The social and economic case for more community housing in Saskatchewan

Saskatchewan Economic Development Agency Summit

Community Housing Transformation Centre
Centre de transformation du logement communautaire

Agenda

01 Current state of housing in Saskatchewan vs. Canada

02 The role of public, private and non-profit sector to address our housing needs

03 Community housing to boost economic growth and productivity performance

04 The Path Forward – From Community Housing to Housing the Community

05 Conclusion

Current state of housing in Canada and Saskatchewan

Demand vs supply challenges

A housing crisis in the making

Photo: CTV News

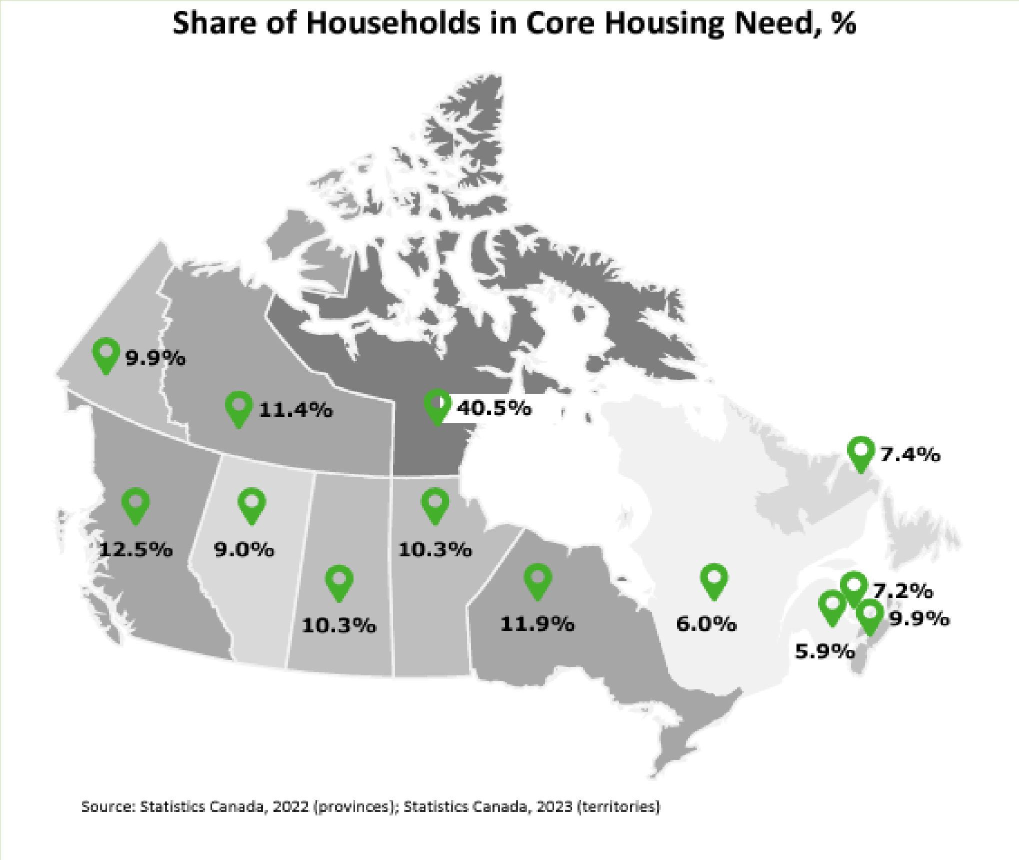
Canada is facing a **housing crisis** due to several factors, including:

- Economic trends – high inflation and low labour productivity
- Extreme shortfall in supply
- Inadequate public policies and investment in community housing

Market failure: Lower mortgage rates + population growth + 52% increase in investors buying properties in the last decade
= higher housing costs.

2.6 million Canadians in Core Housing Need

Saskatchewan is experiencing affordability challenge



- Core housing rate in Saskatchewan was 10.3% in 2021, slightly higher than national average.
- Rates are higher in rural areas where 30% of renters are in CHN, compared to 20% average in Canada (excl. Territories).
- 25% of Indigenous households are in core housing need, while 1 in 5 seniors and recent immigrants do not have access to affordable, suitable, or adequate housing.
- 45% of renters in Saskatoon pay more than 30% of their income on housing, and 1 in 5 contribute 50% or more of their income.

