

**Pages 1 to / à 2  
are not relevant  
sont non pertinentes**

## Madison Greenwood

---

**From:** Paul Kershaw  
**Sent:** January-18-22 6:07 PM  
**To:** ISI.minister-ministre.ISI@canada.ca; anil.arora@canada.ca  
**Cc:** Andrea Long; Nicholas Schiavo; David Williams  
**Subject:** Briefing request: New CMHC-funded report calls for Statistics Canada to improve measurement of housing inflation

Dear Minister Champagne and Chief Statistician Anil Arora,

My name is Dr. Paul Kershaw. I'm a policy professor at the University of BC School of Population Health, and Founder of Generation Squeeze. Next week, we will be issuing a media release that draws attention to a recommendation from a new CMHC-funded report.

*The recommendation calls on Statistics Canada to (i) reduce the risk it contributes to unintended collateral damage to housing affordability caused by monetary and interest rate policies, because there remain shortcomings in Statistics Canada's measurement of housing price increases in its calculation of inflation; and (ii) publish an annual study reporting on the latest evidence about the relationship between monetary policy and the growing gap between home prices and earnings.*

You can find more information about the report

at: [https://www.gensqueeze.ca/housing\\_wealth\\_generational\\_inequity](https://www.gensqueeze.ca/housing_wealth_generational_inequity) Your team may be especially interested in pages 38 to 41, where the recommendation is discussed.

We observe that Stats Can made some important incremental improvements to the measurement of housing inflation in February of last year, partially addressing concerns profiled by the Business Council of British Columbia. We encourage the talented team at Stats Canada to strive to address ongoing weaknesses.

I'd be pleased to offer you a short briefing about the issue as your schedule permits, and wanted to give you both some notice in advance of distributing a media release next week. We are issuing the release, because the report recommendation relates directly to the hearings that the Standing Committee on Finance is now convening about inflation concerns generally, and its specific focus on housing inflation.

Kind regards,

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze

Follow us on: [twitter](#) | [facebook](#) | [gensqueeze.ca](https://www.gensqueeze.ca) *Squeeze Back.*



**Pages 4 to / à 6  
are not relevant  
sont non pertinentes**

## Madison Greenwood

---

**From:** Erik Blache  
**Sent:** January-25-22 2:27 PM  
**To:** Debbie Stewart  
**Cc:** Arif Sayani  
**Subject:** RE: Contribution Agreement for signature  
**Attachments:** CA - SL Directed Lab (KmB version)\_Final Signed.pdf

Hi again Debbie,

Deliverables and how they were presented were worked out with Paul (thanks Arif) and are outlined in Schedule A of the CA attached.

e

---

**From:** Debbie Stewart <[dgstewar@cmhc-schl.gc.ca](mailto:dgstewar@cmhc-schl.gc.ca)>  
**Sent:** January-25-22 11:19 AM  
**To:** Erik Blache <[ebliche@cmhc-schl.gc.ca](mailto:ebliche@cmhc-schl.gc.ca)>  
**Subject:** RE: Contribution Agreement for signature

Hi – thanks for quick response. There were some questions on appropriate deliverables earlier in the thread. Where did we land?

---

**From:** Erik Blache <[ebliche@cmhc-schl.gc.ca](mailto:ebliche@cmhc-schl.gc.ca)>  
**Sent:** January-25-22 10:59 AM  
**To:** Debbie Stewart <[dgstewar@cmhc-schl.gc.ca](mailto:dgstewar@cmhc-schl.gc.ca)>  
**Subject:** RE: Contribution Agreement for signature

Good morning...

Yes – Paul's invoice was submitted to Accounts payable on Jan 14<sup>th</sup> – so he should have received by now.

e

---

**From:** Debbie Stewart <[dgstewar@cmhc-schl.gc.ca](mailto:dgstewar@cmhc-schl.gc.ca)>  
**Sent:** January-25-22 10:52 AM  
**To:** Erik Blache <[ebliche@cmhc-schl.gc.ca](mailto:ebliche@cmhc-schl.gc.ca)>  
**Subject:** FW: Contribution Agreement for signature

See thread below....have we resolved this?

---

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**Livia**, do you require me to submit an invoice, or will you execute the transfer in light of the direct deposit information you already have for the Association for Generational Equity?

Best,  
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604 761 4583

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**Sent:** Tuesday, December 21, 2021 1:22 PM  
**To:** Kershaw, Paul <[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca)>  
**Cc:** [andrea@gensqueeze.ca](mailto:andrea@gensqueeze.ca)  
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Merci Paul.

Attached for your records is the final signed copy.

Cheers,  
Erik

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I'd like to also take this opportunity to wish you and yours the very best for the Holiday Season – hopefully 2022 will be a kinder, gentler year for all!  
All the best,

**Erik Blache**

Senior Manager, Innovation-Demonstrations and Excellence | Gestionnaire principal, Innovation – démonstrations et excellence  
Innovation and Partnerships | innovation et partenariats  
613.740.5894 | Ottawa, ON

Canada Mortgage and Housing Corporation  
Société canadienne d'hypothèques et de logement  
[cmhc.ca](http://cmhc.ca) | [schl.ca](http://schl.ca)

*Creating a new generation of housing and giving more people living in Canada a place to call home.  
Créer des logements novateurs et fournir un chez-soi à un plus grand nombre de personnes vivant au Canada.*

---

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Best,  
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604 761 4583

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Next Steps:

1. Paul to review latest revisions, feedback to Arif
2. Discussion on the final deliverables - all
3. Signing

Thanks,  
Arif

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**Cc:** Erik Blache <[ebblache@cmhc-schl.gc.ca](mailto:ebblache@cmhc-schl.gc.ca)>  
**Subject:** RE: CMHC - Contribution agreement and plan comments

Hello Arif, Debbie and Erik,

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I re-attach the two documents that Arif sent. In the first, I ask some questions of Arif. In the second, I respond to Arif's questions.

**Debbie,** I wonder if you could help us with one overarching theme I notice in both documents for which we will need clarity and convergence between our two groups. The documents that Arif shared are well suited for projects that are going to result in a "final report." But this CA is for KMb work, which doesn't lend itself to a "final report," because we are not producing research, we are mobilizing it. So my sense is that Arif & Andrew are looking for some indication of what is the product that CMHC is getting from this CA.

I'd like to suggest that we understand the final product is one (or more) presentations by me to the CMHC Executive Team about what Gen Squeeze learns from our KMB activities about the work involved in shifting Canadian culture to overcome barriers to achieving the CMHC 2030 goal. This final product would build on the conversation we initiated with the Exec team as a result of my presentation on December 10. We could treat the powerpoint deck(s) that I prepare as the "lasting" deliverable and/or use a zoom video recording for the same purpose. This could also help to advance your goal of maintaining momentum after the Dec 10 session so it doesn't just end as "an interesting conversation" but instead can inform the corporation's broader strategic planning, and implementation of those plans.

What do you think? I'm happy to hop on a phone call to discuss further.

Best,  
P

Dr. Paul Kershaw  
604 761 4583

---

**From:** Arif Sayani <[asayani@cmhc-schl.gc.ca](mailto:asayani@cmhc-schl.gc.ca)>  
**Sent:** Tuesday, December 14, 2021 12:27 PM  
**To:** Kershaw, Paul <[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca)>  
**Cc:** Erik Blache <[ebblache@cmhc-schl.gc.ca](mailto:ebblache@cmhc-schl.gc.ca)>  
**Subject:** CMHC - Contribution agreement and plan comments

[CAUTION: Non-UBC Email]

Hello Paul,

I'm reaching out with two documents for you to review regarding the KMB work for the final report and recommendations.

1. A draft contribution agreement for you to review. Once we have both sides agreed on the details I'll prepare a final copy for signature. Please confirm the details around your position etc. as well.
2. Your submitted KMB plan with some comments from us. Generally speaking there just some key things we'd like to see including a commitment for some reports back to us, some more details on a couple of activities, and some more diversity on the testing audience for key messages.

I am available to chat if you'd like and with the holidays approaching we certainly want to get these documents finalized soon.

Thanks!  
Arif

**Arif Sayani, MCIP RPP**  
Senior Specialist, Innovation and Research  
Innovation: Demonstrations and Excellence  
Policy & Innovation  
[asayani@cmhc-schl.gc.ca](mailto:asayani@cmhc-schl.gc.ca)  
Telephone: 613 748-5665  
700 Montreal Road, Ottawa, ON, K1A 0P7

**Arif Sayani, MICU UPC**  
Spécialiste principal, Innovation et recherche  
Innovation : Démonstrations et excellence  
Politiques et Innovation  
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700, Chemin Montreal Ottawa, ON, K1A 0P7

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## Madison Greenwood

---

**From:** Livia Rodriguez  
**Sent:** January-11-22 8:29 PM  
**To:** Paul Kershaw; Erik Blache  
**Cc:** andrea@gensqueeze.ca; Arif Sayani; Debbie Stewart; Andrew Cowan  
**Subject:** RE: Contribution Agreement for signature  
**Attachments:** PO004669-1 Association for Generational Equity (Generation Squeeze).pdf

Hello Paul,

We would be happy to receive your first invoice for payment at your earliest convenience.  
As per the attached Purchase Order document please indicate the following on your invoice for the first \$100,000.

**Association for Generational Equity**  
**NHS 2-51**  
**PO 004669-1**

Please do not hesitate to reach out to me should you have any questions or concerns.

Kindest regards,

Livia

*Livia Rodríguez*

**Project Officer Solution Labs/ Agent de projet, laboratoires de solutions**  
613-748-2453

[Innovation-Research@cmhc-schl.gc.ca](mailto:Innovation-Research@cmhc-schl.gc.ca)

**#FlattenTheCurve #StayHealthy**

***We are in this together.***

See how CMHC is supporting Canadians during the COVID-19 pandemic: [cmhc.ca/covid-19](https://cmhc.ca/covid-19)

**#AplatirLaCourbe #ResterEnSanté**

***Cette situation nous concerne tous.***

Voyez comment la SCHL aide les Canadiens durant la pandémie de COVID-19 : [schl.ca/covid-19](https://schl.ca/covid-19)



Follow CMHC on Twitter, LinkedIn, Facebook and YouTube

Suivez la SCHL sur Twitter, LinkedIn, Facebook et YouTube

**\*While we are continuously monitoring developments around COVID-19, we are also ensuring the continuity of our operations/ Tout en surveillant continuellement l'évolution de la situation concernant la COVID-19, nous veillons également à la continuité de nos activités.**

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>

**Sent:** January 11, 2022 6:58 PM

**To:** Erik Blache <eblache@cmhc-schl.gc.ca>

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**Debbie,** I wonder if you could help us with one overarching theme I notice in both documents for which we will need clarity and convergence between our two groups. The documents that Arif shared are well suited for projects that are going to result in a "final report." But this CA is for KMb work, which doesn't lend itself to a "final report," because we

are not producing research, we are mobilizing it. So my sense is that Arif & Andrew are looking for some indication of what is the product that CMHC is getting from this CA.

I'd like to suggest that we understand the final product is one (or more) presentations by me to the CMHC Executive Team about what Gen Squeeze learns from our KMb activities about the work involved in shifting Canadian culture to overcome barriers to achieving the CMHC 2030 goal. This final product would build on the conversation we initiated with the Exec team as a result of my presentation on December 10. We could treat the powerpoint deck(s) that I prepare as the "lasting" deliverable and/or use a zoom video recording for the same purpose. This could also help to advance your goal of maintaining momentum after the Dec 10 session so it doesn't just end as "an interesting conversation" but instead can inform the corporation's broader strategic planning, and implementation of those plans.

What do you think? I'm happy to hop on a phone call to discuss further.

Best,  
P

Dr. Paul Kershaw  
604 761 4583

---

**From:** Arif Sayani <[asayani@cmhc-schl.gc.ca](mailto:asayani@cmhc-schl.gc.ca)>  
**Sent:** Tuesday, December 14, 2021 12:27 PM  
**To:** Kershaw, Paul <[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca)>  
**Cc:** Erik Blache <[ebblache@cmhc-schl.gc.ca](mailto:ebblache@cmhc-schl.gc.ca)>  
**Subject:** CMHC - Contribution agreement and plan comments

[CAUTION: Non-UBC Email]  
Hello Paul,

I'm reaching out with two documents for you to review regarding the KMb work for the final report and recommendations.

1. A draft contribution agreement for you to review. Once we have both sides agreed on the details I'll prepare a final copy for signature. Please confirm the details around your position etc. as well.
2. Your submitted KMb plan with some comments from us. Generally speaking there just some key things we'd like to see including a commitment for some reports back to us, some more details on a couple of activities, and some more diversity on the testing audience for key messages.

I am available to chat if you'd like and with the holidays approaching we certainly want to get these documents finalized soon.

Thanks!  
Arif

**Arif Sayani, MCIP RPP**  
Senior Specialist, Innovation and Research  
Innovation: Demonstrations and Excellence  
Policy & Innovation  
[asayani@cmhc-schl.gc.ca](mailto:asayani@cmhc-schl.gc.ca)  
Telephone: 613 748-5665  
700 Montreal Road, Ottawa, ON, K1A 0P7

**Arif Sayani, MICU UPC**  
Spécialiste principal, Innovation et recherché  
Innovation : Démonstrations et excellence  
Politiques et Innovation  
[asayani@cmhc-schl.gc.ca](mailto:asayani@cmhc-schl.gc.ca)  
Téléphone : 613 748-5665  
700, Chemin Montreal Ottawa, ON, K1A 0P7

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**NHS Solutions Labs**  
**CONTRIBUTION AGREEMENT**  
("Agreement")

THIS AGREEMENT made this December 21, 2021

---

BETWEEN

**CANADA MORTGAGE AND HOUSING CORPORATION**  
("CMHC")

- AND -

**Association for Generational Equity (Operating as Generation Squeeze)**  
("Recipient")

(Collectively referred to as the "**Parties**" and each individually a "**Party**" under this Agreement)

---

**WHEREAS** Generation Squeeze has been approved for funding under the National Housing Strategy – Solutions Labs pursuant to the Proponents application to CMHC for any one or more of the projects or activities (the "**Project**") and certain eligible costs associated with this Project, as outlined in **Schedules A and B** of this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the funding provided by CMHC, the Recipient covenants and agrees with CMHC as follows:

**1. Term of Agreement.**

This Agreement shall become effective on the latest date of signature by both parties and shall terminate on March 31, 2022. At CMHC's sole discretion and following the end of the Term, this Agreement may be extended in writing by CMHC. Collectively the Initial Term and any CMHC authorized extension shall constitute the "**Term**" of this Agreement.

**2. Maximum Financial Liability.**

The maximum contribution of CMHC under this Agreement is \$200,000 (the "Contribution"). The Recipient acknowledges and agrees that:

- (a) The Recipient's eligibility for the Contribution is conditional upon the Recipient's ongoing compliance with the terms and conditions set out under this Agreement;
- (b) The Recipient shall use the CMHC Contribution only for the approved Project activities described in Schedule A and is subject to the terms and conditions specified in Schedule B hereto attached;
- (c) The Contribution shall not be used to finance the Project prior to the Agreement being signed by both parties; and
- (d) The Recipient's eligibility for the Contribution does not constitute an assurance that the Project will be approved for other forms of CMHC or other federal assistance.

**3. Project.**

The Project activities, deliverables, outputs and knowledge products as outlined under **Schedule A** of this Agreement, shall be aligned with the National Housing Strategy Priority Areas or Populations and Desired Outcomes.

**4. Reports.**

The Recipient shall ensure that the reports and communications products outlined in Schedule A, and any other outputs that would materially affect knowledge mobilization on the recommendations of the Solutions Labs, are made available to CMHC.

**5. Role of CMHC.**

CMHC is solely a financial contributor to the Project. CMHC and the Recipient are not in a partnership or joint venture as recognized in law. Any reference to partnership or the like as between CMHC and the Recipient is to connote a working relationship between the parties premised on collaboration and cooperation.

## **6. Publication & Announcements.**

Release of Information regarding the Project shall proceed as follows:

- (a) The Recipient shall allow CMHC to use any information submitted or provided in connection with the Project in CMHC media releases, publications or other venues as deemed appropriate by CMHC;
- (b) The Recipient shall not publish, make public or announce the Contribution or Project prior to the CMHC or Government of Canada announcement or as otherwise authorized by CMHC in writing.

## **7. Intellectual Property.**

All information and materials produced under this Agreement shall be the exclusive property of the Recipient and the Recipient shall have copyright therein. Subject to the terms and conditions of this Agreement, the Recipient hereby grants to CMHC a non-exclusive, perpetual, irrevocable, assignable, royalty-free sub-licensable license to use, make, have made, sell, offer for sale, and import the intellectual property worldwide, with the right to make such modifications as may be desirable for any purpose related to the current or future operation of CMHC. This licence so granted shall survive the termination of this Agreement.

## **8. Limitation of Liability & Indemnification.**

CMHC, its officers, employees, directors, or agents shall not be liable for any damages, whether consequential, special, indirect, or incidental costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). The provisions of this section shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The Recipient agrees to indemnify and save harmless CMHC, its officers and employees against all claims demands, actions, suits or other proceedings of every nature and kind arising from or in consequence of the performance of this Agreement whether or not CMHC is named party in such actions, suits or proceedings.

