.

I would like to remind all those appearing that you have the option to speak in the official language of your choice. In the room, use the headpiece and choose the official language of your choice. If you're appearing virtually, click on the globe icon at the bottom of your Surface device and choose the official language of your choice.

If there is an interruption in interpretation, please get my attention. We'll suspend while it's being corrected.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, February 12, 2024, the committee is continuing its study of federal housing investments.

I would like to welcome the following witnesses.

We have, in the room, Steve Pomeroy, industry professor, Canadian Housing Evidence Collaborative; David Horwood, director,

Effort Trust Company; and Tim Richter, president and chief executive officer, Canadian Alliance to End Homelessness.

We will begin with Mr. Pomeroy for five minutes or less.

Mr. Pomeroy, you have the floor.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): I have a point of order, Mr. Chair.

I want to note that we're hearing an echo. I noticed that we have virtual interpreters today, and we're having the same issue. I would like that to be on record.

Thank you.

The Chair: Thank you.

Mr. Pomeroy, go ahead for five minutes or less.

Mr. Steve Pomeroy (Industry Professor, Canadian Housing Evidence Collaborative, McMaster University): Thank you, Mr. Chair.

Thank you to the committee for inviting me today.

I think the topic you are studying is important, not because we can change what we did in the past but because we can learn from the past to make sure that we don't repeat these errors in the future. The big error is the absolute lack of transparency in reporting out on what we have been doing with federal investments and the number of units that were created over the last two decades.

That data reveals that had we maintained the level of investment that we did between 1990 and 1994—before the termination of social housing programs, roughly 10% of completions in those years—we would have actually added another 330,000 units to our stock of non-market community housing in this country and gotten to a total of one million units.

I have shared with committee members a brief that has the bilingual data for these particular years. I'll come back to some specific recommendations about how I think we can improve transparency going forward.

Your committee asked three questions: How much federal investment did we make? How many non-market units of non-profit and co-op did we create? How many private sector rental units did we create? I have put together a detailed data piece that I've shared with you. This data was not easy to put together. I had to mine many sources, identifying areas where CMHC officials themselves didn't even know the data existed within their various files. I used to work there in the early 1980s and 1990s, so I knew where it was. It's not readily transparent, and it was a difficult task to put that together.

The bottom line is that, between 2001 and 2016, we created 41,000 new non-profit units, 10,596 co-operative housing units and just over 238,000 private rental units. That was done using a federal investment of \$4.17 billion, much of which was actually through cost-shared programs. That was augmented by provincial cost-sharing in those programs as well. That money flowed directly to the non-profits and co-ops, not to private rental; that wasn't subsidized during that particular period.

In total, non-profit and co-op housing was about 2% of total completions, and the private rental sector was only 9% of the total completions of 2.7 million units over those years. Most of our housing was, in fact, directed to the home ownership sector. The fact that we undersupplied rental housing for those 20 years has had a significant impact in the current affordability crisis, where the lack of rental supply is now being exacerbated by high levels of immigration, with students and foreign workers who are renters contributing to the rental problem.

The funding sources for that \$4.17 billion came from three places. A program called Investment in Affordable Housing, which started in 2001, provided about \$125 million per year. That was augmented in the 2006 budget as a result of a negotiation between Paul Martin and Jack Layton, which created three affordable housing trusts totalling \$1.4 billion that was flowed over the 2006 to 2008 period. Subsequently, during the economic recession or the global financial crisis recovery, Canada's economic action plan contributed \$2 billion from 2009 to 2011, about \$1 billion of which was directly to new supply. The \$1 billion was for social housing retrofit. That's where those numbers actually come from.

As I mentioned, it was very difficult to put this data together. We just don't have good data sources. The CMHC used to produce—from 1955 to 2016—a very detailed statistical document that was of very much use to many researchers like myself to actually understand what was going on in terms of total housing starts, the mortgage market and insured lending, as well as public investment and social housing outcomes.

Since the programs were terminated in 1994—at the end of 1993—those tables have been diminished, and the publication has ceased completely. We really don't have good data going forward on this information—certainly not since 2016.

In terms of recommendations, in the old days—prior to 2002—as part of the CMHC's starts and completions survey, they had a box on the survey form that counted which units were funded under a National Housing Act program or affordable social housing. That stopped being collected, even though we continued to collect the data at every single start about whether it's rental, whether it's con-

do or whether it's home ownership. Simply adding a box back to what is now an iPad—that's where the enumerators collect that data—would allow us to have data on a monthly basis and be able to put it into our monthly housing statistics, along with information on rental and ownership housing.

As I mentioned, many of the programs in the past were funded under cost-shared programs with the provinces. Under the national housing strategy, that's also the case, but for a small part of the national housing strategy, only three particular programs—about 10% of total funding in the national housing strategy—are funded through bilateral agreements.

● (1705)

As part of this agreement, CMHC imposed a very onerous 12-sheet spreadsheet requirement for the provinces to report data for the purpose of claiming their cost-sharing amounts. There's an accountability framework around that, an action plan and a set of targets. That's 10% of the national housing strategy. CMHC does not apply that policy to itself. What's good for the goose is good for the gander. It would be great if this committee directed CMHC to produce the same level of data collecting and accountability for the unilateral federal programs that is done for the provinces.

My final point would simply be to make sure that data is published in the kind of tables we used to have, so it's available to researchers, parliamentarians and taxpayers.

Thank you very much.

The Chair: Thank you.

Mr. Horwood, you have five minutes.

Mr. David Horwood (Director, Effort Trust Company): Good evening, Mr. Chair. I'm pleased to have the opportunity to address the standing committee as it continues its study of federal housing investments.

My name is David Horwood. I'm a principal at Effort Real Estate Corporation and the Effort Trust group of companies based in Hamilton, Ontario. Our group is active in the management and development of rental housing properties across Ontario. We are a third-generation family business that is proud to serve customers across the rental housing spectrum, and we take our responsibility as housing professionals and tenant advocates very seriously. We're active members of numerous industry associations that advocate for sensible housing policy at the municipal, provincial and federal levels.

As has been shared with this committee in the recent past, purpose-built rental housing plays a critical role in Canada's housing continuum, with more than 10 million Canadians living in private-market rental housing.

In the 1960s and 1970s, our business, like countless others across the country, was engaged in the development of rental buildings that served the demand among people who both chose and needed the flexibility that professionally managed rentals, as opposed to formal home or condominium ownership, could provide. However, due to a variety of factors—the most impactful being legislative changes federally and provincially that serve to impede, restrict, complicate or increase the cost of development—our business, like countless others, stopped building rental housing. Simply put, we could no longer advance projects for which we had no reasonable prospect of earning a modest return, let alone ones that justified the major risks inherent in projects of this financial and engineering complexity.

Although we have continued to manage and reinvest in our existing portfolio of rental properties, we avoided all new construction projects until very recently. The introduction and subsequent refinement of CMHC programs to foster new rental housing construction have been of critical importance in allowing us to return to the new-construction business. The program formerly known as RCFI—now called the apartment construction loan program—whereby federal funds are loaned to developers at below-market interest rates and subject to very strict qualifying criteria, has been one such vital initiative.

