

February 5, 2001

Memorandum to the FCM Big City Mayors Caucus

NATIONAL HOUSING POLICY OPTIONS TEAM REPORT (NHPOT)

The National Housing Policy Options Team was formed in 1999 following the November 1998 declaration of homelessness as a national disaster by the FCM Big City Mayors Caucus. Last year's work established FCM as the principal voice on the national stage on homelessness and affordable housing and saw the federal Government take the first steps toward re-entering the field.

FCM congratulated the Government for its December 1999 announcement of \$753 million for homelessness initiatives and for reducing the GST on new rental housing. FCM also welcomed inclusion of housing as an eligible item under the new infrastructure program. Although use of these funds for housing would be problematic for most cities due to the cost-sharing formula, it showed that the Government had "turned the corner" and wished to find a way to re-engage.

This year's campaign has seen continued support from the FCM membership. Development and communication of refined data and policy proposals have lead to inclusion of a program for affordable rental housing in the Government's immediate policy agenda.

Highlights and Accomplishments

In April 2000 the FCM Big City Mayors approved further funding of the NHPOT effort. Since April, the following has been done:

FCM Annual Conference

Ministers Bradshaw (Homelessness) and Gagliano (responsible for Canada Mortgage and Housing Corporation) spoke at the FCM Annual Conference on federal homelessness and housing initiatives. Minister Bradshaw met privately with municipal officials to discuss the Supporting Communities Partnership Initiative (SCPI). Other NHPOT events at the conference included construction of a Habitat for Humanities shelter in

London's Victoria park, presentation by Canada Mortgage and Housing Corporation of their research report "Municipal Planning for Affordable Housing", a planning meeting of the NHPOT Steering Committee and wide distribution of our work on a compact disc. FCM's housing work received substantial press coverage (see Annex H for NHPOT media releases).

In June, FCM's Executive Committee designated affordable housing as one of this year's top priorities.

Release of "A National Affordable Housing Strategy"

A team of consultants was engaged to produce detailed program proposals following the direction established in the April strategy paper. Separate consultants, chosen for their expertise in Canadian housing policy, constitutional/legal matters and governmental relations and communications produced detailed proposals and a communications plan. "A National Affordable Housing Strategy" sets out revised measures of need and the rationale and details of FCM's housing policy proposals.

The paper was released on October 31 by FCM President Joanne Monaghan in Vancouver. NHPOT co-chair Jack Layton participated in a cross-country interview on CBC radio. Local releases took place in Calgary, the Region of Waterloo, Toronto and Saint John. Members of the media were briefed by conference call the same day and good coverage was obtained on radio and in newspapers. "Housing and homelessness as an election issue" was consequently featured on the CBC Newsworld program "Counterspin". The report has been distributed widely to central agencies, federal government departments, M.P.s and to FCM members via the NHPOT Steering Committee, the FCM Standing Committee on Social Infrastructure and through posting on FCM's website.

A backgrounder explaining the proposals is attached as Annex E.

Throughout the autumn, FCM met with representatives of the federal government (Prime Ministers Office, Privy Council Office, Canada Mortgage and Housing Corporation, Department of Finance, and Human Resources Development Canada), other ministers and staff, and key M.P.s. Staff met with or corresponded with key associations such as the Canadian Homebuilders Association, the Canadian Real Estate Association, the Urban Development Institute and the Canadian Bankers Association. FCM has been working closely with the Canadian Housing and Renewal Association over the past year.

Provincial/Territorial Housing Ministers Meeting

As offered at the FCM Conference, Minister Gagliano proposed to provincial and territorial Ministers responsible for housing that they invite FCM to their meeting on September 18-19. With the help of the provincial/territorial municipal associations, NHPOT co-chair Jack Layton, Peter Trites, President of the Cities on New Brunswick Association and John Burrett, FCM staff, met with Minister Gagliano and New Brunswick Minister of Community Services Percy Mockler to present FCM's proposals. Other ministers were also met informally.

As a result, all provincial and territorial ministers were well-informed of FCM's positions and our readiness to participate. The meetings ended with an agreement that the federal Government and the provinces would meet via working groups over the next few months, with agreement to meet again in 2001, review progress and determine next steps.

Federal Budget /Election Campaign

NHPOT activities had been focussed on production and communication of proposals for the federal budget. Upon announcement of the federal election, however, activity shifted toward influencing party platforms. Affordable housing became part of FCM's Ten Point action plan for Sustainable Communities, communicated to all parties.

FCM staff distributed the proposals to and met with representatives of the Prime Minister's Office, Privy Council Office, the offices of Ministers Martin, Gagliano, Bradshaw, Stewart, the Department of Finance and Canada Mortgage and Housing Corporation.

This work paid handsome dividends. The federal Liberal Party platform "Red Book" contains a proposed capital grants program for affordable rental housing, which is the centerpiece of FCM's plan. While the funding levels attached to the proposed Affordable Rental Program are not (at \$170 million federal and \$170 million provincial and territorial per year over four years) at the level asked by FCM, this is a major advance. The NHPOT analysis of federal party platforms is attached as Annex F.