## **9. Insurance Clauses:**

At a minimum the recipient shall, at its own expense, procure and maintain or cause to be procured and maintained insurance coverage for the duration of this Contribution Agreement

### **A) Commercial General Liability Insurance.**

The Recipient will provide and maintain Commercial General Liability insurance with an insurer licensed to do business in Canada with a limit of not less than \$5,000,000 per occurrence for bodily injury or damage to property including loss of use of such property. This policy shall include the following extensions:

- cross liability including severability of interest
- personal injury and advertising injury
- broad form property damage
- completed operations
- blanket contractual liability
- employers liability (or confirmation that all employees including sub-contractors and independent contractors are covered by Workers Compensation)
- non owned automobile liability
- Canada Mortgage and Housing Corporation to be added as additional insured.
- 30 days prior written notice of cancellation to CMHC's Specialist, Corporate Insurance, 700 Montréal Road, Ottawa, Ontario K1A 0P7
- contractors liability to include operations of independent contractors (if not provided then each subcontractor must provide a certificate of insurance confirming that they have liability insurance as detailed in the contribution agreement).
- infringement of property rights (trademark/copyright/plagiarism) and invasion of privacy

### **B) Workers Compensation.**

The Recipient shall abide by the rules and regulations pursuant to the workmen's compensation laws of the province where the work is performed and shall ensure permitted subcontractors abide by same.

### **C) Professional (Errors & Omissions) Liability.**

The Recipient will provide and maintain Professional Liability insurance with an insurer licensed to do business in Canada with a limit of not less than \$2,000,000. The policy will provide 30 days prior written notice of cancellation to CMHC's Specialist, Corporate Insurance, 700 Montréal Road, Ottawa, Ontario K1A 0P7. Coverage is to include Recipient and Recipient's employees and contract employees (if applicable) as named insured.

## **Other conditions.**

If there are material changes in the scope of Services provided under this Agreement, CMHC may, request changes to the minimum insurance coverages set out above.

All insurance policies required to be maintained by the Recipient pursuant to this Section 11 shall be primary with respect to this Agreement and any valid and collectible insurance of CMHC shall be excess of Recipient's insurance and shall not contribute to it.

All Certificates of Insurance shall mention that insurers will provide CMHC with at least thirty (30) days' written notice prior to cancellation of any insurance referred to under this Section 11. In addition, the Recipient shall provide written notice to CMHC forthwith upon learning that an insurer described in this Section 11 intends to cancel, or intends to make or has made a material change to, any insurance referred to in this Section 11. A Certificate of Insurance meeting the above requirements shall be delivered to CMHC upon execution of this Agreement and for each renewal thereafter.

Without in any way restricting CMHC's direction to grant or withhold its consent to a request to subcontract pursuant to Section 11, the Recipient agrees that it shall contractually obligate any subcontractor or independent contractor retained in connection with this Agreement to maintain insurance against such risks and in such amounts that having regard to such subcontractor's or independent contractor's involvement in the provision of the Services could reasonably be expected to be carried by Persons acting prudently and in a similar business to that of such subcontractor or independent contractor.

It shall be the sole responsibility of the Recipient to decide whether or not any other insurance coverage, in addition to the insurance requirements stipulated herein, is necessary for its own protection or to fulfill its obligation under the contract. All insurance policies shall be provided and maintained by the Recipient at its own expense.

#### **10. Records.**

The Recipient will keep proper and detailed records and statements of account, including receipts, vouchers, invoices, and other documents related to the cost of carrying out the Project and:

- (a) shall permit CMHC, or its designated representative, to access such records and statements for audit and inspection purposes within ten (10) business days of such written request from CMHC;
- (b) shall keep such records available for seven (7) years following expiry of this Agreement.

#### **11. Fraud, Misconduct, or Misrepresentation.**

Notwithstanding this Agreement, if CMHC is of the opinion that there has been fraud, misconduct, or misrepresentation on the part of the Recipient or its representatives, then CMHC shall have the right to immediately terminate this Agreement and, all of the Contribution disbursed to the Recipient by CMHC shall be immediately repayable by the Recipient to CMHC. In the event that the Recipient is not a legal entity, the representatives of the Recipient signing this Agreement shall be liable to CMHC on a joint and several basis for the repayment of the Contribution.

#### **12. Confidentiality.**

For the purposes of this Agreement, "**Confidential Information**" includes, but is not limited to, any information that has been or will be disclosed in any form by one Party under this Agreement to the other Party. The Parties shall hold all Confidential Information in trust and in the strictest confidence, using efforts and a standard of care fully commensurate with those which the Parties employ for protection of their own confidential information and shall employ such precautions as are necessary to prevent unauthorized use, access to and disclosure of Confidential Information. Confidential Information may be disclosed by the Parties solely for the purposes of carrying out each Parties obligations under this Agreement and to the extent that such disclosure is required by court or regulatory order or as otherwise required by law or regulation, provided, however, that each Party shall notify the other Party immediately upon learning of the possibility of any such requirement in order to allow that Party a reasonable opportunity to contest or limit the scope of such required disclosure (including application for a protective order or other remedy). The Parties shall comply with all applicable legal requirements and, without limiting the generality of the foregoing, nothing in this Agreement shall be construed in a manner that would contravene the *Access to Information Act* (Canada) or the *Privacy Act* (Canada).

#### **13. Termination.**

- (1) CMHC may, by written notice to the Recipient (the "**Notice of Termination**"), immediately terminate this Agreement if:
  - (a) the Recipient has breached one or more of its obligations under this Agreement and has not remedied its obligations, to the sole satisfaction of CMHC, within thirty (30) calendar days of the date on which such breach occurred, or within any other timeframe that the Parties have agreed to in writing (as the case may be), or
  - (b) the Recipient has become bankrupt or insolvent, or is otherwise unable to meet its financial obligations, or
  - (c) the Project does not proceed in accordance with the Project Activity timelines in **Schedule A**.
- (2) Notwithstanding any other provision of this Agreement, CMHC may terminate this Agreement for any reason upon ten (10) calendar days' written notice to the Recipient, including without limitation, if funding for the Program is no longer available due to no or insufficient appropriations by the Government of Canada. In such event, CMHC will advance funding for the invoices relating to the Project that have been completed up to the date of the Notice of Termination.



- (3) Upon termination of this Agreement by CMHC, CMHC will have no further liability of any kind to the Recipient and the Recipient shall return all of the Contribution paid to the Recipient by CMHC within thirty (30) calendar days of the date of the Notice of Termination.
- (4) Notwithstanding any other term or condition of this Agreement to the contrary, Section 9 (Intellectual Property), Section 10 (Limitation of Liability & Indemnification), Section 12 (Records) and Section 14 (Confidentiality) of this Agreement, and all other provisions of this Agreement necessary to give effect thereto, shall survive any expiry or termination of this Agreement.

**14. Entire Agreement.**

The Parties agree that Schedules A and B form a part of the Agreement and are of full force and effect for the entire Term of the Agreement. This Agreement contains all of the agreements and understandings between the Parties and no other representatives or warranties, verbal or otherwise, exist between the Parties. If any provision of the Agreement is held by a competent authority to be invalid, illegal or unenforceable for any reason, the remaining provisions of the Agreement and any Schedules attached hereto, will continue to be in full force and effect. The failure of CMHC to insist on strict compliance with one or more of the terms of the Agreement shall not constitute a waiver of CMHC's right to enforce those terms at a later date. No provision of this Agreement shall be deemed to have been waived as a result of a breach by either Party of the provisions of this Agreement, unless such waiver is in writing and signed by both Parties. For greater clarity, the written waiver by either Party of any breach of any provision of this Agreement by the other Party, shall not be deemed a waiver of such provision for any subsequent breach of the same or any other provision of the Agreement.

**15. Binding Agreement.**

This Agreement shall be binding upon and shall ensure to the benefit of the Parties hereto and their respective successors and assignors. This Agreement may not be assigned by the Recipient without the prior written consent of CMHC. Any amendment to this Agreement must be provided and approved by CMHC in writing.

**16. No use of Name or Logo.**

It is agreed that the Recipient will make no use whatsoever of the name, logo or initials of CMHC or of NHS branding without the express written consent of CMHC, in which case the Recipient is required to follow CMHC and NHS Brand Guidelines.

**17. Conflict of Interest.**

The Recipient shall avoid any conflict of interest during the Term of this Agreement and shall immediately declare any existing, potential or apparent conflict and shall, upon direction of CMHC, take steps to eliminate any conflict, or perception of a conflict of interest. In the event that a conflict of interest, real or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately terminate this Agreement, and all of the Contribution disbursed to the Recipient by CMHC shall be immediately repayable by the Recipient to CMHC.

**18. House of Commons.**

No member of the House of Commons shall be admitted to any share or part of the Agreement or to any benefit arising therefrom.

**19. Governing Law and Jurisdiction.**

This Agreement is made under and will be governed by and construed in accordance with the laws of the province or territory in which the Project is located in Canada. The courts of such jurisdiction shall exclusively hear any dispute related to the validity, interpretation or performance of this Agreement.

**20. Notice.**

Delivery of notice under this Agreement shall be effective three (3) days after posting by regular mail, or on the day following transmission by fax or e-mail, to the Parties at the following addresses:

**CMHC**  
Off. of the V.-P., Innovation & Partnerships  
700 Montreal Road,  
Ottawa, ON, K1A 0P7  
[acowan@cmhc-schl.gc.ca](mailto:acowan@cmhc-schl.gc.ca)

**Generation Squeeze**  
C/O Paul Kershaw, Founder and Executive Chair  
17280 Ford Road, Pitt Meadows, British Columbia, V3Y 0A6  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca)

**21. No Disbursement Prior to the Signing of the Agreement.**

The Contribution shall not be disbursed until a copy of this Agreement is signed by the Recipient and delivered to CMHC, as described in **Schedule B**.

**22. Force majeure.**

In the event that a Party is prevented from fulfilling its obligations under the terms of the Agreement by a force majeure or act of God (an event or effect that cannot be reasonably anticipated or controlled), the impacted Party shall notify the other Party in writing as soon as reasonably possible. The written notice shall be sent by registered mail and shall outline the circumstances that constitute a force majeure or an act of God, which may include, but are not limited to, war, serious public disturbances, impediments arising from orders or prohibitions of public authority, actions of public enemies, strikes, lockouts and other labour disputes, riots, flooding, hurricane, fire, explosion or any other natural disasters over which the Party has no reasonable control.


**23. Compliance with Laws.**

The Recipient shall discharge its obligations under this Agreement in compliance with all Applicable Law during the Term of this Agreement.

**IN WITNESS WHEREOF** the Parties hereto have duly executed this Agreement.

**Generation Squeeze**

Signature:   
Paul Kershaw, Founder and Executive Chair

Witness:   
Anita Minh, Association for Generational Equity Board Member

Date: Dec. 21, 2021

I have the authority to bind the Recipient.

**CANADA MORTGAGE AND HOUSING CORPORATION**

Signature: \_\_\_\_\_  
Debbie Stewart  
VP, Innovation & Partnerships

Date: \_\_\_\_\_

I have the authority to bind the Corporation.

## Schedule A

## Wealth and the Problem of Housing Inequity across Generations

## Knowledge Mobilization Plan – January 3 to March 31, 2022

The following Knowledge Mobilization (KMb) plan builds on the momentum Gen Squeeze has sustained since first submitting a draft of the final report to the CMHC at the end of June. It is this momentum that allows us to ramp up activities quickly to achieve the ambitious work plan proposed below for the next three months. Given the January report release timeline, we will need to have funding confirmed by the third week of December.

Since we need to sequence the work to ensure our capacity for excellence, the initial three months of activities assigned to framing, designing communications tools, and shaping public opinion will focus primarily on Lab recommendations 2 and 3 on the surtax and CPI/inflation. We will also use these next three months to re-engage working group members who contributed to recommendations 1 and 4 to prepare for further KMb for fiscal year 2022/23. We will submit a budget for the work required for fiscal year 2022/23 in the coming weeks.

The Social Sciences and Humanities Research Council states that knowledge mobilization (KMb) beyond academia “informs public debate, policies, and/or practice; enhances/improves services; and/or informs the decisions and/or processes of people in business, government, the media, practitioner communities and civil society.” It is “an umbrella term encompassing a wide range of activities relating to the production and use of research results, including knowledge synthesis, dissemination, transfer, exchange, and co-creation or co-production by researchers and knowledge users.” KMb goes beyond the passive sharing of research findings, to consider how to shape and share these findings in ways that are accessible to – and resonate with – diverse audiences. Gen Squeeze’s approach to KMb is grounded in contemporary research in the fields of moral psychology, public policy development, and effective communications and storytelling.

A strong knowledge mobilization (KMb) strategy for the Directed Solutions Lab report will require the five components summarized in the chart below. While Lab recommendations are the focal point for this strategy, it is important to recognize that information about the Lab recommendations will only be mobilized effectively if it is shown how they relate to the broader CMHC goal of affordable housing for all by 2030. We will show this relationship by reference to a comprehensive policy framework to reach this goal that Gen Squeeze has co-developed with other academic and community experts. Locating Lab recommendations in the context of this broader goal and plan will make clear how they fit as part of a larger set of ambitions needed to redress Canada’s housing affordability crisis, and to promote *deep affordability*.

Objective	Activities	Deliverables	Timelines	Personnel (see legend below)	Costs
<b>1. Release of Lab report</b> Publicly release the report and foster public and media profile	Report release	Media release. Ultimately, we will want to talk about the Lab ideas over a year-long+ period. So the first release will thread the needle to refer to a new report, mention briefly it has 4 recommendations, and then anticipate most early interest will be with the tax policy recommendation. Follow up releases will be developed TBD as necessary, anticipating that the recommendation related to inflation and monetary policy will be the next priority.	Early January 2022	PK lead AL NS, SN	
	Identify and pitch interested media leaders with a focus on those who cover issues related to the surtax recommendation	Liaise with major daily with intention to have an op ed picked up Web and social media content  Proactively seek out media, monitor media, and be available for interviews (print, radio, TV). React to negative media, as needed	Early January 2022  January – March 2022	PK lead NS, SN Journalism student intern*	

Objective	Activities	Deliverables	Timelines	Personnel (see legend below)	Costs
	Engage with key stakeholders and officials to highlight report release and key findings	<p>Social media distribution, monitoring, engagement – this work will borrow from tools created under Objectives 2 and 3 below</p> <p>Zoom webinar/ Facebook Live event (format TBD)</p> <p>Meetings with stakeholders and officials (#TBC, estimating 5-10)</p> <p>Ongoing KMB meetings about the Lab framing, findings and recommendations to increase awareness with CMHC colleagues</p>	<p>January – March 2022</p> <p>Feb (after first media rush)</p> <p>January – March 2022</p> <p>January – March 2022</p>	<p>AC</p> <p>PK lead AL Lab participants</p>	
<p><b>2. Frame key messages that engage dominant values</b></p> <p>Map language from the Lab onto the values that drive people's understanding and interpretation of information</p>	<p>Reframe surtax and inflation recommendations (2 and 3) based on analysis of KMB and moral psychology research, and in light of their relationship to broader housing policy framework</p> <p>Test framing with Lab participants and other key informants, including within governments</p>	<p>A suite of key messages for the surtax and inflation recommendations that engage with each of 6 moral/political value dyads</p> <p>Analyze past/future media and public reaction to anticipate and address barriers to uptake of Lab recommendations</p> <p>Dialogue meetings with key message validators (messaging is evergreen in response to feedback)</p> <p>Test/Feedback meetings held with 4+ MPs</p> <p>Test/Feedback Meeting held with BC Minister responsible for Housing, David Eby</p> <p>Test/Feedback Meetings requested of Federal Finance Minister, Housing Minister, PMO; and BC Finance Minister; and/or support staff</p> <p>Message validating/testing is also supported by activities included under other objectives – op ed drafting and signatories (objective 3), public opinion polling (objective 4), and re-engaging Lab participants (objective 5)</p>	<p>January 14, 2022</p> <p>January – March 2022</p> <p>January – March 2022</p> <p>January – March 2022</p> <p>January – March 2022</p> <p>January – March 2022</p>	<p>AL lead PK NS, SN</p> <p>NS, SN</p> <p>PK lead AL NS, SN</p>	
<p><b>3. Create diverse, accessible, and engaging communications tools</b></p> <p>Deploy values based statements in formats accessible and appropriate for key target audiences</p>	<p>Develop a roster of communications tools to deploy via social media, online, and audio/video platforms</p> <p>Cultivate support of key partners and leaders on communication tools</p>	<p>Translate key messages for surtax and inflation recommendations into:</p> <ul style="list-style-type: none"> <li>2 podcasts</li> <li>2 video vignettes</li> <li>Blogs/vlogs (# TBC – anticipate 3+)</li> <li>Infographics and shareables (# TBC – anticipate 5+)</li> </ul> <p>Op ed on inflation and housing; adapt surtax op ed as necessary</p> <p>Secure inflation op ed co-signatories (surtax signatories already in place)</p> <p>Various meetings, phone calls, email correspondence, etc (there is quite a lot of 'outreach' involved)</p>	<p>January – March 2022</p> <p>February 2022</p> <p>January – March 2022</p>	<p>AL lead PK NS, SN, AC KN 2 Design/Comms student interns*</p> <p>PK lead AL NS, SN Lab participants</p>	

Objective	Activities	Deliverables	Timelines	Personnel (see legend below)	Costs
				PK lead AL	
4. Understand and shape public opinion	Public opinion polling	Contract with polling firm  Room for some poll questions to be developed with CMHC  Polling data and summary report	Late January 2022 February 2022	PK lead AL Poll firm CMHC	
	Ongoing media story pitching and interviews	Media interviews – including at least 1 ‘deep dive’ interview (# TBC but we anticipate dozens of media stories)  Media monitoring and analysis; plus digital analytics	March 2022  January – March 2022  March 2022	PK lead NS, SN Journalism student intern*  SN AC	
	Re-engage Lab participants and reinvigorate working groups and nascent stewardship teams identified at Lab conclusion	Direct outreach to share updates, release, and KMB plans to ensure stewardship teams are in place and committed to supporting KMB activities  While these 3 months will focus on communication publicly about the tax and CPI/inflation recommendations, we will reinvigorate engagement by working group members for all 4 recommendations. Activating stewardship groups will take more leg work for the Off-Ramp and CIB related recommendations. We anticipate leaning on, and resourcing, Dark Matter Labs for the Off-Ramp work; and the BCNPHA and CHF BC for the recommendation to leverage CIB resources to scale up green, affordable co-op & PBRs. Anticipating their leadership, we propose purchasing their time as contracted experts.	January – March 2022	PK lead AL  Stewardship Contractors	
	Analyze potential new partners aligned with Lab recommendations	Networking/partnership development meetings (# TBC, but anticipate 3-5)  Outreach and engagement to cultivate new relationships to support stewardship work	February – March 2022  February – March 2022	PK lead AL	
6. Ongoing research to refine Lab recommendations	Updated gap analyses between home prices and earnings	Update affordability analyses for all provinces and major cities	January – February 2022	PK	
	Analyze the reach and impact of BC’s home surtax – number of homes covered and revenue generated	Preliminary data about the impact on home prices in BC from implementation of the surtax on home values over \$3M  Updated table and revenue projections for the proposed \$1M annual deferrable surtax	March 2022	PK lead Research consultant	
	Recalculate the reach and impact		March 2022	PK SR lead	

Objective	Activities	Deliverables	Timelines	Personnel (see legend below)	Costs
	of the Lab surtax – proportion of homes to which it will apply, and estimate of revenue generated				
Summary of costs				See legend below PK AL AC (digital lead) NS, SN (media & comms leads) KN (graphic design lead) Student interns* Stewardship contracts Research consultant Polling	
TOTAL					\$200,000

#### Final Deliverables to CMHC

1. Presentation to Executive Committee summarizing the work, impacts, lessons learned. Video recording and deck to be provided.
2. Report on media reach based on monitoring and analytics.
3. Public presentation coordinated by CMHC through the Expert Community on Housing or other forum.