The MLI select program, another offering of CMHC, has been very useful for many developers—including us—trying to de-risk and reduce the cost of new rental construction projects.

The rebate of GST on new rental construction and the corresponding PST rebates in many provinces also serve to make new rental projects more viable by reducing a major cost item. I commend the current government for finally taking this step after years of deliberation. However, the regulations around this rebate remain incomplete. This will only delay new projects from starting, further delaying the vital increase in the supply it is intended and should create.

I strongly encourage you to consider a few simple adjustments to existing programs and further revisions to the legislation around rental housing.

Firstly, the apartment construction loan program was revised in April to require that applications be virtually ready to start, or be “shovel-ready”, as is said in the industry. Although I understand CMHC would like to consider projects that are ready for construction, I can tell you that, as a proponent of such applications, it is nearly impossible to commit to a final building design with all required supporting studies and reports until one has actually been approved for the program. It's a classic chicken-versus-egg problem: We won't finalize until we are approved, but we can't even apply until we are finalized. The process is serving as a major disincentive to new applications.

Secondly, just last week, changes to CMHC's MLI select program were introduced, and they have already been widely criticized

by the development industry. One major change has the consequence of reducing the potential rental revenue that can be charged. The result is—clearly—a roadblock to projects being financially viable. The outcome will be dire. Far fewer buildings using this previously advantageous financing program will be contemplated.

Lastly, the HST rebate is planned to apply strictly to projects that started on September 14, 2023 or later—the date of the announcement. Developers who started rental projects earlier in 2023 or in 2022 that won't be finished until this year or next do not qualify for this critically important incentive.

● (1710)

I suggest that consideration be given to allow projects that started before this arbitrary date to qualify under the strict condition that any incentive be mandated to apply on an incremental, additional rental project.

What would happen? We will see experienced, proven builders be incentivized to build more buildings, resulting in more supply and more choice for rental households quickly.

I'm mindful of the time and would love to talk further about taxation of new projects and the MURB program that would lead to far more construction very quickly, but I will limit my remarks.

I thank you for the opportunity to share my comments. Like you, I'm eager to work together to achieve a measurable improvement in the housing market during what we would all agree is a period of crisis in affordability, in supply and in stability.

● (1715)

The Chair: Thank you, Mr. Horwood.

We'll now go to Mr. Richter for five minutes.

Mr. Tim Richter (President and Chief Executive Officer, Canadian Alliance to End Homelessness): Good afternoon, and thank you for the opportunity to speak with you today. My name is Tim Richter. I lead the Canadian Alliance to End Homelessness. I'm happy to join you from Calgary.

Homelessness is a housing affordability problem. It's driven by high rent and low vacancy. It's not caused by mental illness or addiction. The surge in homelessness that we're seeing today, and the tent cities, as your study is discussing, are the result of the cost of living crisis. I'm going to discuss this with a bit of an analogy.

You know what I mean when I talk about musical chairs, right? In musical chairs, you get 10 kids around 10 chairs. Imagine that in this game, there's one little kid, a girl named Alice, who has a broken ankle. The music starts. They take a chair away, and the kids all sit down, except Alice. If you asked Alice, "Well, how come you're not in a chair?" She'd say, "Well, it's because I have a broken ankle, and I couldn't get to a chair fast enough."

Is the issue that Alice is not in a chair because she has a broken ankle or because there aren't enough chairs? The fact is that there aren't enough chairs.

When we measure inflation using the consumer price index, unfortunately the CPI measures inflation based on a middle-income basket of goods. For low-income Canadians, 80% to 90% of their income goes to pay for food and housing costs, so for them the inflation rate isn't 2%, 3%, 4% or even 6%. It's tied to the cost of the two biggest ticket items that they have to pay for, food and housing. Now, depending where you live, we've been seeing food price increases of 10% a year and rent increases of over 20%. That's what low-income households are facing. That's their real inflation rate, and they have far less ability to absorb these increases.

Now imagine that you're struggling with a health issue. You don't have friends or family to rely on. You're in a low-income household. You don't have any spare income at the end of the month, or maybe you struggle with addiction or acute mental health concerns. When rents skyrocket and the availability of units decreases, low-income households or people with other needs end up forced out of their homes. Like Alice, they can't compete when there aren't enough affordable housing options or chairs.

I'm old enough to remember a day when mass homelessness like we see today didn't exist. The roots of our current homelessness crisis and the surge you see in tent cities, as you're talking about, are tied to the roots of our housing crisis. That began in 1980 with the federal withdrawal from incentives to support rental housing construction, followed by subsequent reductions in affordable social co-op housing investment through the 80s, and the elimination of federal affordable housing programs in 1995 and 1996.

As Steve could tell you in great detail about all of the housing programs between then and now, this is a problem that's over 40 years in the making. If we want to solve homelessness, we need to ensure that we have a healthy housing system, a system where there's affordability and choice from social housing to ownership. The whole system needs to be healthy. If the ownership system isn't working, isn't affordable, people stay in rentals. If the rental system isn't affordable, if there isn't a balanced market, the burden falls on the non-market, and people are pushed out the bottom.

To resolve these, we need a clear federal strategy to eliminate homelessness. Importantly, as the Auditor General has highlighted, we need to connect the housing strategy with the homelessness objective and the homelessness strategy. We need to have an approach

that's grounded in cooperative federalism, and this is perhaps the greatest weakness in the federal government's approach today.

Solving homelessness requires a national strategy with an approach similar to a disaster response, where there's a plan and an agreement between the different levels of government on who does what within their different jurisdictions. If you imagine any natural disaster as it plays out, the local government leads; the community leads; and provincial and federal governments come in and support, right? That's key to the approach to ending homelessness.

● (1720)

The federal government's return to housing leadership with the national housing strategy and the new housing plan are welcome and long overdue. There's a lot in there that I think is really positive, and previous speakers have talked about it. It should be successful, I believe, if implemented well, in expanding rental and non-market housing construction, but that will take time.

In my mind, the Achilles heel of the housing plan and the housing strategy is the absence of federal-provincial-territorial coordination and collaboration. You could implement measures like the GST reduction or accelerated capital cost allowance, but if developmental charges eat up all of that freed-up space, you're no further ahead.

I'll leave you with three recommendations.

First, I would recommend a national strategy for the prevention and elimination of homelessness built in collaboration with the provinces and territories, with cities and experts as well, including people with lived experience, where municipal governments or community leaders lead the response to homelessness and other levels of government come in in their various areas of jurisdiction.

Just like when you're fixing your plumbing or your electricity, you need to turn off the water or electricity before you can fix the system, we really need a measure that's going to slow the flow of people into homelessness. The only way to do that in the short term is with a homelessness prevention and housing benefit, some form of income support in the short term to prevent people from becoming homeless.

Finally, create a true national housing accord with the provinces and territories that addresses the health of the whole housing system. It must include the creation of at least 655,000 units of social and affordable housing.

Thank you very much.

The Chair: Thank you, Mr. Richter.

We'll now begin with Mrs. Gray for six minutes.

Mrs. Tracy Gray: Thank you, Mr. Chair.

Thank you to all of the witnesses for being here today.

My questions are for Mr. Richter.