A Snapshot of Renters in Canada & Saskatchewan

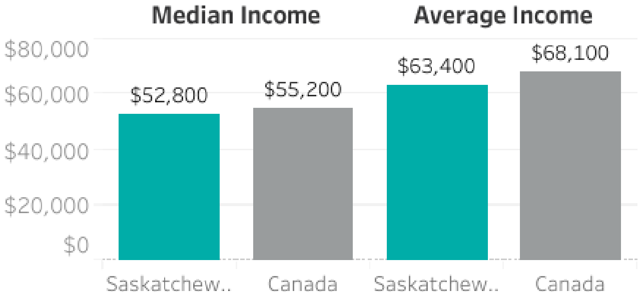
NUMBER OF RENTER HOUSEHOLDS

116,615

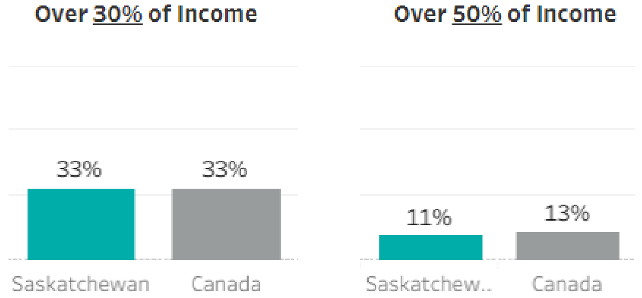
AVERAGE MONTHLY RENT & UTILITIES

Saskatchewan	Canada
$1,096	$1,208

AVERAGE & MEDIAN RENTER HOUSEHOLD INCOME



PROPORTION OF HOUSEHOLDS OVERSPENDING ON RENT AND UTILITIES



RENTER HOUSEHOLDS LIVING IN OVERCROWDED CONDITIONS

Saskatchewan	Canada
10%	10%

RENTER HOUSEHOLDS LIVING IN UNITS IN NEED OF MAJOR REPAIRS

Saskatchewan	Canada
6%	7%

Demand challenges

- CMHC estimates the need for 3.5 million new homes by 2030
- Saskatchewan's population grew by 30,000 in 2023 to record high 1,225,493. The Province wants to add 219,000 new residents by the end of the decade, which will lead to increase demand in supply.
- Immigrants are the main source of population growth, which should lead to increased demand for rental housing – The rental market is typically the starting point for immigrants before they transition to homeownership.

Supply Issues

- Current projects under construction will not be sufficient to meet increased demand. Housing completion rates in 2021 were 33% below
  10-year average

- In 2021, housing supply was near record low due to strong demand and fewer new listings = year-over-year increase of 5% to 11% in home prices.

- Weak or no private rental markets in northern communities = long waitlist

- Limited and aging social and community housing stock inadequate to meet current and future needs.

- High vacancy rate in public housing units (18.4% in Saskatoon).

Who can address the housing crisis?

The role of public, private, and community housing

Option #1 - More private sector housing

- Federal policy shift in 1990s
- Private sector owns 95% market share

Pros

- Well capitalized
- Efficiency and innovation
- Diverse housing options
- Support economic growth
- Market responsiveness

Cons

- Profit-driven
- Affordability issue
- Speculation and volatility
- Quality concerns
- Does not address social concerns

Option #2 - More public housing

- SHA: 18,000 + units in more than 280 communities
- $450M in federal and provincial funding under NHS

Pros

- RGI
- Government control on investments
- Government can address gaps in the market

Cons

- Underfunding
- More costs to build and operate
- Stigma attached to public housing projects

Option #3 – More community housing

- Housing affordability is not an issue in Vienna
- 4,450 units operated by co-ops and non-profit housing providers in Saskatchewan.
- Only sector equipped to adequately address homelessness.

Pros

- Affordability
- Mission-driven
- Long-term stability for tenants
- Resourceful
- Community focus

Cons

- Limited funding
- Capacity constraints
- Dependence on external funding
- Competitive disadvantage
- Administrative burden

Community Housing as a key economic driver

What is community housing?

- As defined by Stats Canada: "Social" Housing is a structure where at least some of the dwellings have rent-setting mechanisms that are not entirely governed by the laws of supply and demand.