#### Personnel Legend:

PK = Dr. Paul Kershaw, who has primary responsibility for all of the activities  
 AL = Andrea Long, Senior Director, Research & Knowledge Mobilization  
 AC = Amelia Chant, Digital Lead  
 NS = Nicholas Schiavo, Media & Communications Lead  
 SN = Sophie Normand, Media and Communications Lead  
 KN = Khoi Nguyen, Graphic Design Lead  
 SR = Shahar Rotberg, Tax policy working group member

#### Notes:

\* Student interns will be hired in time for January. Interviews are already being scheduled.

\*\* Polling: Polling will focus on recommendations anticipated to generate the strongest public reaction – namely housing wealth taxation, and if costs permit, interest rate and inflation policy. We have initiated discussion with Angus Reid, because our work will aim to build on this polling study: <https://angusreid.org/housing-prices-2021/>. The quote provided in the table reflects initial estimates from Angus Reid.

**Page 28**  
**is not reviewed**  
**n'est pas révisée**

## Madison Greenwood

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** April-12-22 4:46 PM  
**To:** Debbie Stewart; Steffan Jones  
**Cc:** Andrea Long  
**Subject:** Culture change success: Spiraling housing prices are an 'intergenerational injustice', says Canada's deputy PM

Dear Debbie and Steff,

Two years ago, we set out together on an ambitious project of 'culture change' to encourage our country, and especially our decision-makers, to recognize that the growing gap between home prices and earnings has created an enormous generational unfairness. This week, that very idea has become the "received view" for our Finance Minister and Deputy PM. See below. That is a very significant achievement. And the causality is reasonably easy to track. There is no other organization that mobilizes knowledge about this theme in the country like Gen Squeeze does. And the Solutions Lab gave us an opportunity to extend the reach of the evidence and framing. There remains much work to do to restore generational fairness, and housing affordability. But change is a process, and this framing by Minister Freeland is incredibly important and helpful.

Congrats and many thanks for your co-leadership on this work. It has been challenging for sure. But this is an important cultural development that I hope motivates us all to carry on the work. With admiration and appreciation,  
P

## Spiraling housing prices are an 'intergenerational injustice', says Canada's deputy PM

Chrystia Freeland, who also serves as the finance minister, says the issue is her top domestic concern amid affordability crisis

Here is a link, although I imagine there are many more: <https://www.theguardian.com/world/2022/apr/12/canada-housing-prices-chrystia-freeland>

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze  
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## Madison Greenwood

---

**From:** Wendy Pollard  
**Sent:** March-25-22 5:07 PM  
**To:** Debbie Stewart; Erik Blache; Andrew Cowan  
**Subject:** RE: FOR APPROVAL: Generation Squeeze Solutions Lab Funding  
**Attachments:** KMb Phase 1 Deliverables and Phase 2 Plan

Hi Debbie,  
Sure, that would be great.

We could also spend some time talking about the Phase 1 deliverables and the Phase 2 proposal from Generation Squeeze (attached). I have taken a look and here are some of my observations:

- The media campaigns from Phase 1 of the KMb plan brought in \$17M in value, so that is a good thing – the hic – If you look closely at the report, nearly all of that value happened in the week following the release. Very little other added media value was obtained in the subsequent 3 months of the campaign.
- There were some good messaging materials developed that the GenSqueeze team can continue to use.
- A lot of the Phase 1 and Phase 2 deliverables are dependant on 3<sup>rd</sup> parties giving them audience. This isn't really viable.

So, my recommendations:

- Paul Kershaw has completed the deliverables that were possible to do (excluding the 3<sup>rd</sup> party dependant stuff). We can pay the balance of the contribution agreement.
- It is not worthwhile to sign for the Phase 2 proposal for reasons I stated above.
- It would be good to organize a presentation of the Wealth and Generational Inequity Solutions Lab to CMHC staff – either through ECOH in the following month, or directly through an internal teams meeting.

Let me know if you would like to add this to our talk.

Cheers,

---

**From:** Debbie Stewart <dgstewar@cmhc-schl.gc.ca>  
**Sent:** March-25-22 4:35 PM  
**To:** Erik Blache <eblache@cmhc-schl.gc.ca>; Andrew Cowan <acowan@cmhc-schl.gc.ca>; Wendy Pollard <wpollard@cmhc-schl.gc.ca>  
**Subject:** FW: FOR APPROVAL: Generation Squeeze Solutions Lab Funding

I'd like to connect on this on Monday. I'll find us some time

---

**From:** Audrey-Anne Coulombe <acoulomb@cmhc-schl.gc.ca>  
**Sent:** March-25-22 3:59 PM  
**To:** Debbie Stewart <dgstewar@cmhc-schl.gc.ca>  
**Cc:** Christelle Legault <clegault@cmhc-schl.gc.ca>; Martine Carrière <mcarrier@cmhc-schl.gc.ca>; Erik Blache <eblache@cmhc-schl.gc.ca>; Andrew Cowan <acowan@cmhc-schl.gc.ca>; Wendy Pollard <wpollard@cmhc-schl.gc.ca>; Jonathan Rotondo <jrotondo@cmhc-schl.gc.ca>; Courtney Gillis <cgillis@cmhc-schl.gc.ca>; Teresa Amoroso <tamoroso@cmhc-schl.gc.ca>  
**Subject:** FOR APPROVAL: Generation Squeeze Solutions Lab Funding

Good afternoon everyone,

Thanks for the discussion earlier Wendy and Andrew. It was really helpful for our team.

Following that discussion we've re-worked the response and we are proposing the following:

***This additional investment is for the same Solutions Lab entitled "Wealth and the Problem of Housing Inequity across Generations". The funding was approved for additional work. Mainly to socialize the ideas in the report, build more awareness and capacity, and to get further feedback from stakeholders.***

@Debbie, we would like for you to sign off on this. Could we get you input/approval by Monday at noon?

We need to give ourselves some time to send the response to MinO and our VP as well. The deadline is EOD Monday now (we were able to push it).

Thank you so much!

A-A.C

**Audrey-Anne Coulombe** (elle/she/her)

Agente principale, Relations avec les médias | Senior Officer, Media Relations

O : 613.748.2573 | C : 819-598-7866

Ottawa, ON

Société canadienne d'hypothèques et de logement

Canada Mortgage and Housing Corporation

[schl.ca](http://schl.ca) | [cmhc.ca](http://cmhc.ca)

***D'ici 2030, tout le monde au Canada pourra se payer un logement qui répond à ses besoins.***

***By 2030, everyone in Canada has a home that they can afford and that meets their needs.***

**James Wood**  
**Investigative Journalist, Canadian Taxpayers Federation**  
Suite 712, 170 Laurier Ave W, Ottawa  
Office: 613-234-6554  
Mobile: 613-851-5130

**Page 33**  
**is a duplicate**  
**est un duplicata**

## Madison Greenwood

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**From:** Stephanie Rocque  
**Sent:** February-07-22 11:18 AM  
**To:** Lisa Williams; Debbie Stewart; Andrew Cowan; Angelina Ritacco; Pascale Lalonde  
**Cc:** z-President's Office Sector  
**Subject:** FYI- Final signed by Minister - CM223010- Matt Jeneroux - M.P for Edmonton Riverbend- Home Equity Tax study funded with Generation Squeeze  
**Attachments:** Signed Jeneroux Reply.pdf

Hello,

Please see attached the final response signed by the Minister, which was sent out on February 4, 2022.

You can find the docket link [here](#)

Thank you all for your contribution,  
Stephanie

---

**From:** Stephanie Rocque <srocque@cmhc-schl.gc.ca>  
**Sent:** January 25, 2022 11:34 AM  
**To:** Lisa Williams <lwillia@cmhc-schl.gc.ca>; Debbie Stewart <dgstewar@cmhc-schl.gc.ca>; Andrew Cowan <acowan@cmhc-schl.gc.ca>; Angelina Ritacco <aritacco@cmhc-schl.gc.ca>; Pascale Lalonde <pjlalond@cmhc-schl.gc.ca>  
**Cc:** z-President's Office Sector <z-President\_Office\_Sector@cmhc-schl.gc.ca>  
**Subject:** FYI- Final sent for Minister's signature - CM223010- Matt Jeneroux - M.P for Edmonton Riverbend- Home Equity Tax study funded with Generation Squeeze

Hello,

Please see the attached final prepared responses for docket: *CM223010- Matt Jeneroux - M.P for Edmonton Riverbend- Home Equity Tax study funded with Generation Squeeze*. This response has been approved and sent for Minister's signature this morning. I will be sure to advise you once signed. You can find the docket link [here](#).

Thank you all for your contribution,  
Stephanie


### Stephanie Rocque

Officer, Correspondence | Agente à la correspondance  
President's Office | Bureau du président  
613.748.2196 | Ottawa, ON

Canada Mortgage and Housing Corporation  
Société canadienne d'hypothèques et de logement  
[cmhc.ca](#) | [schl.ca](#)

*Creating a new generation of housing and giving more people living in Canada a place to call home.  
Créer des logements novateurs et fournir un chez-soi à un plus grand nombre de personnes vivant au Canada.*

**Pages 35 to / à 37  
are not relevant  
sont non pertinentes**



# GENERATION **squeeze**

Media Review: January to March, 2022

# Explaining the Metrics

- **Reach:** The potential audience reach based on the audience the outlet has the potential to reach
- **AVE:** Advertising Value Equivalency
  - “An assigned monetary value which represents earned media’s coverage based on the advertising rate equivalent”



# January to March 2022 - Review

- Generation Squeeze kicked off 2022 with a bang by releasing *Wealth and the Problem of Housing Inequity across Generations: A Solutions Lab* on January 5, 2022.
- The reaction - both in the media and by the public - was swift, intense, and extremely varied, with reactions ranging from unequivocal support to complete opposition.
- The following report reviews the media coverage from January 1 to March 18, 2022.

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## January to March 2022 - Review

- There was a total of **348 mentions**, reaching an audience of **691.3 million** people, with an AVE of **\$17.1 million**.
- Note that this report has grouped duplicate mentions, instead of tracking individual mentions. Therefore, there is the potential for some slight discrepancy in what is reported here.

GENERATION|**squeeze**

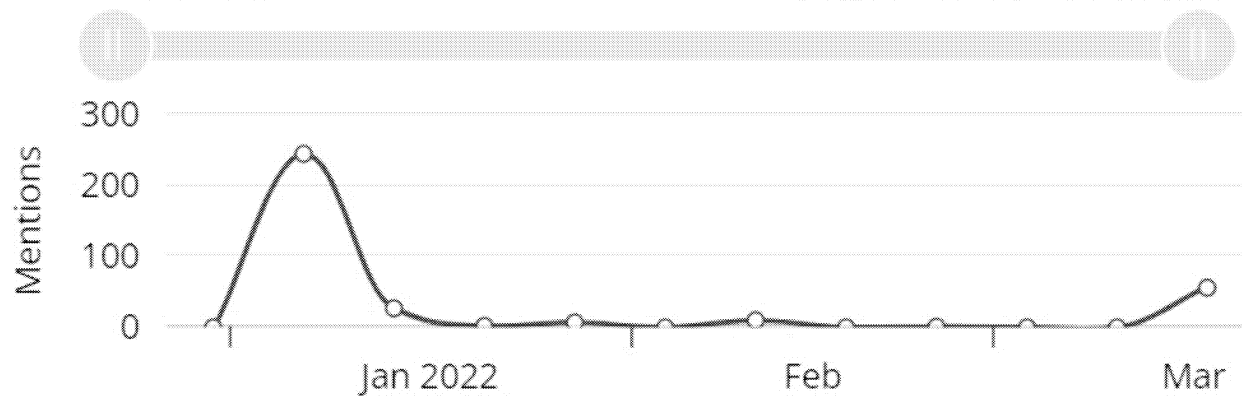
# January to March 2022 - Review

Media coverage spiked in January, around the launch of the Solutions Lab report. While it was lower than during the initial launch, there continued to be steady media interest between January and March.

## Coverage Trend

2022/01/01 - 2022/03/18

Generation Squeeze Jan-March



GENERATION|**squeeze**

# January to March 2022 - Review

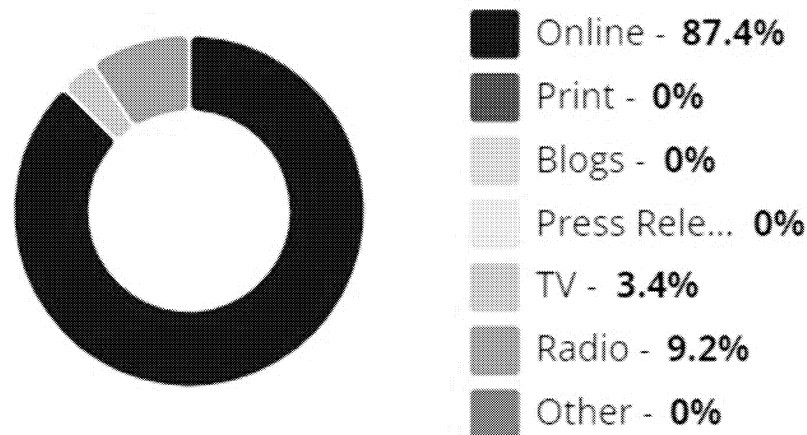
Online media hits represented the majority of Generation Squeeze's presence, making up almost 90% of the coverage.

The following slides offer a sample of online mentions.

## Coverage by Media Type

2022/01/01 - 2022/03/18

Generation Squeeze ...



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# January to March 2022 - Online mentions

- iPolitics: "Surtax would help make homes more affordable: report"
  - **AVE:** \$7,686.90
  - **Audience Reach:** 307,476
- MSN Canada: "CMHC-funded report proposes million-dollar home surtax"
  - **AVE:** \$109,350.00
  - **Audience Reach:** 4,374,000
  - Also shared in: Yahoo US, Yahoo UK, Yahoo Canada
- CTV Canada: "Canada urged to create surtax on \$1-million homes to rein in prices, fund affordable housing"
  - **AVE:** \$429,200.00
  - **Audience Reach:** 17,168,000
- Tri-City News: "Could taxing all homes over \$1M fix Canada's housing crisis?"
  - **AVE:** \$30,237.40
  - **Audience Reach:** 1,209,496
  - Also shared in: Delta Optimist, Coast Reporter, Richmond News, Burnaby Now, Powell River Peak, Bowen Island Undercurrent, Pique Newsmagazine, Alaska Highway News, North Shore News, Prince George Citizen, Squamish Chief, New Westminster Record

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# January to March 2022 - Online mentions

- St Catharines Standard: "Would a surtax on \$1-million houses stall home prices? This UBC professor thinks so"
  - **AVE:** \$1,901.50
  - **Audience Reach:** 76,060
  - Also shared in: Niagara Falls Review, Hamilton Spectator
- Global News Canada: "Annual surtax of 0.2% on \$1M+ homes could cool housing market: report"
  - **AVE:** \$355,625.00
  - **Audience Reach:** 14,225,000
  - Also shared in: CP24, MSNCanada, Kelowna Daily Courier, Penticton Herald, CityNews 570 Kitchener, The Chronicle Journal, Winnipeg Free Press, Kitchener Today, HalifaxToday.ca, Okotoks Today, SaskToday, CityNews 1310 Ottawa, Cochrane Eagle, and more.
- The Globe and Mail: "Tax on homes worth more than \$1-million could be key to reducing housing inequality, report says"
  - **AVE:** \$220,300.00
  - **Audience Reach:** 8,812,000
  - Also shared in: London Free Press, Saskatoon Star Phoenix, Winnipeg Sun, Regina Leader-Post, Toronto Sun, Ottawa Sun, Calgary Sun, Edmonton Sun

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# January to March 2022 - Online mentions

- The Financial Post: "Canada can't just tax its way out of its housing conundrum"
  - **AVE:** \$50,400.00
  - **Audience Reach:** 2,016,000
  - Also shared in: MSN, MSNCanada, Regina Leader-Post, Saskatoon Star Phoenix
- Radio-Canada: "Could a new tax on homes worth \$1M and up help fix Canada's housing crisis?"
  - **AVE:** \$136,900.00
  - **Audience Reach:** 5,476,000
  - Also shared in: Yahoo Canada, Global Circulate
- Edmonton Sun: "LILLEY: Liberals keep flirting with taxing your home while denying it's on the agenda"
  - **AVE:** \$6,775.00
  - **Audience Reach:** 271,000
  - Also shared in: Calgary Sun, Toronto Sun, Ottawa Sun, Canada.com

GENERATION|**squeeze**

# January to March 2022 - Review

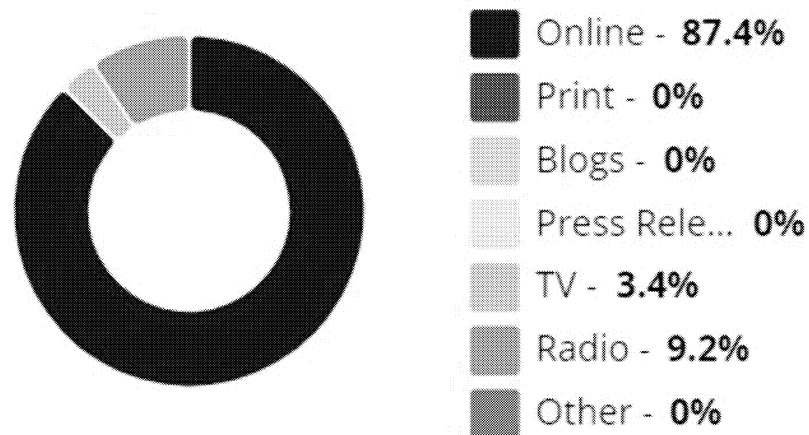
Radio and TV mentions made up the rest of the media coverage.