I would just like to confirm what you said in your opening statement, that the cost of living crisis is the biggest reason for the homelessness crisis.

Mr. Tim Richter: It would be the cost of living crisis compounded by the housing crisis. It's created by the housing crisis, and it's been compounded by the cost of living crisis, yes.

Mrs. Tracy Gray: Great. Thank you.

The Parliamentary Budget Officer's report on the government's homelessness program, the Reaching Home program, found that since 2018, the number of homeless Canadians has increased by 20%.

Does this increase reflect the homeless numbers that your organization is seeing as well?

Mr. Tim Richter: I think that is a very conservative estimate. I think the numbers are quite a bit higher. Our data on homelessness in Canada isn't great.

Mrs. Tracy Gray: Oh, wow.

Mr. Tim Richter: We've seen in some of the communities we're working with increases in chronic homelessness from 50% to 100%.

Mrs. Tracy Gray: That was going to be my next question, so thank you for answering that.

Homeless encampments have become increasingly common. Is this the highest number of encampments that you've seen in Canada?

Mr. Tim Richter: In my memory, yes, I would say that's fair.

Mrs. Tracy Gray: The Liberal government's national housing strategy initially set a target of reducing chronic homelessness by 50% by 2027-28. Is Canada on track to meet that target?

Mr. Tim Richter: The short answer is no. I think the critique of the federal government's homelessness approach that was put forward by the Auditor General is probably the most comprehensive.

I would say there are a couple of challenges. They said they wanted to reduce chronic homelessness by 50%. The question is 50% of what? I'm not sure they have a good baseline. They have point-in-time counts, but in my mind, that isn't the most accurate approach, but they are good for what they are.

The other thing that I think is important is the federal government's Reaching Home is a program; it's not a strategy. The challenge the Auditor General highlighted, which I think is accurate, is that the government's homelessness goal wasn't matched with their housing plan. If homelessness is a housing problem, your housing strategy has to reflect your homelessness objective. I don't believe that to be the case at this point.

• (1725)

Mrs. Tracy Gray: Thank you very much for that.

The Liberals put Infrastructure Canada in charge of the government's program for reducing and ending chronic homelessness. However, Infrastructure Canada has not adopted reducing and ending chronic homelessness as a performance indicator for its homelessness program, which is listed as one of their core responsibilities.

In your opinion, shouldn't a government department in charge of reducing and ending chronic homelessness have that as a performance indicator for how their programs are doing?

Mr. Tim Richter: Yes.

Mrs. Tracy Gray: Thank you. I agree.

Infrastructure Canada is also running the veteran homelessness program, yet we've heard that more homeless veterans are being found all the time.

Do you believe Infrastructure Canada is administering that program well?

Mr. Tim Richter: In full disclosure, we will be receiving some funding from that program to support communities in ending homelessness for veterans. I was also involved with the unanimous House of Commons motion in 2019 calling for the federal government to eliminate homelessness for veterans and create a program.

That has taken a couple of years now. The money, to my knowledge, has not moved into communities yet. The program hasn't been implemented, so I can't tell you if it's working or not.

Mrs. Tracy Gray: Thank you for that.

The government tabled documents recently in the House of Commons, showing that \$153.6 million from the five fiscal years from 2019 to 2023 was spent on government bureaucracy to administer federal government programs on reducing homelessness.

Is this spending helping to reduce homelessness, or is it just creating more red tape and bureaucracy?

Mr. Tim Richter: I don't know how they spent the money, so I'm not entirely sure how I can answer the question.

Mrs. Tracy Gray: Thank you.

Since you spoke to this committee regarding the housing crisis last year, housing starts have gone down 9% and rents have gone up 9.3%. Is this the worst you've seen Canada's housing market in your time as a housing and homelessness advocate?

Mr. Tim Richter: I think it's fair to say this is among the most challenging rental housing environments that I've seen, yes.

Mrs. Tracy Gray: Liberal ministers, in their 2024 budget, state that they will build 3.87 million homes by 2031, or around 550,000 homes per year.

Is building 550,000 homes attainable in 2024, given what you're seeing and hearing?

Mr. Tim Richter: You'd have to ask the development community that. In fact, my colleague, Steve Pomeroy, might be better positioned to answer that question than I am.

Mrs. Tracy Gray: Thank you very much.

The Chair: Thank you, Mrs. Gray.

We will now move to Mr. Collins for six minutes.

Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.): Thanks, Mr. Chair.

Thanks to the witnesses for their attendance today.

I'll start with Mr. Horwood. You probably heard the opening from Mr. Pomeroy, who talked about some of the financial changes made over several administrations, both Liberal and Conservative, that reduced the amount of resources that flowed through to the housing sector, in particular the affordable housing sector.

In your opening, you referenced legislative changes made at the federal and provincial levels that disincentivized your sector to build more units. The national housing strategy has sought to incentivize for-profit organizations to build more supply. That is certainly the goal of the apartment construction loan program. I know you've participated in that program.

Can you talk about your experience with that program, and whether it played a role in your decision-making to build new supply, not just in Hamilton, but elsewhere?

• (1730)

Mr. David Horwood: Thank you, MP Collins.

Speaking to the programs offered by the CMHC, the apartment construction loan program in particular—at the time of our applications, it was known as the rental construction financing initiative—was instrumental and vital in allowing us to refine our construction budgets in order to proceed with new rental construction. Very simply, without the RCFI and the apartment construction loan program, we would not have started the buildings that are under way today.

The CMHC has been very good about reaching out and consulting within the development industry, and talking to and connecting with apartment managers, such as us. It has been very consultative.

That being said, there remain improvements and tweaks that could and should be made, which I believe will continue to have a very impactful result in bringing new supply to market. Changes that are made are sometimes hard for us to understand in short-term doses, but when we have a better opportunity to review and consult with the CMHC, and to do that more regularly, I believe it will listen and try to find ways to continue to improve the programs.

Mr. Chad Collins: Thanks, Mr. Horwood.

There's been a lot of debate here over the last several months about the GST waiver on purpose-built rentals. You've given some great recommendations for us to consider. The debate is centred around whether or not that waiver should continue in the affordable rental market for those non-profits and municipalities that are building new units in that area, as well as whether that GST waiver

should extend to your industry for purpose-built rentals in the market sector of the housing industry.

Can I get your opinion on whether or not that's going to assist with the legislation as it's written right now, understanding that you need to see the regs?

Also, should that continue for the next several years as it relates to incentivizing new supply in the market area?

Mr. David Horwood: Absolutely. Thank you.

I would point out that the question isn't whether it should continue. It is, why was it ever introduced for residential apartment construction? Where we have no input tax credits on revenue, why would we be paying HST or GST?

That being said, that is a decision that long predates my involvement in the industry.

What I can say is that the reduction or the proposed rebate of the GST from our basket of construction costs is a major step forward. I do believe that when the regs are introduced and when we understand—and as importantly, when the lenders to our industry understand—the mechanism for that reduction or elimination of that line item as being major, and ideally with corresponding provincial matching, that will go a very long way. It would serve to reduce a construction budget by, theoretically, something in the 10% range.

That is a major reduction in expense. That should allow projects that were marginal or slightly below a reasonable threshold—both from a developer's perspective, as well as from a financing perspective—to go ahead.