Post Election Work

Following the federal election, communications work has been oriented towards influencing development of the Liberal platform commitment and the next federal budget. The efforts of the NHPOT are now focussed on:

- enlarging the resources devoted to the proposed housing program;

- ensuring that the program will not be blocked by provinces;
- influencing the terms of the program for maximum flexibility and benefit;
- inclusion of other elements of the NHPOT proposals in the 2001 federal budget or in extra-budget policy decisions.

In mid-January, the NHPOT Technical Team produced a set of proposals for the design of the Government's proposed Affordable Rental Program. Entitled "Building Foundations for the Future: Considerations in the Design of a Capital Grant Program to Support Affordable Housing", the report sets out means by which funds for capital grants can be managed with the participation of municipal governments and housing providers and achieve maximum flexibility for local solutions (Annex G).

Both the analysis of the Liberal proposal and the "Building Foundations" report have been distributed to the Prime Ministers Office, the Privy Council Office, the Department of Finance, Canada Mortgage and Housing Corporation, Ministers Gagliano and Bradshaw, and key M.P.s associated with the Social Policy Caucus.

In January, FCM was informed that discussions would commence immediately between CMHC and provincial/territorial deputy ministers responsible for housing on the design of the Affordable Rental Program. An initial meeting of these parties was held on January 16, at which time CMHC presented their design for a cost shared federal/provincial capital grants program aimed at producing low-end-of-market-rent units.

FCM contacted the Executive Directors of provincial and territorial municipal associations, to enlist their aid in asking provincial ministers to support federal initiatives and to participate in funding programs. FCM met with Canada Mortgage and Housing Corporation officials January 26 to present FCM's proposals and request inclusion in the program development process, and a meeting with the new President of CMHC is pending. CMHC is now waiting for the response of the provinces and territories to their initial proposal.

Communications materials, including draft letters for ministers and MPs, "op ed" articles and briefing notes have been sent to all NHPOT participating municipalities, to facilitate generation of media and public attention on the issue.

Speech from the Throne

FCM conducted communications activities to influence the Throne Speech, meeting with the Prime Ministers Office. Affordable housing was a key topic of the discussions. The Speech from the Throne, on January 30, however, simply reiterated that the government planned a to “help stimulate the creation of more affordable rental housing”.

Infrastructure Program

FCM has communicated to the federal government the difficulties of situating funding for housing within the infrastructure program. This argument has been accepted by members of the Government and federal departments consulted over the summer and autumn. All provinces and one territory have now signed agreements under the program. Funding of proposals is expected to begin in the spring of 2001.

Initiative on Canadian Lending Practices

FCM made a written submission to the House of Commons Standing Committee on Finance in August regarding its legislative review of the Bank Act. Bill C-38 died on the order paper, with the election call, so that a second submission to the Finance Committee was not made. A consultant's report has been completed, however, documenting evidence for the need for improvement. Contacts have been made with the Canadian Bankers Association, but have had little effect. A second submission to the Finance Committee may be made if necessary.

The Supporting Communities Partnership Initiative

FCM has remained in close contact with the National Secretariat on Homelessness, providing information to members on the progress of the initiative.

In an update of January 31, the Secretariat reports that community plans are in place or finalised in eight of the ten original “most affected” cities. A Canada-Québec agreement is in the final stage of being signed. Once signed, the implementation of the Initiative will start by the development of community plans which will be done in collaboration with the local communities. The National Secretariat has a list of about sixty smaller communities that will be preparing community plans in order to access SCPI funds (there are still a few provinces who have not finalised their list). Planning is underway in over forty communities across the country.

In response to concerns that funds from the first year could lapse due to the late start in funding, the Secretariat responds that the funds will be available for expenditures in year two.

Other Items

Articles on the FCM affordable housing campaign appeared in FCM's publication "Forum" (Annex H) and CHRA's "Perspective", in September.

Plan for 2000/2001

Last year's strategy envisioned the NHPOT project concluding with a housing program in a Spring 2001 federal budget. With the federal election, events have unrolled somewhat differently, however, the commitment by the federal government to fund a capital grants program is a "crack in the door", ready to be pushed open. FCM, now established as a leading voice in the field, is well placed to maximize this year's opportunity to obtain a well-funded affordable housing capital grants program, and to move significantly toward the longer-term targets of tax and underwriting policy. Annex A presents a strategy for the next year.

Funding

As of January 30, 2001, contributions have been received from thirty four municipal governments, with five more passed by councils but not yet received (see Annex C). The total received to date is \$226,679.82. Most contributors made a commitment of 2 cents per capita, as requested. See Annex D for an account of NHPOT expenditures up to January 31, 2001.