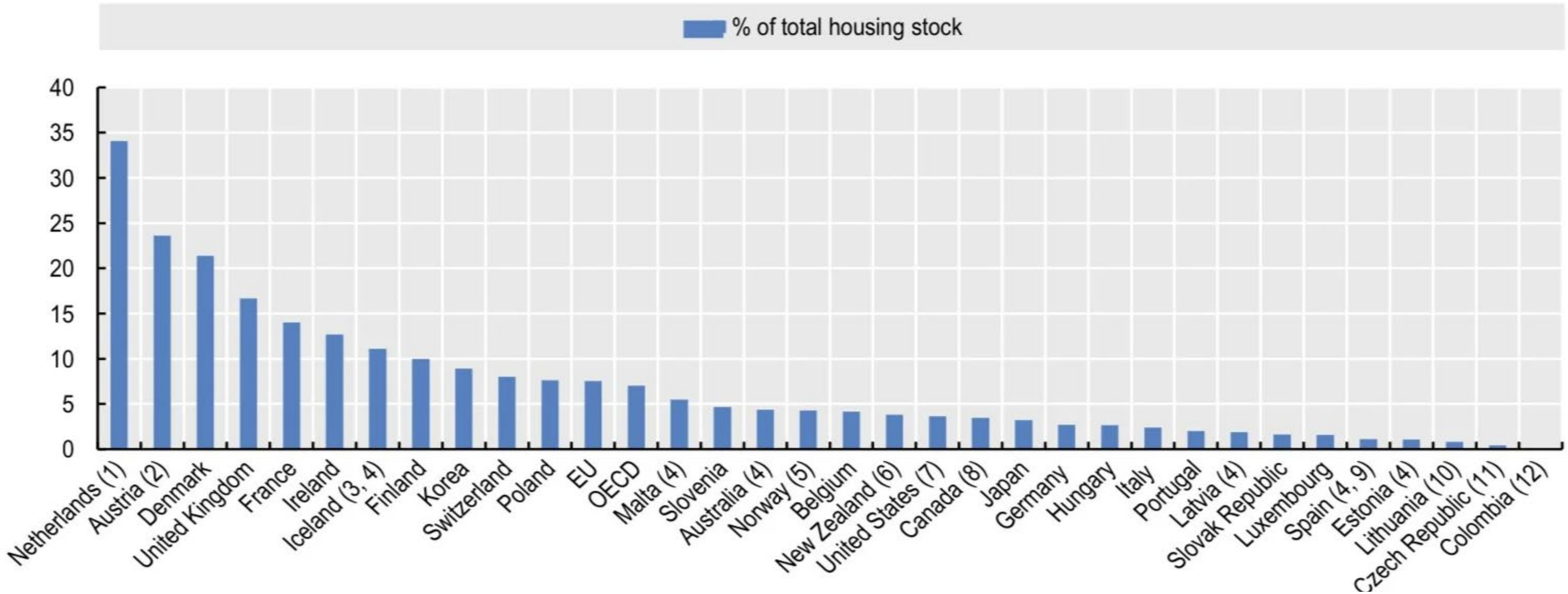
- For the purpose of this presentation, community housing includes:
  - **Housing co-operatives**
  - **Non-Profit Housing**

- 3.5% of Canada's housing stock is non-market housing, about half of OECD average. In Austria, Denmark, and the Netherlands, it represents more than 20% of the total stock!