I do think this is a critical lever that is being pulled. I do hope that the regulations relating to it get defined very quickly.

As I've suggested, there are ways it could be broadened to include projects that have not yet made their final HST or GST self-assessment. If there were some way that the potential incentive or the potential reduction in cost could be grandfathered to existing projects, so long as it gets reinvested in a subsequent and incremental new construction project, I think that would serve to bring experienced builders back to the table very quickly and ultimately bring more supply to the table.

Mr. Chad Collins: Thanks, Mr. Horwood.

Mr. Pomeroy, in the minute or less that I have remaining—

The Chair: You have 20 seconds.

Mr. Chad Collins: You talked about how we've lost 330,000 units from losing the programs that we had in the seventies, eighties and nineties. There was reference earlier to the MURB program.

Can you talk about whether that's something that needs to come back?

• (1735)

The Chair: Give a short answer, Mr. Pomeroy.

Mr. Steve Pomeroy: They're two different things.

I spoke about affordable housing or social housing. The MURB was specifically for the private rental sector as a stimulus. It essentially replaced.... It brought back tax changes that were implemented in 1972, temporarily, for eight years from 1974 to 1981. As Mr. Horwood indicated, that did have a positive effect on stimulating rental construction during that period.

The Chair: Thank you, Mr. Collins.

[*Translation*]

Ms. Chabot, it's over to you for six minutes.

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

Thank you to the witnesses. I would like to say to those of you who are reappearing before the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities that your suggestions and insights are very helpful to us.

Mr. Richter, thank you for coming back.

I know that the issue of homelessness is a priority for you and the Canadian Alliance to End Homelessness. This is a matter of great concern, because while homelessness has always existed, it has exploded in many parts of Canada. In Quebec, more than 10,000 people are homeless. That is a considerable number.

In the Parliamentary Budget Officer's report of May 2024, as well as in the national housing strategy, which was mentioned earlier, the initial goal was to halve the number of homeless people in the country by 2027-28. However, the government extended the deadline to 2030. In any case, the Parliamentary Budget Officer said that, to reduce chronic homelessness by 50% by 2030, the government would need to invest \$3.5 billion a year. That is seven times more than what is currently provided for under the national housing strategy.

Do you have any comments on that finding?

[*English*]

Mr. Tim Richter: Thank you for your comment. I'm thrilled to be back.

Honestly, I think the Parliamentary Budget Officer's report was actually quite flawed. Reaching Home is a program and, by itself, won't solve homelessness. You could add lots of money to Reaching Home and you likely wouldn't solve homelessness unless you solved the housing crisis.

To my mind, a critical component of that is going to be increasing—probably doubling—the percentage of social and deeply affordable housing in Canada's overall housing system. That would be about 655,000 units, which, on its own, is probably an investment worth \$700 billion and not something the federal government can do on its own.

What I think is important here is that the homelessness goal, the homelessness objective.... I'll remind the committee as well that the government, in a Speech from the Throne, I believe in 2020 or 2021, committed to the elimination of "chronic homelessness". I think it's important that the homelessness goal be matched with a housing strategy, and there needs to be a strategy to plan this. How are you going to achieve that goal? This is the challenge.

We have a national housing strategy, and we have a new housing plan, and there are some excellent elements in both that I'm very supportive of. Reaching Home is a program; it's not a strategy. In simply putting more money into that program—if you don't align the homelessness, don't align the housing strategy to that goal, produce a lot more deeply affordable and social housing, have a healthy rental market, and begin to work on fixing the ownership market as well—you're going to really struggle to end homelessness.

Unfortunately, I think that the Parliamentary Budget Officer's report was deeply flawed, and I would point the committee to the Auditor General's report of, I believe, last year.

[*Translation*]

Ms. Louise Chabot: The last time you were here, we were studying the financialization of housing. You made seven recommendations to address the housing affordability gap. One of them has also been put forward by other groups. It's the idea of creating an acquisition fund to allow NGOs to purchase and renovate rental housing, thereby protecting low-cost rentals.

Among the recommendations you made, are there any that you feel are more likely to lead to solutions to the housing crisis? The crisis is the big problem right now, yet we don't understand the full scope of it.

Would you like us to focus on any of your recommendations in particular?

• (1740)

[*English*]

Mr. Tim Richter: I'd have to remember what all of them were, but to your specific point about acquisition, I think the idea of acquisition and preservation of existing stock is really important. If you're in a hole, as they say in English, you've got to stop digging. I think that's really important. My colleague here, Steve Pomeroy, is much more an expert on the acquisition program. I do think that you'd have to do it on a much larger scale than currently envisioned to materially support, or to stop the erosion or loss of, housing at scale.

Again, getting back to the housing crisis, I do think that ultimately we need a healthy housing system. We need adequately affordable social and non-market housing, which would be on the scale of 655,000 units. In my mind, we need a healthy, balanced rental market, and there's been some really important progress made there in the government's current housing plan. We need to ensure as well that there's a healthy ownership market, because the whole housing system is a system that is interconnected.

[Translation]

The Chair: Thank you, Ms. Chabot.

[English]

Madam Zarrillo, for six minutes, please.

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you, Mr. Chair.

I'm going to ask Mr. Pomeroy my questions first.

You made some disturbing comments earlier about not having data and the lack of access to data, and I think that's part of the reason we're here today. It's that there was information in silos that was not laid over or between those silos.

In a report that you did in 2019, you highlighted the fact that purpose-built rentals at that time accounted for only “40 percent of all rentals”, with “investor-owned condominiums” becoming more pronounced and making up more than a quarter of all starts in the major markets.

Mr. Pomeroy, do you think there are current federal policies encouraging the development of unaffordable housing? What I mean by that is, is the market lens, the market housing, fixing this problem?

Mr. Steve Pomeroy: In the report you are referring, I think what we saw happen essentially between 1996 and 2016 was a very, very low level of private rental production, roughly less than 10% of all starts, when a third of us are renters. That has increased massively in the last six years from 20,000 a year to 80,000 a year, so we have significantly increased rental construction, but that was primarily, as you say, on the private rental side. It was not specifically directed to creating affordable units.

Obviously, as Mr. Horwood has pointed out, the market doesn't create affordable units. We need the non-market sector, the community housing sector, to do that for us. With the lack of investment on that side, we're missing addressing the kind of issues that Tim Richter is talking about of housing that's affordable to folks exiting homelessness.

Ms. Bonita Zarrillo: Can I ask, on the market side, is that stable housing? Is market rental housing stable and reliable housing for people?

Mr. Steve Pomeroy: We have a system in this country where provinces regulate rents, and we have various degrees of regulation across different provinces. I think, in terms of security of tenure, we have a reasonably good system that protects tenants and puts in place mechanisms to protect them.

Having said that, those mechanisms also allow for evictions for various reasons, which are that you want to use the property for a

family member or you want tenants to leave so you can renovate. Our rent deregulation mechanisms, when that happens, allow rents to go up massively.

There is an unintended consequence of that regulation that does allow nefarious landlords to significantly raise rents, which contributes to these 20% increases in rents, so it's not working very well.