The following slides offer a sample of radio and TV mentions.

## Coverage by Media Type

2022/01/01 - 2022/03/18

Generation Squeeze ...



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## January to March 2022 - Radio & TV mentions

- TV: BNN Bloomberg, The Close
  - **AVE:** \$8,167.50
  - **Audience Reach:** 825,000
- Radio: CityNews 95.7 Halifax, All News Mornings With Dan Ahlstrand and Brynn Langille
  - **AVE:** \$33.94
  - **Audience Reach:** 5,657
- Radio: The New Classical FM
  - **AVE:** \$6,330.00
  - **Audience Reach:** 1,055,000
- Radio: CJAD 800 Montreal, NewsTalk Radio
  - **AVE:** \$6,941.16
  - **Audience Reach:** 1,156,860
- TV: BNN Bloomberg, Taking Stock
  - **AVE:** \$8,167.50
  - **Audience Reach:** 825,000

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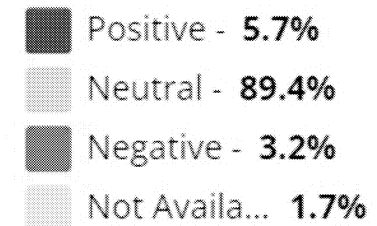
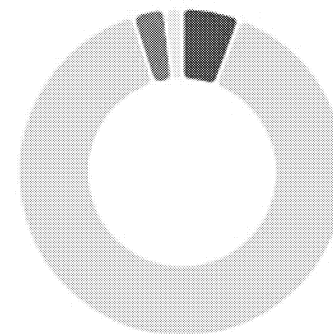
# January to March 2022 - Review

Coverage from January to March is predominantly neutral.


## Coverage Sentiment

2022/01/01 - 2022/03/18

Generation Squeeze ...



GENERATION|**squeeze**



# GENERATION **squeeze**

## Madison Greenwood

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**From:** Marie-Anna Murat  
**Sent:** March-30-22 5:40 PM  
**To:** Marie-Claude Tremblay  
**Subject:** TR: Generation Squeeze Solutions Lab Funding

Pour que tu sois au courant.  
mam

---

**De :** Jonathan Rotondo <jrotondo@cmhc-schl.gc.ca>  
**Envoyé :** mars-28-22 14:36  
**À :** Marie-Anna Murat <mmurat@cmhc-schl.gc.ca>  
**Cc :** Teresa Amoroso <tamoroso@cmhc-schl.gc.ca>; Audrey-Anne Coulombe <acoulomb@cmhc-schl.gc.ca>  
**Objet :** RE: Generation Squeeze Solutions Lab Funding

Bonjour,  
Sharing the updated response on this, with a little more detail. It's with MinO now.  
Merci,  
J

*This additional investment is for the same Solutions Lab entitled "Wealth and the Problem of Housing Inequity across Generations". The funding was approved for additional work to understand:*

- The relevance of the findings to a broader audience*
- The needs and preferences of Canadians*
- How the results relate to a national context*

---

**From:** Marie-Anna Murat <mmurat@cmhc-schl.gc.ca>  
**Sent:** March-25-22 1:30 PM  
**To:** Jonathan Rotondo <jrotondo@cmhc-schl.gc.ca>  
**Cc:** Teresa Amoroso <tamoroso@cmhc-schl.gc.ca>; Audrey-Anne Coulombe <acoulomb@cmhc-schl.gc.ca>  
**Subject:** RE: Generation Squeeze Solutions Lab Funding

Merci Jonathan.  
mam

---

**De :** Jonathan Rotondo <jrotondo@cmhc-schl.gc.ca>  
**Envoyé :** mars-25-22 10:37  
**À :** Marie-Anna Murat <mmurat@cmhc-schl.gc.ca>  
**Cc :** Teresa Amoroso <tamoroso@cmhc-schl.gc.ca>; Audrey-Anne Coulombe <acoulomb@cmhc-schl.gc.ca>  
**Objet :** FW: Generation Squeeze Solutions Lab Funding

Salut mam,  
Flagging this request from the Canadian Taxpayer's Federation and proposed response (which we have flagged to MinO a short time ago).  
You'll recall the Generation Squeeze Solutions Lab generated a fair amount of coverage (focused on one of the report's proposals of a home equity tax). This additional funding is to prototype the solutions described in their report.

I'm including the initial request and the response in the thread below. The response was validated by our colleagues in the business line. We can expect this to bring the lab back into the spotlight, at least for these outfits.  
-J

---

**From:** Audrey-Anne Coulombe <[acoulomb@cmhc-schl.gc.ca](mailto:acoulomb@cmhc-schl.gc.ca)> **On Behalf Of** Media  
**Sent:** March-25-22 10:29 AM  
**To:** Arevig Afarian <[Arevig.Afarian@infc.gc.ca](mailto:Arevig.Afarian@infc.gc.ca)>  
**Cc:** Jonathan Rotondo <[jrotondo@cmhc-schl.gc.ca](mailto:jrotondo@cmhc-schl.gc.ca)>  
**Subject:** FW: Generation Squeeze Solutions Lab Funding

Hi Arevig,  
Please see the request below from the Taxpayers Federation.

Our proposed response is as follows:

***The \$100,000 was part of an investment of \$200,000 for additional work related to knowledge mobilization of the prototype solutions from the same Solutions Lab entitled "Wealth and the Problem of Housing Inequity across Generations: A Solutions Lab."***

Please let us know if this works **by EOD today**.

Thank you so much,

A-A.C

**Audrey-Anne Coulombe** (elle/she/her)  
Agente principale, Relations avec les médias | Senior Officer, Media Relations  
O : 613.748.2573 | C : 819-598-7866  
Ottawa, ON  
Société canadienne d'hypothèques et de logement  
Canada Mortgage and Housing Corporation  
[schl.ca](http://schl.ca) | [cmhc.ca](http://cmhc.ca)

***D'ici 2030, tout le monde au Canada pourra se payer un logement qui répond à ses besoins.  
By 2030, everyone in Canada has a home that they can afford and that meets their needs.***

**Pages 53 to / à 56  
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**Pages 57 to / à 64**  
**are withheld pursuant to sections**  
**sont retenues en vertu des articles**

**20(1)(b), 20(1)(c)**

**of the Access to Information**  
**de la Loi sur l'accès à l'information**

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sont des duplicatas**



**Pages 67 to / à 68  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**20(1)(b), 20(1)(c)**

**of the Access to Information  
de la Loi sur l'accès à l'information**

## Madison Greenwood

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** April-01-22 1:49 PM  
**To:** Debbie Stewart  
**Subject:**  
**Attachments:**

Lovely to chat today.

If helpful, I can walk you through some of the things we have found especially noteworthy so far.

Best,  
P

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze  
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**Pages 70 to / à 144  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**20(1)(b), 20(1)(c)**

**of the Access to Information  
de la Loi sur l'accès à l'information**

## Madison Greenwood

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**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** March-21-22 1:54 PM  
**To:** Debbie Stewart; Wendy Pollard  
**Cc:** Andrea Long  
**Subject:** KMb Phase 1 Deliverables and Phase 2 Plan  
**Attachments:** Generation Squeeze SL KMb January-March 2022 Media Review.pdf; GS KMb Phase 2 Plan for CMHC\_2022-03-18.docx

Hello Debbie and Wendy,

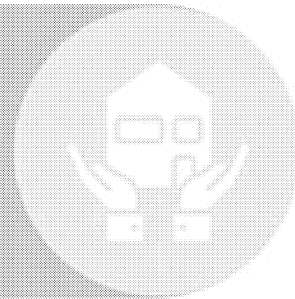
Building on the status report we shared earlier this month, I'm reaching out to share:

1. Per Schedule A of the January-March 2022 contribution agreement between CMHC and Generation Squeeze, I attach a knowledge mobilization (KMb) plan and proposed budget for the Phase 2 planned activities. See the Word Document. I would like to schedule a meeting to discuss the plan and budget with you. I'm really hopeful about the continued progress we can make given the first 3 months of work. And I know that the work is more important than ever, as housing affordability continues to erode.
2. Per the deliverables of Schedule A, please find attached a PPT deck summarizing our media reach. In mainstream media alone, we amplified the \$200,000 CMHC investment in KMb to \$17.1 million in earned media attention.
3. Per the deliverables of Schedule A, please see below for the advertisement of the promised "Public presentation."
4. Per the deliverables of Schedule A, I'm still keen to learn about when you will schedule the "presentation to Executive Committee summarizing the work, impacts, lessons learned." There are SO MANY interesting insights to share. It will be a jam packed hour!

Best,  
P

# HOUSING REHAB FOR CANADA?

BREAKING OUR DANGEROUS ADDICTION  
TO RISING HOME VALUES



A free webinar via Zoom  
hosted by Generation Squeeze

March 29, 2022 from 7-8pm eastern / 4-5pm pacific



everyone is welcome

**#HOUSINGSOLUTIONS**

GENERATION|squeeze

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze  
Follow us on: [twitter](#) | [facebook](#) | [gensqueeze.ca](https://gensqueeze.ca) Squeeze Back.

**Pages 147 to / à 149**  
**are not relevant**  
**sont non pertinentes**

## Madison Greenwood

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**From:** Steffan Jones  
**Sent:** January-24-22 7:55 PM  
**To:** Paul Kershaw; Debbie Stewart  
**Subject:** RE: Policy Framework 3.0

Hi Paul – it's great to see that you continue to evolve the policy framework. I've been a big fan of how you've simply and succinctly captured the challenges and pathways to greater housing affordability.

Speaking frankly and honestly, I think our strategy team would say we've already done a "version 3.0" that will surface in our 2022 corporate plan, which I don't think is public just yet. A great deal of time and effort has been spent on "refreshing" our strategy over the last 6 to 8 months, and so I think there would be little appetite to undertake additional work on the policy framework. And I can assure you it has been shared with key leaders on a few occasions (and even suggested that it be ingested into our strategy refresh).

All this said, Debbie and the innovation function now sit in our strategy shop (no longer in Policy) and would be much better placed to give a sense of the tea leaves from her vantage point.

Those are my two cents. But I will add that if there is an appetite for this within the company, I would love to play an active role. Collaborating on this kind of thing with outside players just feels so powerful to me. The key would be demonstrating or positioning it as companion piece to our company strategy. Almost like a double click on our corporate strategy that then unlocks a policy oriented sub-strategy.

Steff

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** January-24-22 2:43 PM  
**To:** Debbie Stewart <dgstewar@cmhc-schl.gc.ca>; Steffan Jones <sjones@cmhc-schl.gc.ca>  
**Subject:** Policy Framework 3.0

Dear Debbie and Steff,

In December, we had the very productive meeting with your CMHC leadership colleagues about the value of a public-facing policy framework that synthesizes and summarizes evidence about the broad range of policy levers that Canada needs to deploy in order to achieve the CMHC 2030 goal. As you will recall, Gen Squeeze developed a 1.0 version of such a framework a few years ago, and then updated it 18 months ago in the light of interviews with 20 members of the Balanced Supply of Housing Node in the Collaborative Housing Research Network co-funded by CMHC. You can see this 2.0 version here: <https://www.gensqueeze.ca/housing-plan>

The value of such a framework grows the more it is *used widely*, signaling that there is public and organizational convergence around its vision for the way forward (knowing that any plan is ultimately a living tree, which will need to be refined over time as circumstances and evidence changes).

Given that CMHC is the lead organization in implementing the National Housing Strategy, and you have set the most ambitious housing goal that exists for the country, there is particular importance in the degree to which CMHC presents (or implies) a framework to the public. So it has me asking the following:

**Given the interest in the framework identified during the December 10<sup>th</sup> meeting of the Executive Discussion Series, what would it take to engage the same Executive Team and the President's office in developing a 3.0 version of the framework – one that CMHC would then use to describe and advance your corporate goals?**

I'd be willing to facilitate the process.

Could we arrange a phone call to discuss.

Steff, I know your VP role has moved on to focus on issues other than innovation. But given that a 3.0 version would ultimately need to attract the support of the entire CMHC leadership team, it would be great to integrate your insight from the outset when exploring whether there is any potential to produce a 3.0 version that CMHC would support, and ideally use.

Best,  
P

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze  
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**Madison Greenwood**

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** February-04-22 2:43 PM  
**To:** Debbie Stewart  
**Subject:** as part of KM work

Hi Debbie,  
As part of our knowledge mobilization work, we have contracted

Cheers,  
P

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze  
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## Madison Greenwood

---

**From:** Andrew Cowan  
**Sent:** January-31-22 4:20 PM  
**To:** Debbie Stewart  
**Subject:** FW: Request for Shahar to repeat a calculation for the Directed Solutions Lab  
**Attachments:** RE: Request for Shahar to repeat a calculation for the Directed Solutions Lab

The original ask was for 1 day of Shahar's time see yellow highlight at bottom of chain below. Also attached is a dialogue as follow up with Elana about overcommitments/expected effort the short of it is = "Shahar has received and accommodated multiple requests from Paul, including a number of requests this week."

---

**From:** Elena Simonova <esimonov@cmhc-schl.gc.ca>  
**Sent:** November-26-21 8:11 AM  
**To:** Paul Kershaw <paul.kershaw@ubc.ca>  
**Cc:** Shahar Rotberg <srotberg@cmhc-schl.gc.ca>; Debbie Stewart <dgstewar@cmhc-schl.gc.ca>; Andrew Cowan <acowan@cmhc-schl.gc.ca>  
**Subject:** RE: Request for Shahar to repeat a calculation for the Directed Solutions Lab

Good morning Paul,

Thank you for reaching out to us. I touched base with Shahar on this and he kindly agreed to provide his expertise and support in repeating the calculations. Could you please connect with Shahar directly to discuss further details and the timeline.

Thank you,  
Elena

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** November 25, 2021 7:19 PM  
**To:** Elena Simonova <esimonov@cmhc-schl.gc.ca>  
**Cc:** Shahar Rotberg <srotberg@cmhc-schl.gc.ca>; Debbie Stewart <dgstewar@cmhc-schl.gc.ca>; Andrew Cowan <acowan@cmhc-schl.gc.ca>  
**Subject:** Request for Shahar to repeat a calculation for the Directed Solutions Lab

Dear Elena,

My name is Dr. Paul Kershaw, and I've been collaborating with the CMHC in its inaugural Directed Solutions Lab. We have been fortunate to benefit from Shahar's expertise. This includes his providing a key calculation about the percentage of households in Canada that are valued over \$1 million dollars, which has become the foundation for one of our policy recommendations.

Shahar's initial calculation relied on 2016 Survey of Financial Security data, which we then adjusted in light of housing inflation data from other sources. While we have been waiting for our Lab's Final Report to be published, Statistics Canada has since made 2019 Survey of Financial Security data publicly available. It would be very helpful to compare our calculations based on the 2016 data with what similar calculations show in light of the more contemporary data.

May we request approximately a day of Shahar's time to repeat the calculations with the 2019 data set?

Kind regards,  
Paul

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

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**Pages 155 to / à 156  
are not relevant  
sont non pertinentes**

## Madison Greenwood

---

**From:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Sent:** March-15-22 6:47 PM  
**To:** Elena Simonova  
**Cc:** Shahar Rotberg; Debbie Stewart; Wendy Pollard  
**Subject:** RE: Request for Shahar to repeat a calculation for the Directed Solutions Lab

Hello again Elena,

You may recall that I worked with your colleagues on CMHC's inaugural "Directed Solutions Lab." As part of that work, Shahar Rotberg contributed his expertise, including calculating the share of homes that are valued above \$1 million in Canada.

In support of our ongoing Knowledge Mobilization work, I am hoping you can permit Shahar to take time to calculate for each province what % of households own homes above \$1 million?

Shahar has already provided this info for BC and Ontario. Now we would replicate the analysis for the other 8 provs (and possibly territories too, if those data are available the SFS). I would request that the data be provided in the same Excel template as he has provided me in previous email correspondence, along with a word document noting the method he used to make the calculations. (I suspect he can copy and paste methodological material he has shared with me in past emails).

Many thanks for considering this request, Elena. And thanks to Shahar for his important contributions to the Lab, and the related knowledge mobilization.