In order to carry out the plan for 2001, as set out above, the NHPOT Steering Committee recommends a renewed commitment at the level of 1.5 cents per capita for the period of April 2001 to April 2002. A proposed budget is presented in Annex B.

RECOMMENDATIONS:

It is recommended that the FCM Big City Mayors Caucus:

1. approve the plan for 2001-2002;
2. commit to a new funding contribution (1.5 cents per capita); and
3. receive this report.

John Burrett
Senior Policy Analyst

ANNEX A**National Housing Policy Options Team Strategy 2001/2002**

Over the next year the NHPOT will work to:

- expand the funding committed to the Affordable Rental Program, to enable production of affordable units, at the level of annual production identified by FCM.
- ensure that the Affordable Rental Program is delivered so as to maximize the flexibility for locally-designed housing solutions. As proposed in “A National Affordable Housing Strategy”, local designs should include production of new units, acquisition and rehabilitation of existing units and, where it is most cost effective, homeownership assistance.
- Promote the option of national and local-level housing trusts, in co-operation where possible with provincial/territorial governments, as a vehicle for managing the use of federal funds for capital grants, to ensure maximum flexibility and effectiveness.
- Promote FCM’s proposals relating to tax regulations and mortgage insurance underwriting criteria. This could take place in the context of an upcoming federal budget, or in the context of ongoing discussions organized by the CHRA and ONPHA with the financial industry.
- Promote FCM’s proposals for rent supplement and shelter-related income assistance, as a complement to a capital grants program.
- Pursue voluntary disclosure by Canadian financial institutions of mortgage lending data and adoption of progressive mortgage lending practices similar to those developed in the United States.
- Work with the National Secretariat on Homelessness to promote the effectiveness of the Supporting Communities Partnership Initiative and FCM-led housing initiatives to combat homelessness.
- Continue and further develop relationships with other organizations in the field and carry on an effective national communications role with FCM members and other groups.

ANNEX B**Proposed NHPOT Budget for 2001-2002**

The following is a preliminary budget for NHPOT activities for the next year. This budget is based on a request of 1.5 cents per capita from interested municipalities. With current membership, this would allow a budget of approximately \$148,000.

Proposed NHPOT Budget: 2001-2002		
Category	Budgeted Amount	Notes
FCM Support	\$60,000	1
Consultants	\$47,000	2
Travel/Accommodation	\$14,000	
Teleconferencing, faxes, other electronic communications	\$12,000	
Printing, postage, non-electronic communications	\$5,000	
Translation	\$5,000	
Contingency	\$5,000	
Total Budget	\$148,000	

Notes:

1. FCM support contains charges for a portion of FCM staff time and administration.
2. Consulting work will concentrate on provision of expertise in strategy and lobbying, housing program design, taxation and law.

ANNEX C**NHPOT Contributors 2000/2001**

Contributions have been received or are pending from the following municipalities as of January 31, 2001

City of Vancouver	Strathcona County
Regional Municipality of Waterloo	Ville de Gatineau
City of Hamilton	Communauté urbaine de Québec
City of Calgary	City of Kamloops
City of Surrey	City of Nepean
City of Edmonton	Ville de Sherbrooke
City of Regina	City of New Westminster
City of London	District of North Vancouver
Region of Peel	Regional District of Kitimat
City of Saskatoon	Stikine
Regional Municipality of	Town of Oakville
Ottawa/Carleton	Township of Langley
Regional Municipality of Sudbury	City of Cornwall
Ville de Laval	City of St. Albert
City of St. John's	York Region
City of North Vancouver	City of Halifax
City of Toronto	Ville de Hull
City of Red Deer	City of Kelowna
City of Victoria	City of St. John
City of Lethbridge	Capital Regional District
City of Chilliwack	

ANNEX D**Use of the 1999-2000 NHPOT Budget:**

As of January 30, 2001, contributions have been received from thirtyfour municipal governments, with five more passed by councils but not yet received. The total received to date is \$226,679.82. Details of expenditures are presented on the following table.

NHPOT 1999-2000 Expenditures (as of January 31/01)		
Category	Budgeted Amount	Notes
FCM Support	\$53,138	1
Consultants	\$111,203	2
Travel/Accommodation	\$14,435	
Teleconferencing, faxes, other electronic communications	\$11,945	
Printing, postage, non-Electronic communications	\$4,831	
Translation	\$12,406	
Other	\$386	
Total Expenditures	\$208,347	

Notes to Budget Expenditures Table

1. Includes partial staff costs of one FCM Senior Policy Analyst, part time administrative assistance, and one City of Toronto staff on partial secondment to FCM to assist the NHPOT Steering Committee.
2. Consultants/external staff engaged for this project:

Lapointe Consulting Inc.
 Temple-Scott Associates
 Focus Consulting Inc.
 Richard Barry (City of Toronto)
 AcaciaConsulting & Research
 Lidstone, Young, Anderson
 Greg Lampert Consulting Economist
 Robert Cohen
 CanadianCouncil on Social Development