Ms. Bonita Zarrillo: Do you think there's a place for federal regulation there in securing tenure and stability for renters?

Mr. Steve Pomeroy: I think that it's a difficult thing for the federal government to do. This is clearly an area of provincial jurisdiction, but I think Tim Richter made the point that we need a much more co-operative federalism, with the federal government working with its provincial partners and saying, “Look, this is your jurisdiction. You are all saying that we have an affordability crisis, so let's work together on this”.

There certainly was a precedent in 1975, as I mentioned in a previous committee appearance, in the anti-inflationary mechanisms. The federal government asked the provinces to bring in rent controls, and they all did. I think if we now have a crisis, there's nothing stopping the federal government from using its moral suasion and working in collaboration with the provinces to change the regulations and remove or soften the vacancy decontrol mechanism, which is what's causing these massive increases in rents.

• (1745)

Ms. Bonita Zarrillo: Could you share from your experience what some of the key factors were in making that provincial-federal relationship and the ability to work together? Is there something we should be doing more of here in the federal government to make sure that provinces are onside? Is there something that we should stop doing federally to make sure that provincial governments are onside?

Mr. Steve Pomeroy: Yes, well, the mid-1970s were a different time. Many of the provinces had only just gotten into the housing business. They created ministries of housing in Ontario, for example, only in 1974, so you had very relatively young provinces, and it was a much more collaborative set of arrangements, so I think it's that collaboration.

Ms. Bonita Zarrillo: On that front, do you think it was a good idea for housing to go out to provinces in the 1970s, or should it be more federal?

Mr. Steve Pomeroy: I think we had a period when the provinces did a very good job in this country, and, certainly, from 2001 to 2019, when the provinces were delivering the affordable housing program, many provinces did very good work.

In what we have seen in the national housing strategy, the federal government is becoming re-engaged. It became re-engaged when it had been out of the business for 20 years, and it really didn't have the capacities that it used to have, so I think that working in partnership with the provinces that have 20 years of experience in delivering those programs might create better outcomes than we're seeing with very heavily weighted, unilateral federal initiatives.

Ms. Bonita Zarrillo: Thank you for that.

The CEO of CMHC has come to this committee multiple times and did say that they had lost a lot of their expertise there. If I think about the fact that we're in a crisis and that we need to get housing, not necessarily built but certainly subsidized—maybe some housing that's already been built—what could you advise the government to do to get that skill set into CMHC and remove some of those, I think you were saying, multiple 20-page documents that folks need to fill out to get programs done?

Mr. Steve Pomeroy: Certainly federal spending powers are a very important tool, but we have now got to the point of the national housing strategy where less than 10% of all the funding is going through the provincial mechanisms where the expertise largely was. Ninety percent is going through the federal mechanisms where they really do lack that capacity.

I think rebalancing that and ramping up some of the programs that are funded under the bilateral agreements, particularly the Canada housing benefit, one of the bilateral programs that Tim Richter alluded to for homelessness prevention, would go a very long way to helping much more quickly address the affordability crisis than the federally focused loan-based programs that predominantly supply without any affordability criteria or very minimal affordable criteria.

The Chair: You have five seconds, Madame Zarrillo.

Thank you.

Committee, before we move to the next round, it's my intention to conclude the second round as scheduled with turns of five minutes and five minutes, and then two and a half and two and a half minutes before we go into committee business. We have Mr. Morrice in the room, so if the committee agrees, I would give him two and a half minutes as well, but we'll see.

Ms. Bonita Zarrillo: Sorry, can I raise a point of order, Mr. Chair? I didn't hear what you were saying.

We're getting five and five and then two and a half and two and a half, and then what did you say about Mr. Morrice? What is there an agreement on?

The Chair: I will go to Mr. Morrice for a question as well.

Ms. Bonita Zarrillo: Okay. Was that approved by the committee?

The Chair: No, I'm suggesting it as chair. If the committee objects, the committee controls its own domain.

Ms. Bonita Zarrillo: I object, Mr. Chair.

The Chair: Okay. We'll conclude with the round as scheduled. Thank you.

Mr. Michael Coteau: I have a point of order. This is just a question: Do we vote on it to see if he gets time? I'm okay with his speaking.

The Chair: No, you need unanimous—

Mr. Michael Coteau: Do we need unanimous consent?

The Chair: I'll move to the speaking list as it's scheduled.

Mr. Michael Coteau: I have no time.

The Chair: Any member can share as they choose, but I'm reluctant to allocate without the consensus of the committee.

With that, we'll begin.

Madam Falk, go ahead for five minutes, please.

Mrs. Rosemarie Falk (Battlefords—Lloydminster, CPC): Thank you very much, Chair.

We know, as we've heard over and over in this committee and from our constituents, that we're in a housing crisis. We know that having a place to call home should not be out of reach for Canadians, and we know that after nine years, and after this Trudeau government promised to lower the price of housing, rents and mortgages have doubled instead of going down.

CMHC has said that to maintain current home prices, which are already too high, Canada has to increase homebuilding by 50%. There have been lots of announcements and photo ops, but the reality is that housing starts are down across this country and, according to RBC, the housing crisis is only on track to get worse and not better.

Mr. Horwood, if I could please start with you, I was just wondering if you could speak to the residential rental vacancy rates in the properties that Effort Trust manages. Are vacancy rates lower than usual? Has there been a trend in recent years? What does that look like?

• (1750)

Mr. David Horwood: I can confirm that the vacancy rates in our properties have typically been in a relatively narrow band between 4% at the high end down to as low as 1%.

We have seen over the last two years that the vacancy rate has been fairly consistent between 1% and 2%. I see that on the low end and on the dangerously tight end, in the sense that I'm advocating for more supply and more choices for customers, and I would be pleased to compete with others in my industry to attract tenants to our properties. My sense is that we are within the lower end of the vacancy band that we have seen.

One other point I would make is that we are noticing that our residents, our renters, are moving out with far lower frequency. We used to see turnover of people moving out of their apartments in a range between 20% to 30% of the units every year. What we're finding at the moment is that it's at or around the 10% range, which is the lowest I have seen in 27 years in the business.

Mrs. Rosemarie Falk: Okay.

In the cities where you operate, would you say there is enough housing to meet the demand?

Mr. David Horwood: It is my opinion that there is not enough housing to meet the demand. We operate primarily in small and mid-sized markets around the greater Toronto and Hamilton area. We don't do anything in downtown Toronto proper or downtown Ottawa proper—some of these major cities—but we operate in cities like Hamilton, Burlington, Cobourg, Kitchener and St. Catharines, which are important communities. What we are finding is that the vacancy rate and the rental market is as tight, if not tighter, in some ways, in some of these mid-size and smaller markets where we're operating.

Mrs. Rosemarie Falk: How much more supply do you think is needed, specifically in these centres you're operating in?

Mr. David Horwood: Well, I'm not sure I'm qualified to speculate on that.

I do know that we would like to be a part of the supply solution, and we would like to build more buildings in each of the markets where we're operating. We believe there are opportunities for the private sector to bring mid-market, attainable rentals—that is, not low-income or low-rent ones—across the spectrum and across the markets in every location where we operate. I believe that thousands and thousands of units, in Hamilton in particular, would be absorbed very quickly. I believe the net effect of that would be to provide more choice to consumers, and I believe that in the long run that increased supply would help moderate pressures on increasing rents for both current and prospective renters. Remember, many of the people for whom we are planning haven't arrived—

Mrs. Rosemarie Falk: Thank you.