Best,

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

Founder, Generation Squeeze  
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---

**From:** Elena Simonova <esimonov@cmhc-schl.gc.ca>  
**Sent:** Friday, November 26, 2021 5:11 AM  
**To:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Cc:** Shahar Rotberg <srotberg@cmhc-schl.gc.ca>; Debbie Stewart <dgstewar@cmhc-schl.gc.ca>; Andrew Cowan <acowan@cmhc-schl.gc.ca>  
**Subject:** RE: Request for Shahar to repeat a calculation for the Directed Solutions Lab

[CAUTION: Non-UBC Email]  
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Thank you,  
Elena

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**Sent:** November 25, 2021 7:19 PM

**To:** Elena Simonova <[esimonov@cmhc-schl.gc.ca](mailto:esimonov@cmhc-schl.gc.ca)>

**Cc:** Shahar Rotberg <[srotberg@cmhc-schl.gc.ca](mailto:srotberg@cmhc-schl.gc.ca)>; Debbie Stewart <[dgstewar@cmhc-schl.gc.ca](mailto:dgstewar@cmhc-schl.gc.ca)>; Andrew Cowan <[acowan@cmhc-schl.gc.ca](mailto:acowan@cmhc-schl.gc.ca)>

**Subject:** Request for Shahar to repeat a calculation for the Directed Solutions Lab

Dear Elena,

My name is Dr. Paul Kershaw, and I've been collaborating with the CMHC in its inaugural Directed Solutions Lab. We have been fortunate to benefit from Shahar's expertise. This includes his providing a key calculation about the percentage of households in Canada that are valued over \$1 million dollars, which has become the foundation for one of our policy recommendations.

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May we request approximately a day of Shahar's time to repeat the calculations with the 2019 data set?

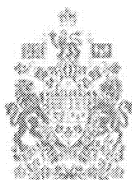
Kind regards,  
Paul

Dr. Paul Kershaw  
University of British Columbia, School of Population & Public Health  
Director, Master of Public Health Program  
[paul.kershaw@ubc.ca](mailto:paul.kershaw@ubc.ca); 604 761 4583

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Matt Jeneroux, M.P.  
Edmonton Riverbend  
Shadow Minister for Housing and Diversity and Inclusion  
House of Commons  
Ottawa, Ontario K1A 0A6

Dear Matt Jeneroux:

Thank you for your letter and for sharing your concerns regarding the recent report released by Generation Squeeze.

First, let me be very clear once again that our government is not considering implementing a home equity tax or surtax on primary residences. Any suggestion to the contrary is false.

I would like to take this opportunity to also clarify that the Canada Mortgage and Housing Corporation (CMHC) is not responsible for the views and recommendations included in the report.

The views expressed in the report are strictly those of its participants and do not reflect the views of CMHC nor of the Government of Canada. There is also no requirement for the Government of Canada or CMHC to adopt any of the proposals that may come out in the final report.

I hope this information addresses your concerns.

Sincerely,

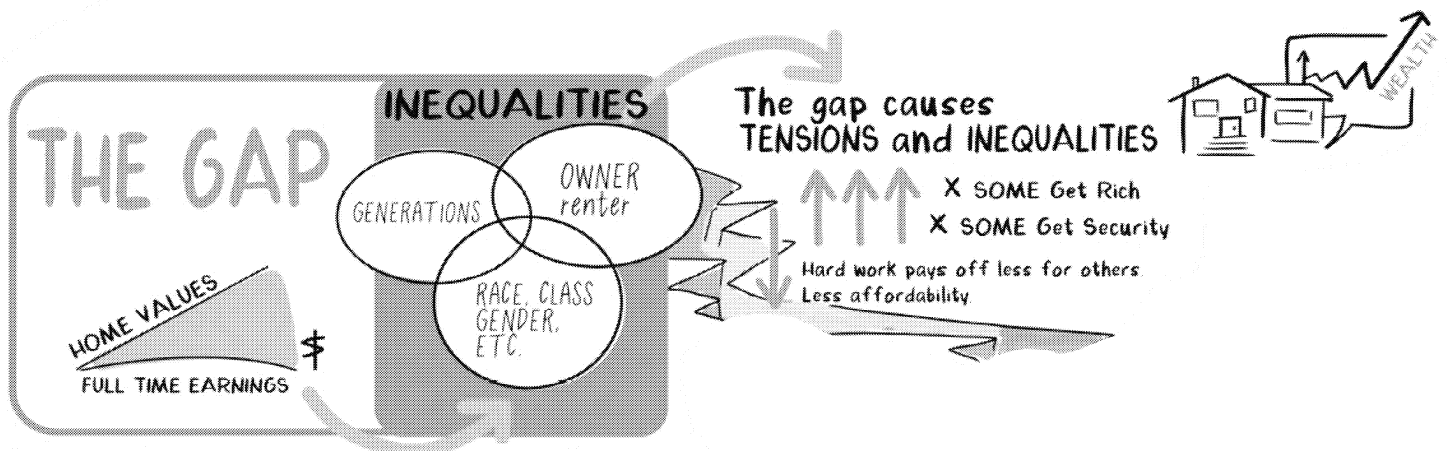
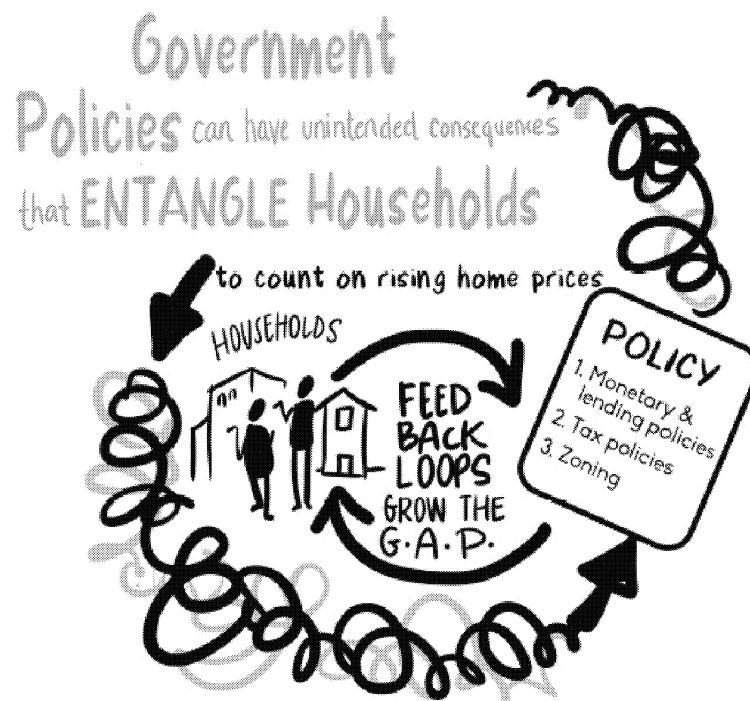
A handwritten signature in black ink, appearing to read 'Ahmed Hussien'.

The Honourable Ahmed Hussien, P.C., M.P.  
Minister of Housing and Diversity and Inclusion

# Wealth and the Problem of Housing

## Inequity across Generations:

### A Solutions Lab





# GENERATION **squeeze**

This project received funding under the National Housing Strategy's Solutions Labs Program.  
For more information visit: [www.cmhc.ca/SolutionsLabs](http://www.cmhc.ca/SolutionsLabs).



A number of CMHC employees took part in the lab as independent participants providing technical expertise and advice. The views expressed are those of lab participants and should not be attributed to CMHC or to the Government of Canada.

Report published by Generation Squeeze, Vancouver, BC.

**Suggested citation: Kershaw, Paul. 2021. "Wealth and the Problem of Housing Inequity across Generations: A Solutions Lab. Vancouver, BC: Generation Squeeze Lab."**

## **How to use this document:**

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## What is a Solutions Lab

This Solutions Lab was established as a collaboration between Generation Squeeze and the Canada Mortgage and Housing Corporation. Solutions Labs are a program under the National Housing Strategy.

Solutions Labs are also referred to as social innovation labs, change labs, or design labs. Such labs aim to tackle complex societal challenges that require systems change, and which have not been solved using conventional methods. The labs are therefore not intended to be academic exercises typical of research at universities.

Rather, labs fuel bottom-up collaborative innovation by bringing diverse groups of people together in search of new ways to solve complex housing problems. They provide a safe space for diverse perspectives to come together, for assumptions to be questioned and to experiment with housing solutions.

The challenges that Solutions labs tackle are not black and white—they are layered in complexity, often messy and at times daunting or even controversial. Part of the role a Solutions lab is to deepen stakeholder understanding of the specific challenge by exposing them to perspectives of other stakeholders. It is presumed that no one group has the answer – but by enabling groups to work together, the lab can develop collective, relevant and responsive solutions, as well as identify “potential champions” who are best positioned to scale-up those solutions.

The solutions are developed by stakeholders for consideration by governments, rather than the other way around. It is anticipated that lab findings have potential to support decision-making at all levels of government. However, there is no direct link between the lab activities and any specific government branch or department of government.



Source: CMHC Solutions Lab Fact Sheet

The style and tone of the following report reflects the Lab's commitment to bottom-up collaboration among diverse stakeholders in search of common ground to spur innovation. This final report is not written as an academic paper or technical report with an extensive literature review or bibliography. Instead, it is a summary of the creative ideas that emerged from a diversity of actors exploring common ground.

Many academics and other technical experts participated in this Solutions Lab. All would encourage that the creative exploration of new solutions spaces resulting from the identification of common ground in this Lab should continue to be fleshed out in light of further economic modeling and the existing academic literature. Readers will find that discussion of the Lab's recommendations specifically includes reference to priorities for further inquiry to refine and strengthen the ideas co-created by Lab participants.

## Acknowledgments

As an exercise in bottom-up collaborative innovation, the ideas generated by this Solutions Lab reflect insight shared by many bright minds and generous hearts, including over 70 industry, community and academic thought leaders. We thank all of them for their time, their talent and their openness to searching for common ground.

Lab leadership drew from three organizations: the Canada Mortgage and Housing Corporation, Watershed Partners, and Generation Squeeze. Tackling housing challenges that are layered in complexity, and viewed by many to be controversial, can be messy, even daunting, work. This is especially so when the work is done amid a pandemic that required Lab plans to shift entirely online, in a context where Lab leaders have still not all met together in person. As a result, the road to completing this Lab was not always smooth. We appreciate the goodwill and charity of spirit that various leaders within all three organizations brought to the Lab to see it through to a successful completion.

Graphics featured throughout this report were created in collaboration with the graphic artist Laura Hanek of Swoop Media and Sam Bradd of Drawing Change.

The many strengths of this Lab report reflect the collective wisdom of all who contributed. Responsibility for any weakness falls to the report author, Dr. Paul Kershaw, University of BC professor in the School of Population & Public Health, and Founder of Generation Squeeze.

# Executive Summary

## Problem statement

Canada is experiencing dramatic housing affordability challenges caused by the growing gap between local earnings and average home prices, especially for younger generations of renters and aspiring owners, newcomers of any age, and seniors who are renters. This gap is a major impediment to achieving the Canada Mortgage and Housing Corporation (CMHC) goal that all Canadians can afford a home that meets their needs by 2030. It also drives wealth inequalities, and elevates risks that some Canadians become highly leveraged when borrowing to make a home.

## Lab premise

The Solutions Lab began from the premise that many everyday Canadians are entangled in perpetuating an unsustainable, unaffordable housing system – because public policies incline us to organize our wealth strategies in ways that count on home prices rising faster than earnings.

The focus on everyday Canadians was deliberate and provocative. Dialogue on housing unaffordability in Canada tends to focus on what others have done to create and perpetuate the problem – foreign investors, money launderers, speculators, etc. While all of these actors do play a part, government initiatives to address their contribution have proven insufficient to restore affordability.

A missing ingredient with which Canadians have not yet grappled is the role that rising home prices play in creating wealth windfalls for everyday home owners. While high and rising home values have a negative impact on affordability for renters and aspiring owners, the same high and rising home values benefit others by increasing their financial security and growing their wealth. When everyday Canadians normalize such benefits, count on them, or pursue them, we reinforce feedback loops in the housing system which further fuel unaffordability and wealth inequalities.

The Lab surfaced tensions between these ‘good’ and ‘bad’ aspects of high home prices – as well as the policy levers that influence them. Participants sought – and found – considerable common ground on how policies can be adapted to move Canada towards the goal of affordable housing for all.

## Actions and recommendations

The Lab identified three areas for policy innovation, and three working groups proposed specific recommendations in each one. This Executive Summary includes one-page briefing notes for each policy recommendation (see below), and more information is available in the full report.

1. Monetary and lending policy: Participants recommend aligning the mandates of the Canada Infrastructure Bank and CMHC to incentivize lending to scale up green co-op and affordable purpose-built rental supply.

Participants also recommend that Statistics Canada review the “owned accommodation” component of its Consumer Price Index (CPI) Calculation, and report annually about the influence of monetary policy on the growing gap between home prices and earnings.

2. Tax policy: Participants recommend implementing an annual (deferrable) progressive surtax on the 9% of homes in Canada valued at over \$1 million, to reduce the tax shelter on principal residences that incentivizes Canadians to see rising home prices as a source of wealth accumulation.
3. Protective policy: Participants recommend creating a permanent housing affordability ‘off-ramp’ program and savings plan, to transition low-density housing into a pool of permanently affordable rental units, financed by a diverse pool of capital through a Perpetual Affordable Housing Bond.

## **Conclusions and next steps**

The Lab was successful in helping to shape and refine opinion among leaders of the housing system by exposing participants to different viewpoints. It has refined people’s beliefs about policy problems, and more importantly, the adaptations to policy that can contribute solutions.

The Lab succeeded in identifying considerable common ground among diverse housing and policy experts – leading to concrete proposals for action. However, the dialogue also reinforced that there is no ‘silver bullet’ to restore housing affordability. Rather, we need a ‘silver buckshot’ approach that addresses the full range of policy tools that shape Canada’s housing system.

Implementation of a strong knowledge mobilization strategy for the policy recommendations generated by the Lab is the key next step. Generation Squeeze intends to mobilize resources to move the agenda into action. This will take building coalitions of supporters around each idea in order to grow the political cover for elected officials to disrupt the status quo that is failing to deliver affordability, and to set our country along a path that can restore affordability forever.

Stewardship teams have emerged from all of the working groups to nurture efforts to move Lab recommendations from ideas to action. However, new fund development efforts are required to sustain this important work.

## **Recommendation: Align the mandates of the Canada Infrastructure Bank and the CMHC to Incentivize Lending to Scale Up Green Co-op and Affordable Purpose Built Rental**

The working group recommends aligning the mandate of the Canada Infrastructure Bank (CIB) with that of the CMHC to incentivize lending to green co-op and purpose-built rental construction projects that simultaneously promote national goals for housing affordability and net-zero carbon emissions.

Better aligning the work of these two Crown Corporations could leverage funds to supplement the Rental Construction Financing Initiative and the National Housing Co-Investment Fund, which CMHC currently implements. Sector leaders indicate these two programs are currently insufficient to scale up green co-op and affordable purpose-built rental. There remains an overall gap between the total funds available to the National Housing Strategy (approximately \$70 billion) and the level of investment required to scale up affordable housing to sufficient levels. While there is no firm estimate of the additional investment required to fill Canada's housing gap, anecdotal estimates from some in the sector have suggested the figure is \$200 billion or more.

Public funds allocated to the CIB or CMHC would need to be used for both granting and lending purposes. Grants are necessary to subsidize the 'affordable' and 'green energy-efficient' aspects of new developments, and to attract other investors to provide loans, because these elements of projects are often neglected due to market failures and cost constraints. In other words, more lending is necessary, but not sufficient, to get the job done.

As an Impact Investor on behalf of Canada, the CIB is a particularly important investor/lender to engage. Not only can it make low-cost financing available to commercial and non-profit developers, it offers a longer-term horizon for financing by comparison with most other lenders, without taking collateral. For example, energy retrofits/upgrades pay for themselves over time, and the CIB welcomes repayments made from the share of energy savings that accrue over time.

The Parliamentary Budget Officer reports that the Canada Infrastructure Bank is expected to fall \$19 billion short of its lending expectations between now and 2027-28. Minimally, some of this shortfall could be used to target the following goals identified by the Co-operative Housing Federation of Canada.

The Co-operative Housing Federation (CHF) of Canada identifies a need for 90,000 new units of co-op and not-for-profit housing over the next 7 years, along with another 60,000 units of low-cost private rental housing that could be converted to non-market housing over the remaining seven years of the National Housing Strategy. The CHF estimates that \$18.5 billion is required as grants to subsidize the lending required to build or convert these 150,000 units.

## **Recommendation: Task Statistics Canada to review the “owned accommodation” component of its Consumer Price Index (CPI) calculation, and report annually on the influence of monetary policy on the growing gap between home prices and earnings**

The review will require developing a supplementary measure of housing affordability to capture changes to “average home values relative to typical earnings.” This adaptation is necessary so that official measures of “owned accommodation” and “housing affordability:”

- Go beyond the current focus on monthly interest payments to also examine payments required on principal;
- Build on changes made recently by Statistics Canada to move beyond its reliance on the New House Price Index to continue to improve monitoring of trends in prices for established housing.

This review by Statistics Canada is important, because CPI measurement has wide-ranging economic and policy implications. The Bank of Canada relies on CPI to set its interest rates. Governments use the CPI as a target for monetary policy, and to adjust tax brackets, transfer payments and pensions. Canadian businesses use measures of inflation when making decisions about wages and investments.