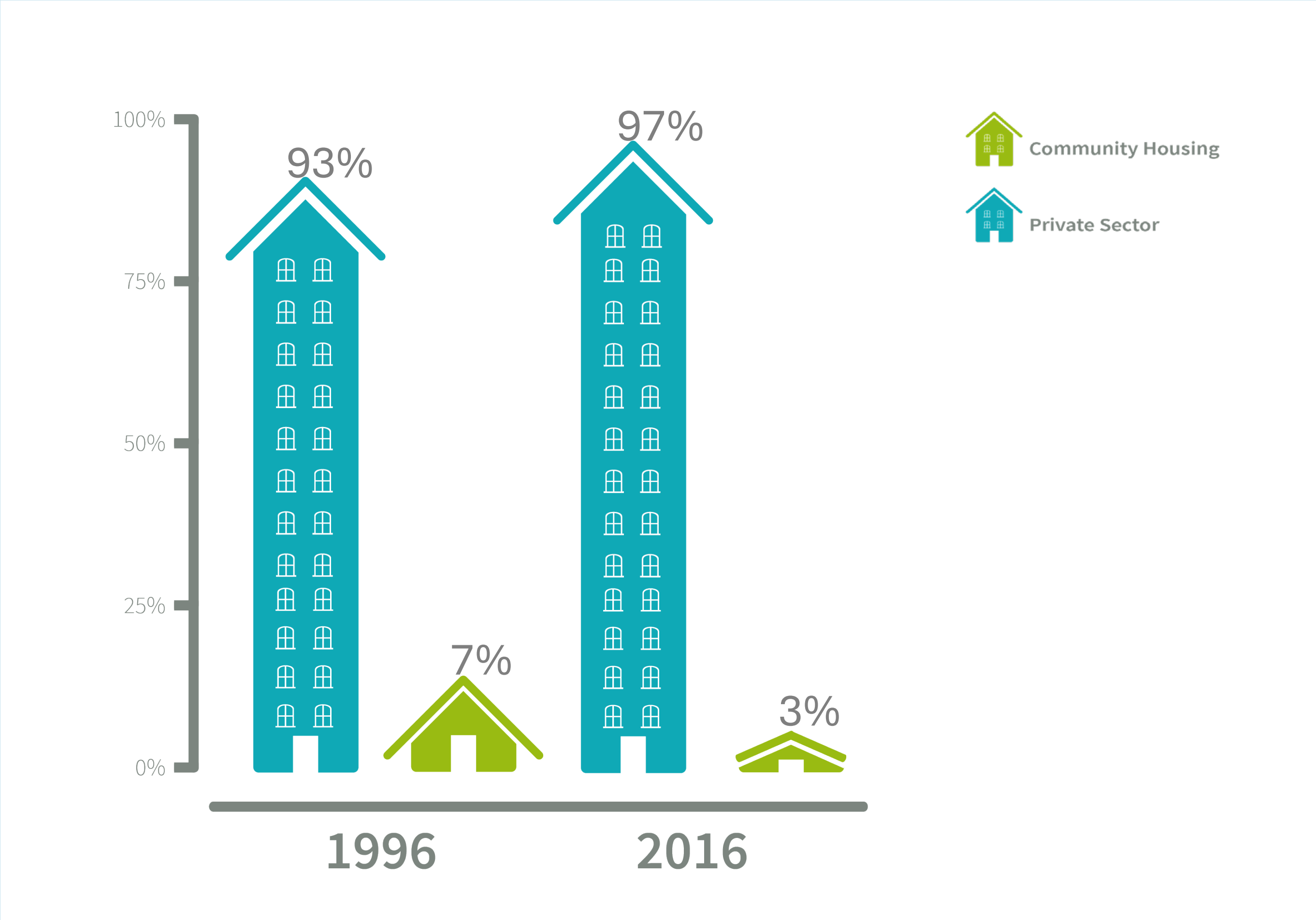
- The sector has become home to an increasingly higher concentration of low-income and vulnerable tenants, which creates challenges to the economic sustainability of housing providers and create spatial concentration of poverty.

Figure PH4.2.1 Relative size of the social rental housing stock

Number of social rental dwellings as a share of the total number of dwellings, 2020 or latest year available



Private vs. non-market housing, % of Canada total market share



Key social and economical benefits of community housing

Housing Security: secure and stable housing for low-to moderate-income families

Community Development: Stimulates local economies through job creation

Improved Health Outcomes: Reduces healthcare costs and enhances quality of life

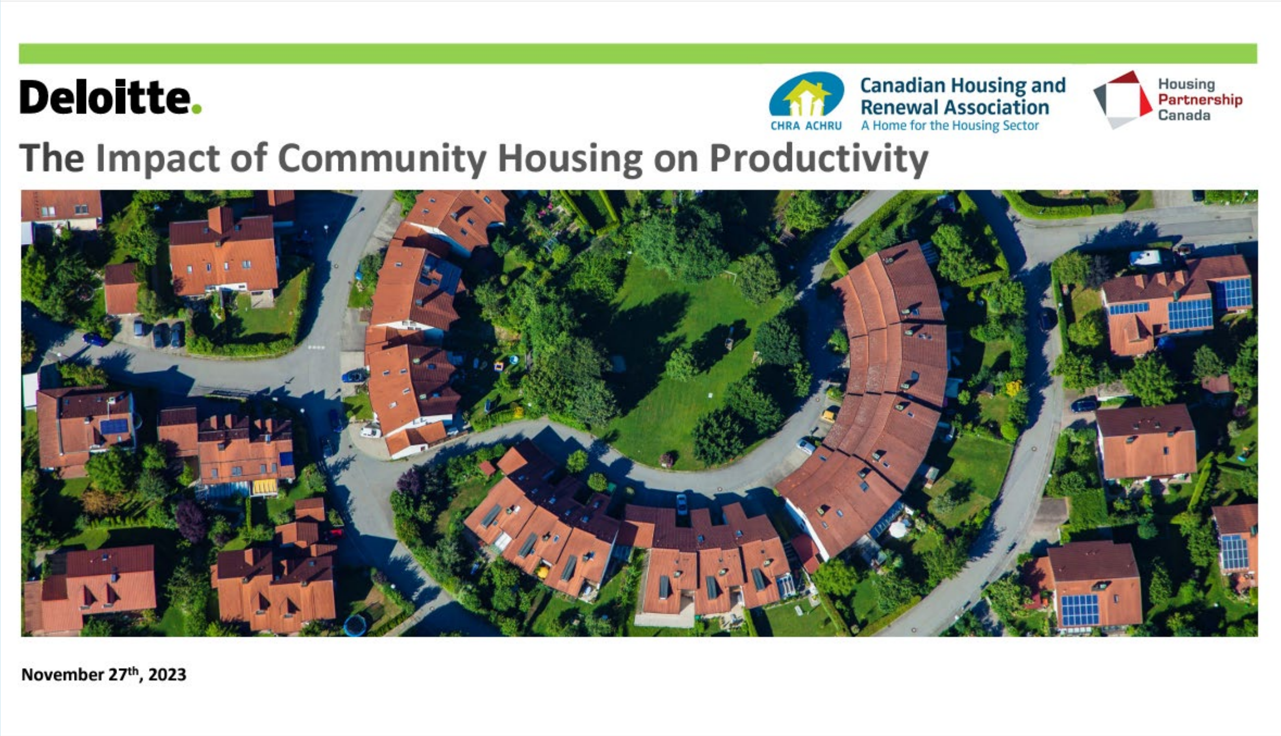
Cost Savings: Reduces the financial burden on social services and healthcare system