I'm sorry. I have to move on.

Chair, I'd like to pass my time to Mrs. Gray.

Mrs. Tracy Gray: Thank you very much.

I'll be quick here to bring up an important topic so we can get back to our witnesses. The Salvation Army and Food Banks Canada recently released very impactful reports, and therefore I'm moving the following motion:

Given that:

1. A recent report from the Salvation Army indicates “1 in 4 Canadians continue to be extremely concerned about having enough income to cover their basic needs”;
2. This report found that in the province of Quebec, 74% of those surveyed said food security was a challenge they had faced in the last year;
3. A recent report from Food Banks Canada indicates that “Canada has reached a critical turning point as poverty and food insecurity worsen in every corner of the country”;
4. This report also expresses concern regarding the design of the Canada Disability Benefit, saying, “its proposed structure falls far short of the expectations that the government itself created and of the consensus among disability advocates”;

The committee recognizes and reports to the House that Canada is facing a rapidly worsening affordability, housing, and food insecurity crisis.

And, pursuant to Standing Order 108(1)(a), the committee invite representatives from the Salvation Army and Food Banks Canada to appear before the committee to testify in relation to these findings as soon as possible, for no less than two hours each, and that the committee find additional resources if necessary to facilitate this meeting.

This was circulated previously and should be in order, Mr. Chair.

• (1755)

The Chair: Thank you, Mrs. Gray.

Yes, the motion is in order.

To the witnesses, Mrs. Gray has chosen to introduce a motion that she has on order. The committee must deal with this before we can return to you.

Is there discussion on the motion of Mrs. Gray?

Madam Zarrillo.

Ms. Bonita Zarrillo: Mr. Chair, I have some questions about the procedure today.

We have a motion right now, but we came to this committee and we didn't have a consensus or a discussion about meeting for for two hours; we were just told that we're meeting two hours. I'm not sure if we are going to have the opportunity to discuss this motion for more than our time limit, which is going to end in four minutes. I would like to get some clarity on how long this open portion of the committee meeting can go. Do we need to have unanimous consent to go for two hours today? That was something I wasn't told about in advance.

The Chair: Thank you, Ms. Zarrillo.

I was advised that the committee had the authorization to conduct itself for the full two hours beginning at the time it began following the vote. I, as chair, called the meeting to order for the two hours, because it's the direction of this committee to hold a two-hour meeting today.

The committee is in order. We will use the first hour that we've been meeting on the housing report, on the housing motion study. Then we'll go in camera for the committee business part. Is that clear?

Ms. Bonita Zarrillo: Mr. Chair, we started at about six minutes after five. Is that correct? I wanted to know what time we're finishing this.

The Chair: No, we started right around five o'clock, but it's my intention, as I indicated earlier, to conclude the first hour after you get your two and a half minutes.

Ms. Bonita Zarrillo: Mr. Chair, can I move adjournment on this item so that we can get back to our witnesses quickly? We have a very short window.

The Chair: Yes. A motion to adjourn debate on this motion is in order. Did you call it?

Ms. Bonita Zarrillo: Yes. I'd like to call it, please.

The Chair: Okay.

Ms. Bonita Zarrillo: I'd also like to request that I would get the last minute or two.

The Chair: We have a motion from Ms. Zarrillo to adjourn debate on the motion currently introduced.

We will have a recorded vote.

(Motion agreed to: yeas 7; nays 4)

The Chair: The motion has been adjourned.

We will now return—

Mrs. Rosemarie Falk: On a point of order, while I was questioning the witness, I had a hard time hearing them. The floor audio is so quiet in here, and there was lots of chit-chat all around. When I put my earpiece in, there's that lag.

I would just ask that either the room stays quiet or this gets fixed, because it was very, very distracting to me.

• (1800)

The Chair: Thank you, Ms. Falk. I'm using the earpiece the same as anybody else. I have it turned high enough that I can hear. People have the option of using the earpiece. That's your choice.

Mrs. Tracy Gray: I have a point of order on this, Mr. Chair. It's not acceptable that there's a delay. That's the issue. It's not even about interpretation. It's about hearing even within the same language that you might be speaking.

The Chair: Ms. Gray—

Mrs. Tracy Gray: There's a delay. We actually can't hear what the witnesses are saying.

The Chair: Thank you, Ms. Gray.

Mrs. Tracy Gray: It's unacceptable.

The Chair: The committee is operating under approved technology and hearing.

We'll return to the committee. I'll still be concluding with five minutes—two and a half minutes for Madame Chabot and two and a half minutes for Madam Zarrillo—and then we'll be suspending.

Mr. Fragiskatos, you have five minutes, please.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

Thank you to the witnesses for being here today.

Mr. Richter, I'd like to begin with you. We did hear at the outset of the questioning, when Ms. Gray put certain questions to you, that, yes, we're having an extremely difficult time, like almost every other democracy is, with homelessness. I suppose there are two courses of action that a responsible party can follow. One is to simply identify the problems. The other is to identify the problems and actually propose solutions.

Would you say, Mr. Richter, that any party that is serious about addressing homelessness would offer solutions to deal with homelessness, and in fact would actually go as far as coming up with a housing plan that, at the very least, mentions homelessness—yes or no?

Mr. Tim Richter: Yes.

Mr. Peter Fragiskatos: Okay.

On that, and staying in that vein, \$250 million has been proposed by the federal government in the most recent budget to address encampments. What do you think would be the best way to proceed with respect to encampments? How should that money be allocated to get to the best result?

Mr. Tim Richter: I would recommend, and have been recommending, to the government a housing-focused encampment response or a housing-focused approach. I think that can be very effective in reducing encampments as we experience them today. I do think this program has a lot of potential if it can be implemented quickly. It will be really important to get this money out the door as soon as possible in order to ensure that this is an encampment program for this winter and not next and the one after.

I do think it's important to say that if we want to resolve encampments, we also need to be looking at slowing the flow of people into homelessness. That requires some form of housing benefit. But as you suggest, it's also very important to have that housing investment and to have that housing investment done quickly.

Mr. Peter Fragiskatos: Mr. Richter, you talked about—Mr. Pomeroy, I'm going to come to you on this, as well, sir—the continuum of housing, starting with social housing and going all the way to home ownership. Just a few days ago, as you may have seen, the federal government made the largest investment in co-op housing in the past 30 years.

How critical is co-op housing in addressing the overall housing crisis? It's one form of housing, so I'm not making the case, at all, that this is the panacea. However, we've heard some describe co-op housing as “Soviet-style housing”. I think going down that kind of path is not just negative but also misses the entire point.

Where can co-op housing fit with respect to addressing the challenges and the crisis we face in front of us?

Mr. Tim Richter: I think co-operative housing is an essential element. The program is a very smart investment that will continue to reap benefits for decades into the future. I'm strongly supportive of it. It's a form of attainable home ownership.

I would say it's a very good idea.