The Working Group recommended this review to respond to concerns articulated by groups like the **Business Council of BC**, which observes:

*“It can seem hard to reconcile the stellar growth in house prices in recent years in Vancouver and some other Canadian urban centres with the modest growth in the consumer price index (CPI). Established house prices in Greater Vancouver and Victoria rose 81% and 56%, respectively, over the past 5 years, whereas the CPI for BC rose only 7.5%. The disconnect is partly due to the way Statistics Canada tracks the cost of “owned accommodation.” In particular, estimates of mortgage interest and other costs facing homeowners are based on the New House Price Index rather than a broader measure of established house prices. The result is that CPI likely understates trends in living costs facing many households in BC and Canada.”*



## Recommendation: Implement an annual (deferrable) progressive surtax on home values starting at \$1 million

The working group recommends that federal and/or provincial governments implement an annual (deferrable) progressive surtax on homes valued over \$1 million. This threshold ensures that the vast majority of Canadians would NOT pay the tax, as 91% of Canadian households do not own a property valued over \$1 million. The tax will apply only to the 9% of households living in the most valuable principal residences in the country – including 13% of Ontario households, and 21% of BC households.

Deferrable means that the tax would not need to be paid until the home is sold, or the property inherited. This design detail would respond to the principle that policy adaptations should avoid imposing risks on individuals with limited income or wealth beyond the home in which they live. A competitive interest rate would be charged on any deferred tax payment. This deferral practice is already common across provinces when it comes to collecting annual property taxes from seniors.

The proposed annual surtax will reduce the tax shelter that incentivizes Canadians to rely more on rising home prices as a strategy for savings and wealth accumulation than they otherwise would. Reducing the tax shelter will disrupt feedback loops that fuel rising home prices. This would slow the escalation of home prices and improve affordability; reduce inequalities, including between renters/owners and younger/older Canadians; and attract savings and credit towards economic activity outside of the housing sector, which may produce more jobs and innovation than is often found in real estate.

Government could use revenue collected from the surtax to provide benefits to renters, such as portable housing benefits. Revenue could also advance other Lab recommendations, including investments in new green co-op and purpose-built rental, and/or initiating the 'Off-Ramp Program and Bond'.

**Table 1: Possible Surtax Rates and Revenue**

Home Value	% of households Canada	# of households Canada	Average Value	Surtax Rate	Avg Annual (deferrable) Surtax payment	Annual Revenue (Billion \$)
\$1 to \$1.5 million	5.5	845,108	1,204,184	0.2%	\$408	\$0.35
\$1.5 to \$2 million	1.8	271,618	1,723,587	0.5%	\$2,118	\$0.58
\$2 million +	1.6	246,063	3,121,013	1.0%	\$14,710	\$3.62
<b>Total</b>	<b>8.9</b>	<b>1,362,789</b>				<b>\$4.54</b>

Home Value	% of households Canada	# of households Canada	Average Value	Surtax Rate	Avg Annual (deferrable) Surtax payment	Annual Revenue (Billion \$)
\$1 to \$1.5 million	5.5	845,108	1,204,184	0.5%	\$1,021	\$0.86
\$1.5 to \$2 million	1.8	271,618	1,723,587	0.5%	\$3,618	\$0.98
\$2 million +	1.6	246,063	3,121,013	1.0%	\$16,210	\$3.99
<b>Total</b>	<b>8.9</b>	<b>1,362,789</b>				<b>\$5.83</b>

Source: Working group calculations based on Statistics Canada Survey of Financial Security (2016) data, adjusted for home price inflation to 2020

## **Recommendation: Create a Permanent Housing Affordability Off-Ramp Program and Savings Plan**

The working group recommends creating two new mutually supporting initiatives: a federally-guaranteed off-ramp program to transition low-density housing into a pool of permanently affordable rental units, and an off-ramp savings vehicle delivered through a Perpetual Affordable Housing Bond (PAHB).

### **Off-Ramp Program:**

This arms-length program will purchase existing low-density housing from individual owners across Canada, and redevelop lots into 4-6 units. New units will be pooled into a large, diverse and distributed stock of higher-density, permanently affordable rental homes. Rent will be charged at 30% of the tenants' gross household income. Converting existing single-family homes is a focus, but other low-density housing forms also play a role in scaling the program. The Off-Ramp program would be universally available, and would address the problem of "missing middle housing."

The program would start with a minimum \$1 billion federal investment to make funds available to purchase properties. For home owners, the sale of their property under the program would be executed at appraised market value; pay in cash all net equity owned by the seller, and any outstanding mortgage balance to the lender; give the seller the right to continue to live on-site in a home that meets their needs. Ownership of off-ramp homes would shift from private to collective, and sit in a legal vehicle governed by a number of stakeholders, including residents, community groups, private foundations, developers and government.

While home prices are still rising, the Off-Ramp may attract homeowners via a variety of motivations, including a values-aligned desire to support a shift to permanently affordable housing, access to accessibility or other improvements via conversion, and financial benefits from the sale of their home and from lower monthly costs, etc. Should home prices stall or fall, the program has potential to attract and protect those most at risk of being 'under water' by providing 100% debt relief for those who join. This offer of 'protection' is used as an incentive to achieve the program's primary objective – to scale up missing middle permanently affordable rental housing. The Off-Ramp program does NOT propose that governments directly subsidize homeowners with under water mortgages.

### **Off-Ramp Savings Vehicle:**

To achieve scale in the Off-Ramp program, additional financing can be raised through a new Perpetual Affordable Housing Bond (PAHB) that delivers a stable and attractive return to investors, guaranteed by the federal government for 10 years. PAHB returns are anchored by the pooled rental income generated by the homes converted through the Off-Ramp program, along with a portfolio of supplementary community wealth assets built over time (e.g. car share, energy generation, etc.). This means that new permanently affordable 'missing middle' housing created under the Off-Ramp program will be paid for by a wide range of capital sources – versus just relying on public funds.

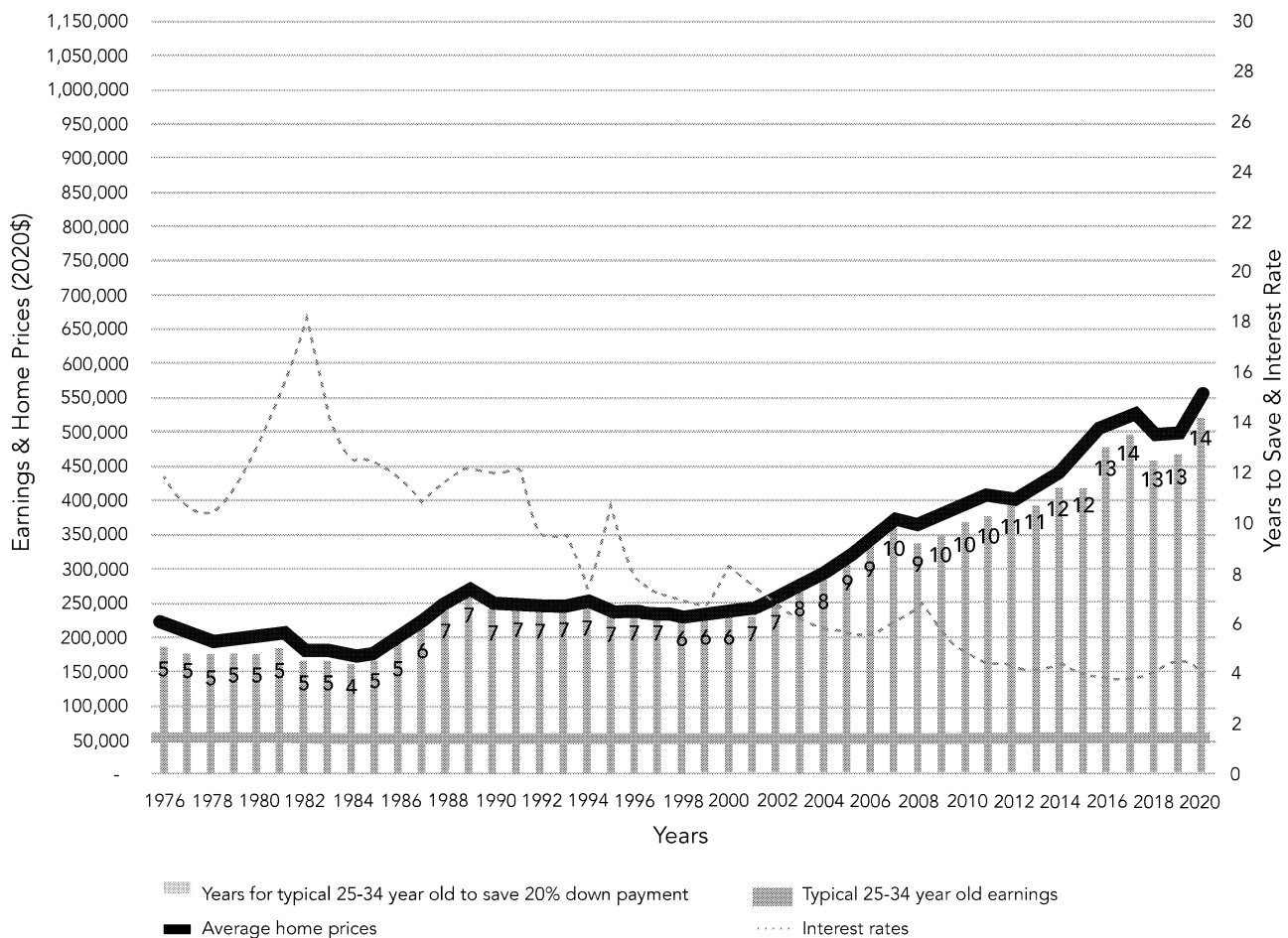
The PAHB would be available to everyone, and could serve as a stable retirement savings vehicle – reducing the number of Canadians counting on high and rising home values for their financial security. As such, the PAHB will contribute to the cultural shift needed to disentangle Canadians from current policy incentives that sustain the large gap between home prices and local earnings.

## Section 1- Problem Brief & Lab Motivation:

**'Everyday' Canadians are entangled or incentivized by public policies to count on high and rising home prices, which erode affordability for those who follow**

This Solutions Lab searches for solutions to Canada's housing affordability challenges that are caused by the growing gap between local earnings and average home prices.

Figure 1: The Gap. Home Prices Relative to Young People's Full-Time Earnings



Sources: Average home price data provided by the Canada Real Estate Association

Earnings data from Statistics Canada, Custom table C1010886a

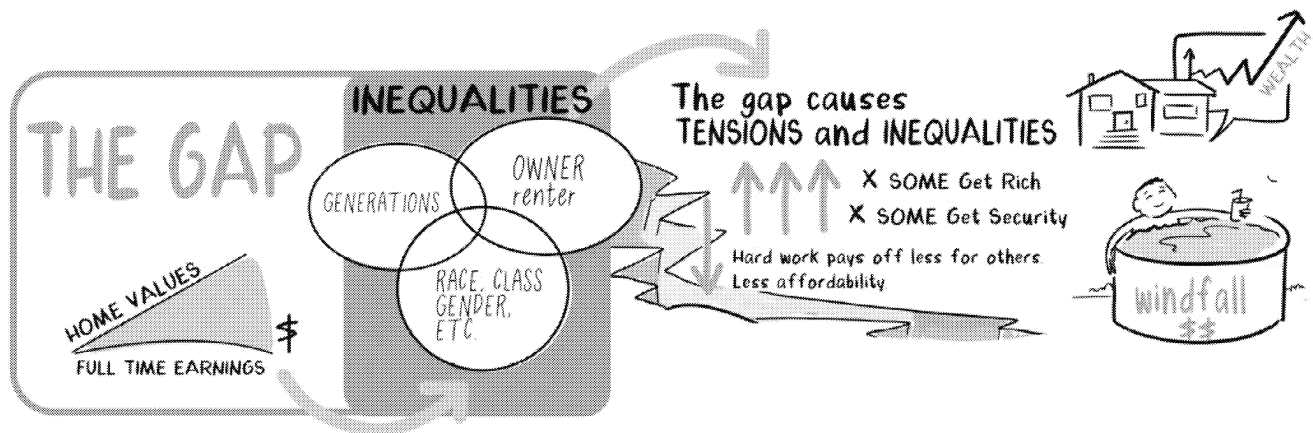
Interest rate data from Statistics Canada, Table: 34-10-0145-01 (formerly CANSIM 027-0015)

The gap reflects the interaction of two systems: one that shapes housing outcomes; another that shapes outcomes for earnings and wages. Our Lab focused exclusively on the former, while acknowledging that efforts to reduce the gap may be served by efforts to improve productivity in the labour market to accelerate wages, and address the increased levels of precarity found in Canada's growing "gig economy."

**The wide gap between home prices and earnings creates wealth inequalities**, especially between owners and renters; and between generations that bought homes decades ago compared to those starting out in the housing market today (see Kershaw 2018).

A wider gap creates risks that some Canadians become highly leveraged when borrowing to make a home.

The wide gap also imposes dramatic unaffordability barriers – barriers especially for younger generations of renters and aspiring owners, newcomers of any age, and seniors who are renters. Within these groups, the barriers are often particularly great for Indigenous residents and Canadians of colour, as signaled by the movements for Truth and Reconciliation and anti-Black racism.



**Given all of this, the growing gap between home prices and earnings is a major impediment** to the Canada Mortgage and Housing Corporation's (CMHC's) ambitious goal that all Canadians can afford a home that meets their needs by 2030.

At Generation Squeeze, we think this goal is so important, we have embraced it as our own, and encourage all in Canada to do the same.

In pursuit of that goal, Generation Squeeze aims to **disrupt a root cause** of the growing gap between home prices and earnings (without presuming to imply it is the only root cause).

We start with the recognition that the gap was growing rapidly for years well before the onset of COVID-19, and that it continued to grow rapidly during the pandemic. Given this observation, we judge that if even a pandemic-induced recession is insufficient to deflate home prices, then we can no longer ignore the probability that our housing system is actually structured, even if unintentionally, to grow housing values out of reach for local earnings.

Indeed, our Lab hypothesizes that many "everyday" Canadians are entangled or incentivized by public policies to bank on profits from homeownership to secure our financial future and gain wealth. And by being thus entangled, and by responding to such policy incentives, we reinforce feedback loops in the housing system which further fuel home prices to leave earnings behind, and generate wealth inequalities. This is the **overarching problem that motivates all of the Lab's work**.

Early Lab deliberations resulted in participants identifying three policy areas of primary interest because of their role in incentivizing, or entangling, many “everyday” households:

- 1. Access to cheap credit:** The historically-low interest rates that have existed since the recession of 2008 provide Canadians with access to cheap credit. Low interest rates enable buyers to bid up the price of housing because they keep monthly carrying costs low for those who can pay for growing down payments.
- 2. Wealth gains from principal residences sheltered from taxation:** Since 1972, Canadian tax policy has sheltered principal residences from taxation in order to help Canadians build wealth. This original objective might have been a good idea. But the way it is currently implemented creates a number of significant, unintended problems. The tax shelter on principal residences produces a basic incentive that draws households’ and other actors’ available savings and credit towards the ownership of housing. It also draws households’ away from other economic activity that may produce more jobs and innovation, while inflating demand and average housing costs, thereby contributing to inequalities and unaffordability.
- 3. Limited protection for those who bought recently if prices fall:** Lower average prices may create more affordability for renters and those who haven’t yet entered the ownership market. But falling home values could mean that some Canadian homeowners, especially those who entered the market recently, end up owing more than their home is worth, which increases the risk of default and bankruptcy, while compromising retirement savings. As a result, many new entrants to the housing system have reason to want home prices to continue to rise, even if they know first-hand how difficult it is to straddle the growing gap between home prices and local earnings.

As Founder of Generation Squeeze, and the initiator of this Lab, my personal story is emblematic of the Lab’s hypothesis that many ‘everyday’ households are incentivized by public policies to bank on profits from homeownership to secure our financial future.

In the year before the Lab started, BC Assessment reported that my home increased by \$300,000. That single-year increase is way more than I earn as a professor. Were I to cash in by selling the home, the gain would be tax free, whereas I pay tens and tens of thousands of dollars in taxes on my income. While I chose not to cash out, I still had lots of opportunity to leverage the additional housing equity for home improvements, and other investments in the stock market. I have taken advantage of both of these opportunities with the support of remarkably low interest rates available amid the pandemic. My home now has several improvements I had wanted to make, and my investments have returned ten times the cost of low-interest charged me for increasing my mortgage to free up additional home equity to invest.

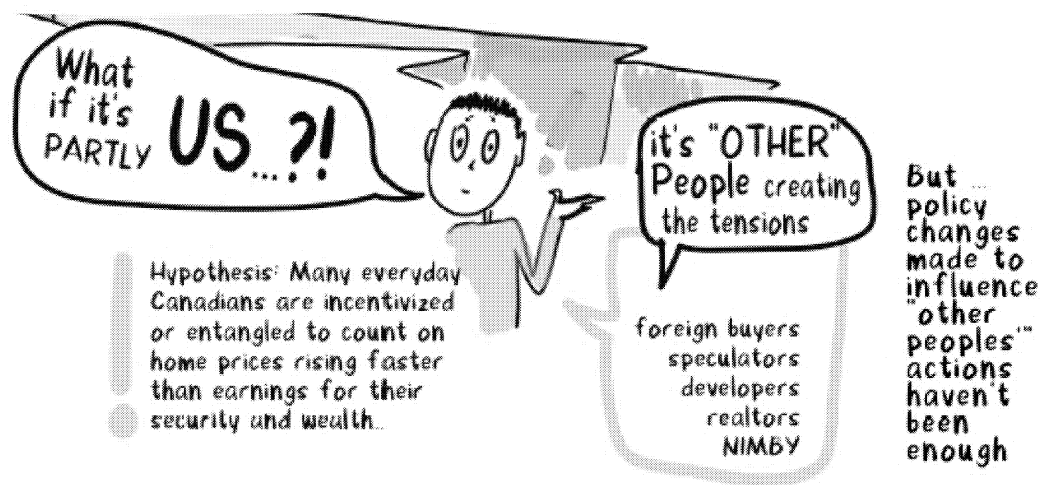
So, I clearly benefit from rising home prices.