Economic Mobility: Enables allocating more resources towards education, job training, and other opportunities

Productivity challenges in Canada

- Canada has one of the lowest average growth rates in multifactor productivity (MFP) over the last 40 years.
- OECD projects that Canada will have the lowest GDP per capita between now and 2060.
- Canadian workers are now 77% as productive as their American counterparts.
- Clear link between housing affordability and productivity (e.g. recruitment challenges)

Community Housing is a key economic driver



Deloitte.

Canadian Housing and Renewal Association
CHRA ACHRU
A Home for the Housing Sector

Housing Partnership Canada

The Impact of Community Housing on Productivity

November 27th, 2023

- Research shows a strong connection between community housing
  and productivity.

- Boosting the share of community housing units to reach 7% OECD average, could boost productivity
  by 9.3%.

- A larger share of non-market units could contribute up to $179B to Canada's economy by 2030.

Economic Impact of more community housing for Saskatchewan

- From 1997 to 2021, the average annual growth rate of multifactor productivity in Saskatchewan was negative (-0.99%), which was lower than national average.
- Saskatchewan Housing Continuum Network projected a deficit of 100,000 housing units to match expected population growth over the next eight years
- To achieve OECD levels, Saskatchewan needs to add 11,180 new community housing units by 2030.
- The productivity result would contribute between $2.6 to $4.2 billion to Saskatchewan’s GDP by 2030

The Path Forward

Growing community housing in Saskatchewan

Growing Community Housing in Saskatchewan

- The sector currently operates 3,200 rental units + 1,200 special purpose units (e.g. shelter beds, group homes, etc.)
- Goal is to build or acquire over 11,180 units in Saskatchewan over the next 6 years. This could require up to $3.4B investment*
- The Community Housing Transformation Centre (CHTC) can help:
  - Investment of $514,000 in Saskatchewan to support transformation projects.
  - Collaboration with Saskatchewan Housing Corporation, Network of Saskatchewan Non-Profit Housing Providers, and other partners to grow capacity and sustainability of the sector.
  - Development of an asset-based financial model to quickly scale up non-market housing by leverage the equity in the sector.

**Based on $300,000 per new unit*

Scaling up

Organizational growth

Growth through partnership

Sector development

About the Community Housing Transformation Centre

Funding

- Sector Transformation Funds
- Community Housing Growth Fund

Programs and Services

- Self-assessment tools
- Regional Energy Coaches
- National Housing School
- RentSmart Program

Resources

- Resources Inventory
- Resource kits

Conclusion

- Saskatchewan is facing a serious housing problem – persistent demand will continue to put pressure on supply.
- Housing is a key economic driver and part of the province/country's critical infrastructure.
- Raising the share of community housing units by 11,180 units could boost the province's GDP by $4.2 billion by 2023, in addition to addressing housing affordability and insecurity.
- The solution requires government, businesses, and non-profit sector working together.
- As a catalyst for growth and sustainability, the Centre is ready to partner with government and Saskatchewan's business and community sectors to make it happen.

Thank you

www.centre.support

Community Housing
Transformation Centre

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