Mr. Peter Fragiskatos: Mr. Pomeroy, what's the place of co-op housing in addressing the homelessness crisis? I noted that you talked about co-op housing in your testimony.

Mr. Steve Pomeroy: Of all the social housing we've created in this country, about 20% is co-operative. It's another form of non-profit. I think any form of non-market housing is beneficial in terms of creating housing that's permanently affordable and immune to the market pressures that push up rents.

Absolutely, alongside non-profits, co-ops are still a critical part of making sure supply includes affordable supply.

• (1805)

Mr. Peter Fragiskatos: Thank you very much.

There's a minute left. I'll cede the time to Mr. Morrice.

The Chair: You have a minute.

Mr. Mike Morrice (Kitchener Centre, GP): Chair, would it be possible to add this minute to a minute from Madame Chabot?

[Translation]

That would give me two minutes.

[English]

The Chair: Madame Chabot, are you giving a minute to Mr. Morrice?

[Translation]

Ms. Louise Chabot: I'll give him a minute, no more.

[English]

The Chair: Okay.

[Translation]

Mr. Mike Morrice: Thank you, Ms. Chabot.

[English]

Thank you to both friends on the committee. I appreciate it.

The Chair: You have two minutes, Mr. Morrice.

Mr. Mike Morrice: Thank you, Chair. Thank you, Peter and Louise.

Mr. Pomeroy, I really appreciate the research you've done to help us identify where the housing crisis is coming from. Of course, part of it is the loss of affordable housing across the country. Your most recent research shows that my community is losing the most units for every new affordable unit getting built. For every one new affordable unit getting built, we're losing in Kitchener-Waterloo at least 39 units. In your research, you talk about "plugging the holes in the bottom of the bucket". I assume you're referring to the erosion of those affordable units. You've also talked about provincial rent controls as one part of that.

Can you talk about what more is needed? Some have talked about, for example, removing the tax incentives that real estate investment trusts have access to. Can you speak about what needs to be done federally to plug the holes in this bucket?

Mr. Steve Pomeroy: For clarity, this is data that compares the total number of existing units under \$1,000 a month with the number of units built under affordable housing programs for each city. Certainly, Kitchener-Waterloo has the highest number. In part, that's because of the change in the number under \$1,000. Many units have moved to above \$1,000 a month. Also, the number of units that were created in Kitchener-Waterloo is less than in other cities. That's how the ratio comes out of it.

Absolutely. Many of these units still exist, but they exist at higher rents, because there's very strong pressure on rental markets thanks to high levels of demand coming from both new immigration and the fact that folks can't afford to own, so they stay in the rental market. That puts pressure on the rental market, as well.

We have these pressure points on the rental market pushing up rents in a regulatory environment that allows vacancy decontrol. When units turn over, the rents can go up quite dramatically. We see monthly data from rentals.ca of rents going up 15%, 18% or 20%, year over year. That's the key issue creating the affordability crisis. We need to take a look at temporary vacancy rate and decontrol mechanisms. However, as I said earlier, that's not a federal jurisdiction.

It's a provincial jurisdiction—one the federal government can only ask the provinces to take a look at.

The Chair: Thank you, Mr. Morrice.

[Translation]

Ms. Chabot, you have the floor for a minute and a half.

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

Mr. Pomeroy, at the summit of Quebec's Front d'action populaire en réaménagement urbain, a number of groups said that the target for social and community housing should be 20%. That is also one of our party's recommendations. Community housing currently represents about 10% of the housing stock. According to these groups, setting the target at 20% would go a long way towards addressing the crisis.

Do you agree with that recommendation?

[English]

Mr. Steve Pomeroy: Yes, as I understand it, at the summit the discussion was that social housing should be 20% of all rental units, as opposed to the total housing stock. Essentially, that means a doubling of the existing social housing stock, which is consistent with a report from Scotiabank last year, which suggested that Canada is at half the OECD average and that we should try to double the size, which is the point Tim Richter made about 655,000 additional units.

[Translation]

Ms. Louise Chabot: We talked about the provinces, but I'd like to turn to Quebec, which has an agreement with Canada.

How can we make housing programs more flexible so it doesn't take three or four years to see results once the will and investment are there?

• (1810)

[English]

The Chair: Give a short answer, Mr. Pomeroy.

Mr. Steve Pomeroy: It's a processing problem. Many of these programs are loans-based, and the underwriting process is quite onerous. I think CMHC, in fairness, has accelerated the approvals process compared with the beginning of the national housing strategy. There's always room to do better.

[Translation]

The Chair: Thank you, Ms. Chabot.

[English]

To conclude the first hour, Madam Zarrillo, you have two and a half minutes.

Ms. Bonita Zarrillo: Thank you, Mr. Chair.

I'm going to ask Mr. Richter questions about the rental housing crisis that's happening in Alberta. I'm thinking specifically about Boardwalk.

I wonder, Mr. Richter, if you could share some of the things that are happening in Calgary and Edmonton with rental housing and homelessness and if you believe that the business practices of corporate landlords is contributing to that.

Mr. Tim Richter: I can't speak to that specifically, but I think it's important we remember that in the rental housing market about 40% of the overall market is owned by the REITs and 60% is owned by smaller companies and individual investors. Real estate income trusts can play a significant role, but they only really have an impact, I would say, in an undersupplied market or a market where there's really tight supply and very low vacancy. If there's lots of supply, individual market players can have less and less influence.

I will say, speaking specifically to Boardwalk, that prior to leading the Canadian Alliance to End Homelessness, I led the Calgary Homeless Foundation. Between 2008 and 2012, we housed about 4,000 people straight out of homelessness into permanent housing. I know that's also true across Alberta. We were able to create affordable housing and house those people, a lot of them in Boardwalk apartments.

In fact, we were able to reduce homelessness in Calgary for the first time since we were able to count that in the early 1990s. Alberta isn't—

Ms. Bonita Zarrillo: I'm sorry, Mr. Richter, but I'm going to have to cut you off.

Is that possible again, do you think?

Mr. Tim Richter: Is it possible to reduce with—

Ms. Bonita Zarrillo: Is it possible to have something like Boardwalk or different REITs solve the homelessness problem quickly and get people housed?

Mr. Tim Richter: Yes.

Ms. Bonita Zarrillo: How would you do it?

Mr. Tim Richter: Housing first.

Ms. Bonita Zarrillo: Okay.

I'm going to move to something else.

Mr. Chair, I know that this committee asked the CEO of Starlight Investments to come to the committee, and we heard back that it wasn't going to fit their schedule to come. Maybe it's a misunderstanding by the CEO of Starlight Investments, but this is a parliamentary committee and we work for Canadians. We really would like to have them here, and we wouldn't want to have to summons them, but it seems that we are going to have to.

I have a motion, Mr. Chair, that will be shared with the committee. I move:

That pursuant to Standing Order 108(1)(a), the committee summon the CEO of Starlight Investments, Daniel Drimmer, to appear before the committee by June 20, 2024, to testify in relation to the study on federal housing investments for a minimum of two hours.

In light of the testimony that we just had that they could be part of the solution, I think it's even more pressing.

Thank you.