But that rising home price is a double-edged sword. What’s been great for my personal finances is hurting some of my other family members, who as renters struggle to afford an apartment with enough bedrooms for their kids. It’s hurting my younger colleagues, who are just as smart as me,

and just as hard-working as me, who now cannot afford to live where I do. It's hurting my community and country, because evidence shows that wealth inequalities and pervasive unaffordability barriers make our economy less efficient, while compromising our population's health.

By putting everyday Canadians at the centre of our Lab, **our focus is provocative**, and potentially uncomfortable. Too often I have participated in housing dialogues

where we hear Canadians say that unaffordability is simply the result of others – somebody over there: a foreign investor, a money launderer, a speculator, a NIMBY, a developer, a landlord, a realtor. And yes, all of these actors do play a part in Canada's housing unaffordability saga.

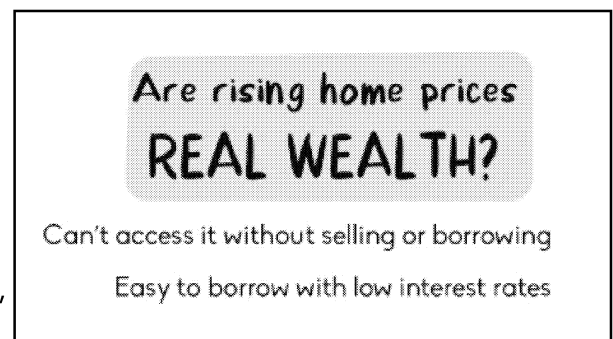


But our policy makers have increasingly focused on these "other" actors as "low-hanging fruit," often encouraged by Gen Squeeze to do so. There now exist foreign-buyers taxes, speculation taxes, empty homes taxes, new measures to address money laundering, new efforts to resist NIMBY'ism, new rent control policies, new expectations for developers, new regulations for realtors, and lots of efforts aimed at building more supply of housing. **So far, such measures have proven to have limited influence to dampen down home prices, or close the frightening gap between home values and what local residents earn in our cities.**

Which is why our Lab is determined to dig deeper. To move beyond the low-hanging policy fruit to focus on a more disturbing root cause of the problem – the reality that many everyday Canadians, myself included, are entangled in perpetuating our unsustainable, unaffordable housing system – because public policies incline us to organize our wealth strategies in ways that count on home prices rising faster than earnings.

**It has been important to organize the Lab with this focus because we observe that the current National Housing Strategy – as important as it is – suffers a major omission.**

Never once does this strategy mention the word "wealth."



One might judge that is because the National Housing Strategy aims primarily to address the housing challenges faced by those with modest incomes who generally have little, if any, housing wealth. This is true.

But it still begs the question: why do many Canadians and our decision-makers tolerate rising home prices? Routinely rising prices make it harder for those starting out in the housing market, along with residents of any age who have limited incomes and limited housing equity, to straddle the gap between local earnings and rapidly rising home prices for renters and aspiring owners.

Put bluntly: By failing to acknowledge wealth, the National Housing Strategy risks overlooking that a primary reason why our country is struggling to restore affordability is because few Canadians think rising home prices are uniformly bad. Quite the opposite, many people, many regular folks, benefit. Many gain wealth and financial security, as my story illustrates.

The “good” and the “bad” of rising home prices – that has been our focus in this Lab – along with the competing interests created by tensions implicit in the “good” and “bad” elements of rising prices. Our Lab has aimed to surface these tensions, **and surface the policy drivers that give rise to them.**

Because those policy drivers hold unique potential to redesign the Canadian housing system in search of “win-wins” wherever possible, or a better balance of competing interests when win-wins are not in reach.

**We planned for disagreement at the beginning of the lab.** As we searched for policy innovations, our invitation list for Lab participants was designed to engage a diversity of perspectives. 70+ leaders representing all parts of the housing system have participated at some point along the Lab’s journey.

We planned for disagreement because there is disagreement in the broader Canadian context. Recent [polling by Angus Reid](#), shows that 40% of Canadians want home prices to continue to rise; 60% want home prices to stall or fall.

Our Lab participants mirrored this split in public opinion.

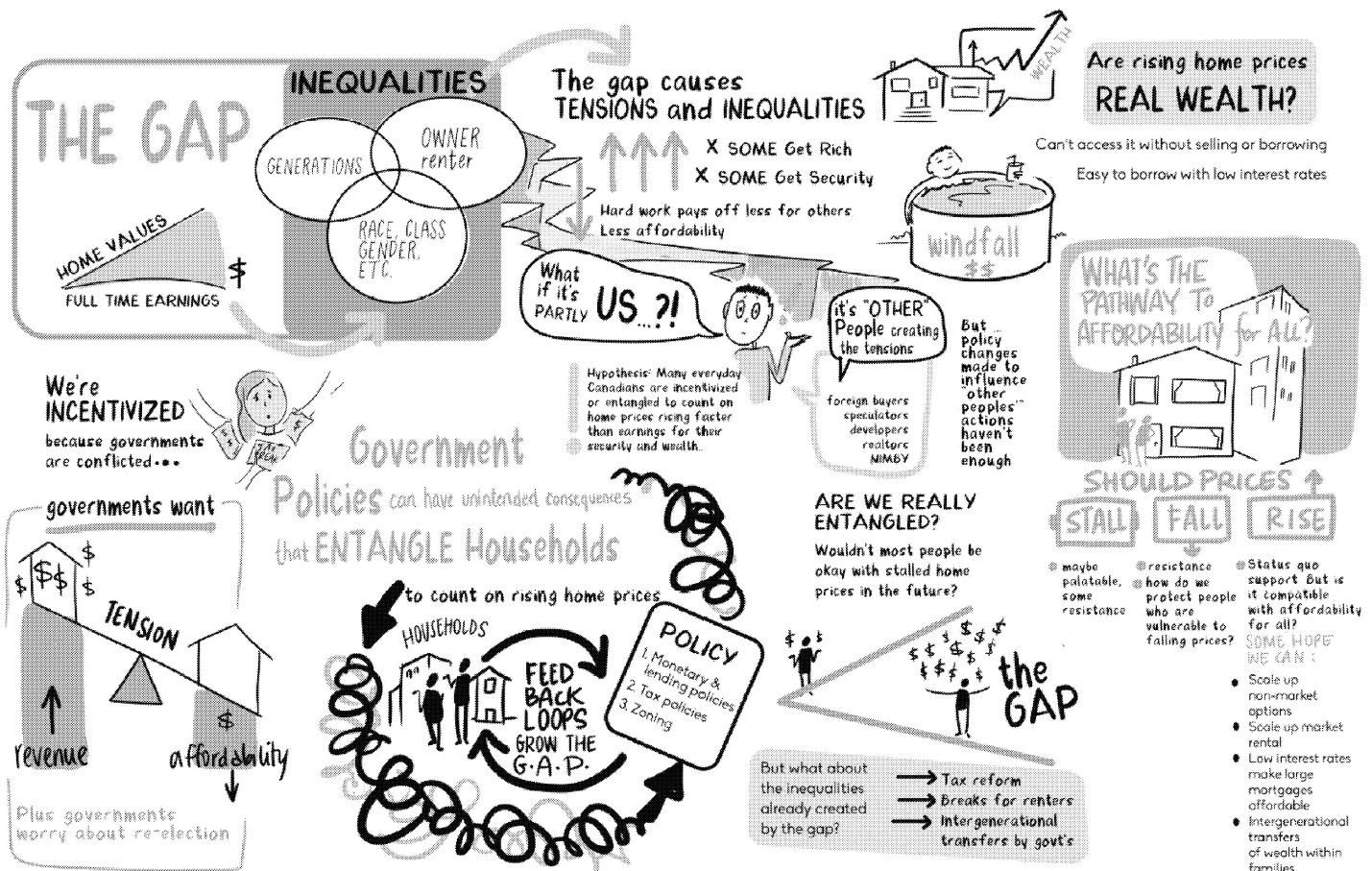
**Which highlighted our challenge: the search for common ground** amid the diverging opinions. Could we find and grow common ground to a degree where there may be a shared agenda for adapting a policy driver or two, or three, to narrow the gap between home prices and earnings?

That’s been our Lab’s quest. To surface tensions. Identify their policy drivers. Propose adaptations to those policies. Seek common ground. Use it to make positive change to reduce wealth inequalities and advance the goal that all Canadians can afford a home that meets their needs by 2030.

Happily, we found a lot of common ground, which is described in more detail in the remainder of this report.

But it would be an overstatement to imply consensus. And a misrepresentation to ignore that some of the 70+ participants didn’t continue throughout the Lab’s entire journey. Some likely dropped out because they didn’t personally or organizationally align with the common ground that was emerging among others.

The following graphic summarizes the rich range of thematic ideas generated by the 70+ participants, along with key questions to which participants sometimes gave diverging answers.





## Section 2: Lab Process

The engagement process by which our Lab searched for common ground to spur innovation followed the journey described in the following schematic.

The schematic shows that the Lab occurred online via Zoom during the pandemic, starting in September 2020, and wrapping up a year later. The Lab invited participants in the following six steps to complete our Lab journey:

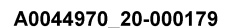
1. Step 1 invited two groups of 30+ stakeholders to dialogue about the Lab's hypothesis: Many "everyday" Canadians are entangled or incentivized by public policies to bank on profits from homeownership to secure our financial future and gain wealth. When we respond to these policy incentives, we reinforce feedback loops in the housing system which further fuel home prices and wealth inequalities.
2. Step 2 engaged 34 participants from the opening session who volunteered for some homework offline to provide insight about the policy areas that may be entangling Canadians in this way, along with policy responses available to reduce those entanglements.
3. Our third step in the Lab's journey was another online session with dozens of the participants from session 1, at which participants identified the policy areas to focus priority attention for the remainder of the Lab. Participants selected three areas: monetary & lending policy; tax policy; and what became labeled as "protective" policy to explore the risks to highly-leveraged households should home prices fall substantially from current values.

Our efforts to prioritize policy areas also resulted in substantial dialogue and disagreement about what Canada should hope for from home prices in the future: should they rise, stall or fall... if we want to restore affordability forever? Exploring this disagreement grew in importance for the Lab process, because the initiation of the Lab presumed that a slow-down in home prices is necessary to restore affordability.

4. Given the lack of common ground about the future of home prices, our fourth step featured a specific dialogue series to develop a rich understanding of participants' views about the underlying premise of the Lab: "Average home values must stall or fall if we are to achieve the goal of ensuring everyone living in Canada can afford a home that meets their needs, as renters or owners, by 2030" (the goal of the CMHC). This series featured three dialogues with small groups of 8-9 participants – all of whom had participated in one or both of the earlier large group online sessions. The input from these dialogues is summarized later in the report.
5. While the dialogue series was under way, the Lab launched three working groups of 8-12 participants – our fifth step. The groups were tasked with the goal of generating concrete policy recommendations to address incentives generated by monetary/lending policy, tax policy and (the lack of) protective policy, which entangle many 'everyday' Canadians to count on high and rising home prices for their financial security, and compromise affordability for those who follow.

Each group recruited additional academic and/or technical expertise to inform working group deliberations, the search for common ground, and opportunities for innovation. Each working group met roughly three times over approximately three months, with homework in between each online session conducted by individuals or sub-groups. These working group activities generated concrete policy recommendations, or “prototypes,” which we describe later in this report.

6. The Lab’s final step invited participants from the dialogue series who explored whether restoring housing affordability requires average prices to rise, stall or fall to comment on the policy recommendations produced by each of the working groups. Participants completed surveys reporting what they liked, tolerated, couldn’t support, and/or needed more information about. This feedback was used to refine the final presentation of the policy recommendations produced by the working groups, as shared below in this report.



## Section 3: Canada needs to decide: does the goal to restore affordability for all require average home prices to rise, stall or fall?

In service of the National Housing Strategy (NHS), the CMHC aims for all residents to be able to afford a home that meets their needs by 2030, either as owners, renters, in co-ops or some other suitable form of tenure. This is the right goal, and an aggressive timeline, given that the NHS observes that over 1.5 million Canadians are currently in core housing need, and many more are squeezed by the high cost of housing relative to local earnings.

However, in pursuit of this 2030 goal, the National Housing Strategy is relatively silent about what needs to happen to housing prices in the market over the next decade. Can this goal be achieved if average home prices continue to rise well beyond local earnings?

### Lab Premise

As we designed our Lab, we presumed the answer to this question is 'No, average home prices need to stall or fall by comparison with local earnings if we are going to restore affordability for all.' We started with this premise for two reasons.

1. The first reason is motivated by Figure 1 above. It reveals that average home prices have skyrocketed out of reach from local earnings. When Baby Boomers came of age as young adults around 1976, it took the typical young person five years of full-time work to save a 20% down payment on an average home in Canada. Now, it takes 14 years. In Ontario, it's 18 years; 20 in BC; 24 years in the Greater Toronto Area and 28 in Metro Vancouver. These data reveal that when home prices rise faster than earnings, it imposes much more work on those trying to get a start in the housing market – especially for those aspiring for ownership, which has been the norm in Canada for decades.

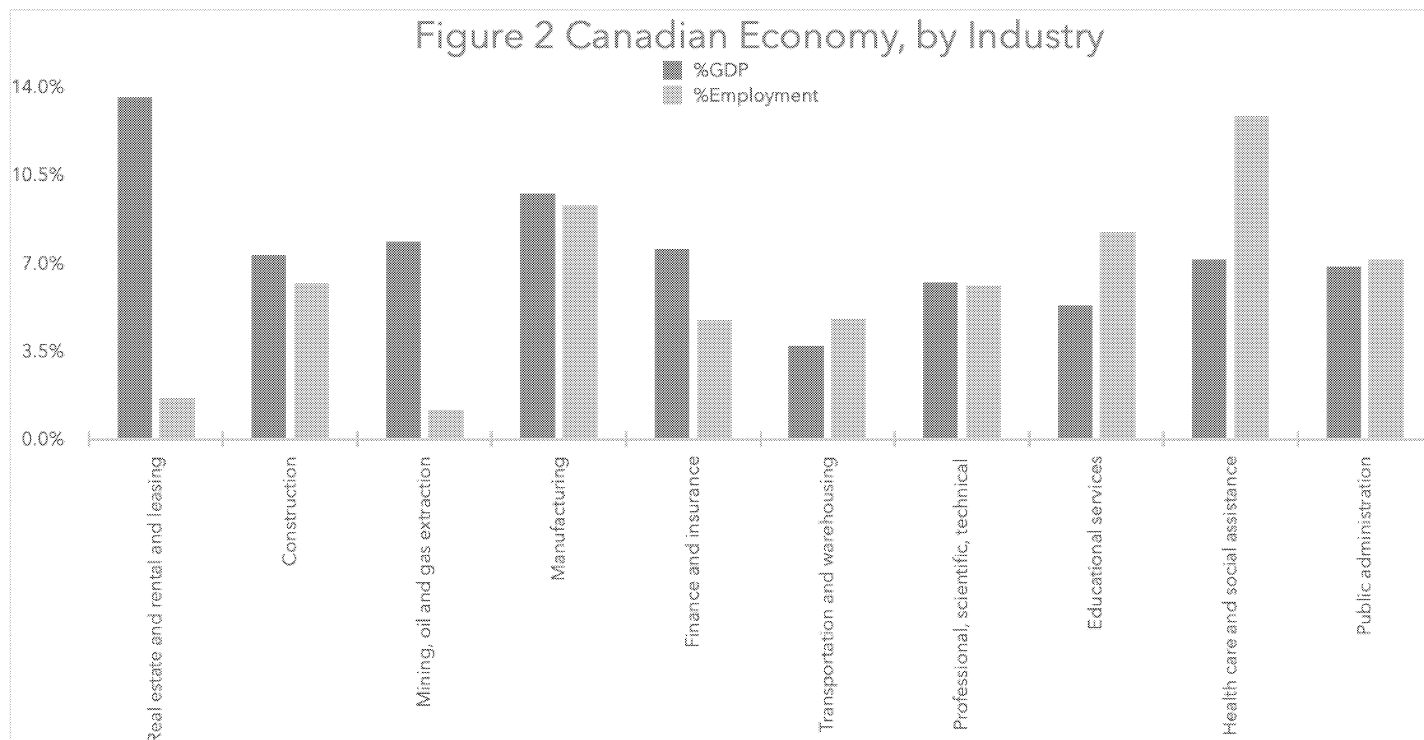
Yes, interest rates have fallen substantially over the last 45 years. Lower interest rates mean that the dramatic increase to the sticker-price of homes did not impose as dramatic an increase to monthly mortgage payments. Nevertheless, today's monthly payments required on a mortgage equal to 80% of average home prices are higher – even with record low interest rates – than they were decades ago when interest rates were much higher, but home prices much lower. This is the case even for 1982 when interest rates peaked above 18% and home prices averaged around



\$180,000 in 2020 dollars. Recall, the higher monthly payments today come on top of years of more work required to save a 20% down payment (and thereby avoid additional mortgage loan insurance costs).

As home ownership grows out of reach for more people starting in the Canadian housing market (either as young people or newcomers), making a home through rental or co-op housing is another, important option. The influence of ownership costs on rents is complex, and not necessarily linear. But the ability to scale up rental and co-op housing is directly influenced by the cost of land, which is the primary driver of rising home costs in the ownership market. So as land values rise, the ability to develop rental and co-op housing at scale becomes much more challenging.