The Chair: I've been advised by the clerk that because the motion is technically in reference to the study we're doing, it does not require the 48 hours notice. It is, therefore, in order for Madam Zarrillo to move the motion.

We've come to the end anyhow, so I'll get back to the motion.

I just want to advise the witnesses that this concludes the first hour of testimony. You're free to leave while the committee discusses the item currently before it. Thank you for appearing today for this important study.

With that, we have Madam Zarrillo's motion. I have Mr. Fragiskatos and then Madame Chabot.

Mr. Peter Fragiskatos: I was just going to ask for a suspension for a few minutes, Chair.

The Chair: Okay. We'll suspend for two minutes.

• (1815)

[Translation]

Ms. Louise Chabot: Mr. Chair, I have a point of order.

I would like Ms. Zarrillo to send us her motion in writing during the break, please.

[English]

The Chair: Thank you, Madame Chabot. Yes, it will be circulated while we're in suspension.

We'll suspend for three minutes.

• (1815)

(Pause)

• (1824)

• (1820)

The Chair: We are now back in session. We are still in the public portion of the meeting.

Mr. Fragiskatos, you had the floor.

Mr. Peter Fragiskatos: Thanks very much, Chair.

Just to ensure that we are all on the same page with respect to the request for Starlight to appear at the committee, what has been the correspondence from Starlight?

What have they said about appearing and why do they not want to appear?

• (1825)

The Chair: I believe the letter was circulated to all committee members. Their reasoning was that the two items in the motion requesting them to come here are not relevant to their company.

It said, “Starlight Investments has never received any federal loans, including those for the purchase of rental properties; and...Starlight Investments is not seeking to evict any residents from 71, 75 and 79 Thorncliffe Park Drive”, which was the substance of why they were requested to appear.

Mr. Peter Fragiskatos: With that in mind, I would ask Ms. Zarrillo if she has information that would show otherwise because that's a pretty definitive statement to say that there's no federal involvement. However, I'd want to give Ms. Zarrillo the opportunity to respond to what they have said.

At the same time, I don't know if colleagues are open to this, but as I speak here, perhaps there's an opportunity for the company to appear as part of the study—as part of a panel of witnesses. We would still be able to hear from them. I don't know; I just canvassed that idea as I speak.

The Chair: Madame Chabot had her hand up.

[*Translation*]

Ms. Louise Chabot: I will let Ms. Zarrillo answer, of course.

Right off the bat, I honestly think there may be some rogue companies that are not following the regulations.

I hope that our committee's study will be constructive and help find solutions to the housing problem. However, I don't think that inviting companies like Starlight Enterprises to appear before the committee to find out what they are up to would be of any use to us. I don't see how that would help the committee achieve the objective of this study, which is to assess the impact of divestment.

My hope is that the witnesses we hear from propose solutions to the housing crisis.

I didn't see the point of inviting these companies, and I still don't.

I am opposed to the motion, Mr. Chair.

[*English*]

The Chair: Ms. Zarrillo, you can respond.

Ms. Bonita Zarrillo: Thank you, Mr. Chair, and thank you for the clarity.

I'll start with Madame Chabot's concerns and questions.

I think what we've heard in this testimony is that there's been a shift from home ownership in this country to rental housing, which we know has happened over the decades and especially as housing prices have increased. We know that rental housing is an important factor.

We heard testimony today that there is an opportunity for the government to intervene in rental housing and make that happen, so I think it's important and it's relevant to the study that we dig into rental housing.

I did want to address the letter from Starlight. I'm actually on a site right now, renx.ca, where some of their properties are for sale. Here it says, “Properties in the portfolio [of Starlight] have in-place financing at fixed below-market interest rates, of which a significant portion is Canada Mortgage and Housing Corporation-insured. The \$425 million in CMHC debt, with a weighted average 2.52 per

cent interest rate and remaining term of 4.2 years, is assumable subject to lender consent.”

I think we need to get some clarity on what's published. Starlight itself has highlighted, even in some of its own press releases, that it has subsidies backed with public money.

Their evictions have been widely reported by CBC, CTV, The Hill Times, CityNews, Maclean's and more. If I had the time to pull it up, Mr. Chair, I could share with you a story from CBC recently about some of its tenants being on a strike and how Starlight has potentially served notice to some of its tenants.

I think all of these issues can be clarified when the organization and Mr. Drimmer come to committee.

Thank you.

• (1830)

The Chair: Thank you.

Ms. Gray, go ahead on Madam Zarrillo's motion.

Mrs. Tracy Gray: Thank you, Mr. Chair.

I will be brief. I think it's a reasonable suggestion to have that organization come as part of the panel for this study. We have two more meetings, and certainly it could be an NDP witness at one of those meetings. We think that's very reasonable.

The Chair: Okay.

With that, we have to deal with the motion of Madam Zarrillo.

I see no further discussion.

Mr. Fragiskatos, go ahead.

Mr. Peter Fragiskatos: I thought I heard an amendment there.

The Chair: I didn't hear an amendment.

Mr. Peter Fragiskatos: Okay, well, one of us is going to put forward an amendment, so if someone's agreeing, then I would propose, Chair, that we ensure that we do have the company come here, which I know is important to Ms. Zarrillo. I know the company has a different view, but still it would be, I think, important for a colleague to ask questions of the company, and they could do so if the company came and participated in a panel of witnesses as part of this study.

I propose that amendment, Chair. I move that amendment.

The Chair: Ms. Gray, we're now on the amendment of Mr. Fragiskatos.

Mrs. Tracy Gray: Thank you very much.

Just to clarify, for the amendment, would you also be removing the part about summoning them? The motion is actually to summon.

We're going from their being asked to come to committee, or being summoned; there haven't been any additional letters or an order. I just want clarification as to whether part of that amendment was to remove the summoning part.

Mr. Peter Fragiskatos: Yes, that would be removed as well.

The Chair: Okay. Thank you.

I'm going to suspend for a moment while the clerk gets this clear.

• (1830) _____ (Pause) _____

• (1830)

The Chair: Committee members, thank you for that request and that clarification.

I'm going to go back to Mr. Fragiskatos to read clearly into the record the amendment that he proposes.

Mr. Peter Fragiskatos: Thank you, Chair.

I apologize to colleagues. I think we all know how this works sometimes on the fly, when you don't put the words together as well as you might hope to. I apologize also to the clerk.

In any case, the exact wording is as follows. I move:

That pursuant to Standing Order 108(1)(a), the committee request

—so the word summon is dropped—

the CEO of Starlight Investments, Daniel Drimmer, to appear before the committee by June 20, 2024, as part of a panel of witnesses with regards to the study on federal housing investments for the duration of the panel.

• (1835)

The Chair: Okay. It's clear to members. The amendment by Mr. Fragiskatos is clearly in the record.

Seeing no desire for discussion on the amendment, I will call a recorded vote on the amendment by Mr. Fragiskatos to the motion of Ms. Zarrillo.

(Amendment agreed to: yeas 9; nays 2)

(Motion as amended agreed to: yeas 10; nays 1)

The Chair: The motion of Madam Zarrillo has been accepted.

With that the committee will suspend for two minutes to transition into being in camera for committee business for the duration of the meeting.

[Proceedings continue in camera]

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