2. The second reason we presume homes prices should stall or fall relative to earnings in order to promote affordability is because we encourage Canadians, and our decision-makers, to revisit the role of real estate in our country's economic growth strategies. Real estate, rental and leasing represents the largest contributor to Canada's Gross Domestic Product (GDP). At 14% of our national GDP in 2021, this industrial sector is bigger than manufacturing; bigger than mining, oil and gas; bigger than construction; bigger than health care; bigger than financial services; bigger than professional, scientific and technical services; and so on (See Figure 2 below). Real estate has also grown as a share of gross domestic product in all provinces over the last two decades, and often has been the fastest growing part of provincial economies.



Sources:

GDP data from Statistics Canada Table: 36-10-0434-02 (formerly CANSIM 379-0031) Employment data from Statistics Canada Table: 14-10-0202-01 (formerly CANSIM 281-0024)

Anchoring our economic growth on real estate, rental and leasing would be a fine economic development strategy – if this industrial sector also was generating a large portion of jobs for Canadians. But it doesn't. Fewer than 2% of Canadians find employment in the real estate sector. No other industrial sector has such a big gap between its share of GDP and share of employment (See Figure 2).

This highlights a problem. It signals that Canadians have been growing our economy by increasing the major cost of living, without generating jobs in that industrial sector in numbers that ensure local earnings keep pace, especially in urban centres. The 2% of people who find employment in the



industry generally attract very large incomes. Existing property owners gain home equity increases, which will propel their spending and consumption to drive up GDP. It's one way to grow an economy. But it is not obviously a good way if our country prioritizes hard work paying off so that younger people and newcomers to Canada can earn enough to cover their primary cost of living – housing.

As we aim to #BuildBackBetter after the pandemic, it is timely to revisit the place of the real estate sector in our strategies for economic growth. Instead of an economic stimulus strategy that relies on driving up the primary cost of living, it is time to imagine an economy that is stimulated by a housing system which reconnects the cost of living to local earnings in order to support employment and growth in other industries. Reasonable concerns that stalling home prices may in turn stall GDP must be balanced against this alternative vision of how to stimulate the economy. The commitment to “measuring what matters” that grounds the new Quality of Life Framework in the **2021 federal budget (p. 410)** signals that the Government of Canada is more open than ever to achieving this balancing act. This section of the budget explains that: “The Government of Canada is working to better incorporate quality of life measurements into decision-making and budgeting based on international best practice, expert engagement, evidence on what shapes well-being, and public opinion research on what matters to Canadians.” The framework explicitly identifies housing affordability as a key consideration when evaluating whether the economic strategy is promoting a high quality of life.

## Disagreement about the Lab premise

During our Lab activities, half of our participants signaled that they align with the premise that housing prices need to stall or fall to restore affordability for all. But the other half did not.

Public polling suggests reflects a similar split. [Angus Reid data](#) shows that 40% of Canadians want home prices to continue to rise; 60% want home prices to stall or fall.

This lack of common ground about what our country wants from housing prices going forward is a societal barrier to restoring housing affordability. In the absence of clear signals from the public, we create political barriers to achieving the CMHC 2030 goal, because the public is not providing sufficient political cover for politicians to be courageous enough to diverge from the status quo that tolerates a large, and growing, gap between average home prices and local earnings.

Our Lab activities reveal that skeptics about the premise fall into two broad categories (see also the following graphic for a summary):

1. Some accept the premise, but reject the consequences of stalling or falling housing prices as being too harmful for some individual households, or the economy more generally.
2. Others suggest that pathways to affordability for all may be possible even as the gap between home prices and local earnings grows larger.

The intuitions of these two groups provide guidance about key areas of dialogue we need to foster with Canadians about future home prices as we pursue the goal of restoring housing affordability.

### 1. Trade-offs between objectives

The first group of skeptics signal the need to discuss possible tradeoffs between competing objectives. This is the case, because they agree that restoring affordability for all will require a change of course from the growing gap between home prices and earnings, but reject the idea that the goal of narrowing that gap should be prioritized over some other objectives.

#### Tradeoff: home owners

Some of these skeptics implied that concern about impacts for existing home owners may need to trump affordability for all, because certain owners could be harmed by stalling or falling home prices. When triaging trade-offs, it is unclear the level at which home-owner vulnerability arising from stalling home prices may surpass the vulnerability of those currently unable to afford rent or escape homelessness.

Yes, many Canadians count on equity in their homes as part of their strategy to achieve retirement security, and there are entire industries designed to help Canadians unlock growing equity in their home to use for other spending purposes (i.e. see the [CHIP Home Income Plan](#)). If we judge that

stalling home prices is good for affordability for all, Canadian legislators would need to focus on retirement income policy that encourages Canadians to save outside of strategies that presume large returns to investments in principal residences.

While the risks for homeowners from stalling home prices are less obvious, the vulnerabilities from falling home prices are clearer, especially for those who have entered the market more recently. While lower average prices may create more affordability for renters and those who haven't yet entered the ownership market, it could mean that some homeowners end up owing more than their home is worth. These "underwater" situations trap households who can't clear their debt via sale, increase their risk of default and bankruptcy, and compromise retirement savings. People may reasonably disagree about whether such vulnerabilities are more or less important than vulnerabilities suffered by those who are already homeless, or in precarious housing as financially squeezed renters. However, this risk from falling home prices creates vulnerability that merits attention.

### **Tradeoff: slower GDP growth**

Other skeptics in the "accept the premise, but reject the consequences" group focus more on macroeconomic concerns. The 2008 recession was shaped in part by many homeowners in the US defaulting on mortgages. This reveals the harm that can be imposed on economies when "underwater" households occur at scale. Such concerns motivate the kind of exploration with which we tasked the "Protective" policy group in our Lab.

But the macroeconomic skeptics also point to a broader concern – that stalling home prices would disrupt the contribution of real estate to Canada's economic growth. These skeptics emphasize the 14% of GDP represented by real estate, rental and leasing; but give less attention to the fact that Canadians find less than 2% of employment in the real estate sector. As discussed above, there is reason to reconsider whether growing the Canadian economy by increasing the major cost of living, without generating jobs in that industrial sector in numbers that ensure local earnings keep pace, is the optimal growth strategy for Canada to pursue at this time.

## **2. Presumptions that affordability for all can be achieved amid rising home prices?**

The second group of skeptics about the Lab's premise that affordability for all will require prices to stall or fall proposes there may be pathways to achieve the goal in a context where prices continue to rise faster than earnings. This group points to at least three possible affordability pathways that could coincide with average home prices increasing in the market.

### **Market Ownership and Definition of Affordability**

The first speaks to market ownership and the "definition of affordability." Some participants observed that home prices may not need to stall or fall if the goal is monthly affordability via continued low interest rates; and/or down payment affordability via looser mortgage rules, targeted



down payment support, or fractional ownership models.

This proposed pathway must address several follow-up considerations. First, to the extent Canadian governments wish to advance homeownership affordability, should the goal be monthly affordability, down payment affordability, or total purchase price affordability? What is the relative importance of each measure? Given that much of the market presently focuses on monthly and down payment affordability, what existing or new measures should be considered to add attention to total purchase price, which is harmed when average prices rise in the market?

Second, this pathway is fragile. It breaks down if/when interest rates rise from current historic lows.

Third, the pathway doesn't look sustainable. Since interest rates are pretty much at their floor, if average prices in the market continue to rise there is no room to dampen this harm to affordability by reducing interest rates still further.

Fourth, as discussed above, the current gap between home prices and earnings has created substantial inequalities in wealth between owners and renters, and older and younger Canadians. If we pursue a path to affordability that banks on rising average prices, what do we do about the persisting and growing inequalities?

## **Market Rental**

Some participants judged that home prices may not need to stall or fall if market rental costs are, or could be, decoupled from average home values.

Supporters of this proposed pathway must address a number of important follow up considerations. First, what evidence exists to show it is possible to sufficiently decouple average rents from average home values? Put differently, what evidence shows it is possible to increase rental supply and decrease average market rents to the point where everyone can afford to rent a home that meets their needs – even as average home values stay high and rise.

Second, the ability to scale up market rental depends partially on average land costs, which are the major driver of average prices in the market. If land costs keep rising, how can we scale up market rental at levels that will keep rents in reach for local earnings?

Third, wouldn't scaling up affordable market rental, and growing the share of Canadians who make homes as renters, decrease demand in the ownership market, and thereby dampen down average home values? This consideration circles back to the original 'stall or fall' premise of the Lab.

## **Non-Market Housing**

Some participants suggested that average home prices may not need to stall or fall (i.e. reject the premise) if non-market housing could be sufficiently scaled and priced to meet the full need.

Supporters of this pathway face the following considerations. First, the most recent Census data\* show that fewer than 5% of Canadians live in subsidized housing or receive rental subsidies. Imagine that we doubled it to 10% of Canadians. Or tripled to 15%. Or quadrupled to 20%. These would be massive accomplishments in the Canadian housing system – but 8 in 10 Canadians would still rely on the regular market to make a home. Can the 80% of Canadians relying on the regular housing market can afford a home that meets their needs if home prices continue to leave local earnings behind, beyond the large gap we already have? That seems highly unlikely.

Perhaps, some anticipate that Canada should be able to grow the scale of subsidized housing to well beyond 20% of our housing supply. For this option to be considered, champions need to make clear how the ability to scale up below-market housing at such high rates is decoupled from average land costs; and how the needed scale could be achieved if average prices continue to rise.

More generally, if we grow the percentage of residents who make their home in non-profit housing, it would reduce demand in the ownership market, which would be expected to dampen average values. Once again, this consideration circles back to the original 'stall or fall' premise of the Lab.

## **In sum, as a society, we need to gain clarity**

Our Lab was not designed to provide the “final word” on ruling out whether there are any realistic pathways to achieving affordability for all without having home prices stall or fall. But our dialogues have surfaced a number of key considerations that proponents of this possibility must address. It should be a top priority for our citizenry, housing system leaders, and legislators to gain clarity on these options and considerations very quickly. The [Office of the Parliamentary Budget Officer reports](#) that even with all the noble investments under the National Housing Strategy (NHS), Canada is on a trajectory to see the number of households in core housing need rise from 1.5 million when the NHS was initiated to 1.8 million by the middle of this decade.

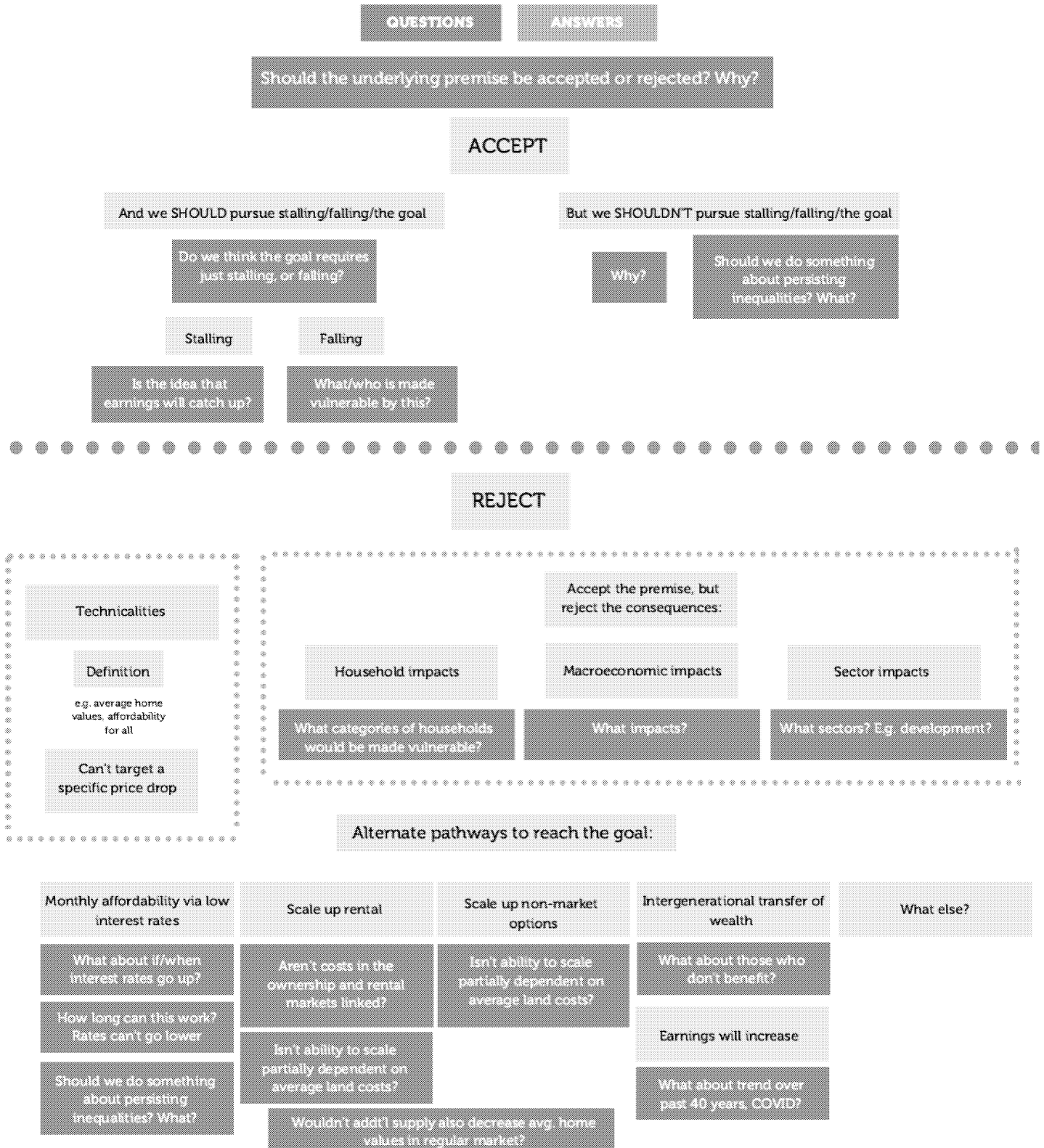
All things considered, this should not come as much of a surprise, because the gap between local earnings and average home prices has grown steadily since the NHS was announced. By the end of 2016, just before the NHS was initiated, the Canadian Real Estate Association reported that average home prices in Canada were approximately \$523,000. As 2020 concluded, average prices were \$568,000; and they surpassed \$600,000 as of the summer of 2021.

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\*Statistics Canada, 2016 Census Catalogue number 98-400-X2016229, Shelter-cost-to-income Ratio (5A), Tenure Including Presence of Mortgage Payments and Subsidized Housing (7) and Household Type Including Census Family Structure (9) for Owner and Tenant Households in Non-farm, Non-reserve Private Dwellings

## SOLUTIONS LAB PREMISE: MENTAL MODELS MAP

This Lab's underlying premise is that average home values must stall or fall to achieve housing affordability for all (e.g. CMHC's 2030 goal). This diagram charts [direct and indirect] responses to the Lab's premise during Sessions 1 and 2 (fall 2020), and the Dialogue Series (winter 2021). The BLUE boxes represent questions asked, and future lines of inquiry that may become relevant as the Roadmap is implemented. GREY boxes contain the different response we heard, categorized by their relation to the premise being ACCEPTED or REJECTED. The grey boxes thus represent a map of 'mental models' or ideas about how the housing system works (in relation to the premise).



## Section 4: Specific Examples of Policy Areas that Entangle Canadians to Count on High and Rising Home Prices

As discussed from the outset, our Lab hypothesizes that many “everyday” Canadians are entangled or incentivized by public policies to bank on profits from homeownership to secure our financial future and gain wealth. Rational responses to the incentives inherent in these public policies reinforce feedback loops in the housing system which further fuel home prices to leave behind local earnings, and grow wealth inequalities.

While the previous section reveals that some people anticipate pathways to restoring housing affordability for all can co-occur with rising average home prices, it’s unlikely that rising home prices make it easier to achieve affordability. And either way, rising home prices risk exacerbating serious wealth inequalities caused already by the large gap between home prices and earnings.

In response, Lab participants identified four areas of policy which contribute in worrisome ways to feedback loops. These four areas are: monetary & lending policy; tax policy; policies that limit supply; and the absence of “protective” policy in case home prices stall or fall.

Since the CMHC already has underway an extensive Housing Supply Challenge, this Lab focused attention on the other three examples. In doing so, participants integrated a commitment to grow the supply of affordable housing into our treatment of the other three issues.

### Feedback Loop 1: Monetary & Lending Policy

There is a lot of academic research about the influence of monetary policy on housing prices. Ryan-Collins (2019) provides one of many useful reviews of the literature.

Focusing on this area of policy, Lab participants identified two layers of problems that they believe flow from current approaches to monetary and lending policy in Canada: the first is an outcome of the second.

First, Lab participants observe that a wide variety of factors well beyond housing shape monetary policy, and monetary policy decisions must be made in light of objectives that exist well beyond the housing system. Nevertheless, participants also signaled that access to cheap credit over the past decade has been an important contributor to rising home values (in addition to tax policy and supply constraints). Low interest rates enable buyers to bid up the price of housing because they keep monthly carrying costs low for those who can pay for growing down payments.

As prices and debt loads rise, many Canadian homeowners become more financially dependent on continued high home values and low interest rates, which reinforces feedback loops that sustain high and rising home prices that are increasingly out of reach for what most residents earn. This pattern is set to continue, with the pandemic leading many to predict several more years of ultra-low interest rates.

These feedback loops reflect a second, deeper, problem discussed in the previous section. The largest part of the Canadian economy is driven by real estate, rental and leasing (14% of GDP). By contrast, Canadians find less than 2% of employment in the real estate sector. No other industrial sector has such a big gap between its share of GDP and share of employment (**See Chart**). This is a problem, because it reveals that we have been growing the Canadian economy by increasing the major cost of living, without generating jobs in that industrial sector at a rate that ensures local earnings keep pace, especially in urban centres. Instead, small numbers of employees gain very large returns for their work, while equity increases for home owners in ways that drive worrisome wealth inequalities between owners and renters, and between older and younger residents.



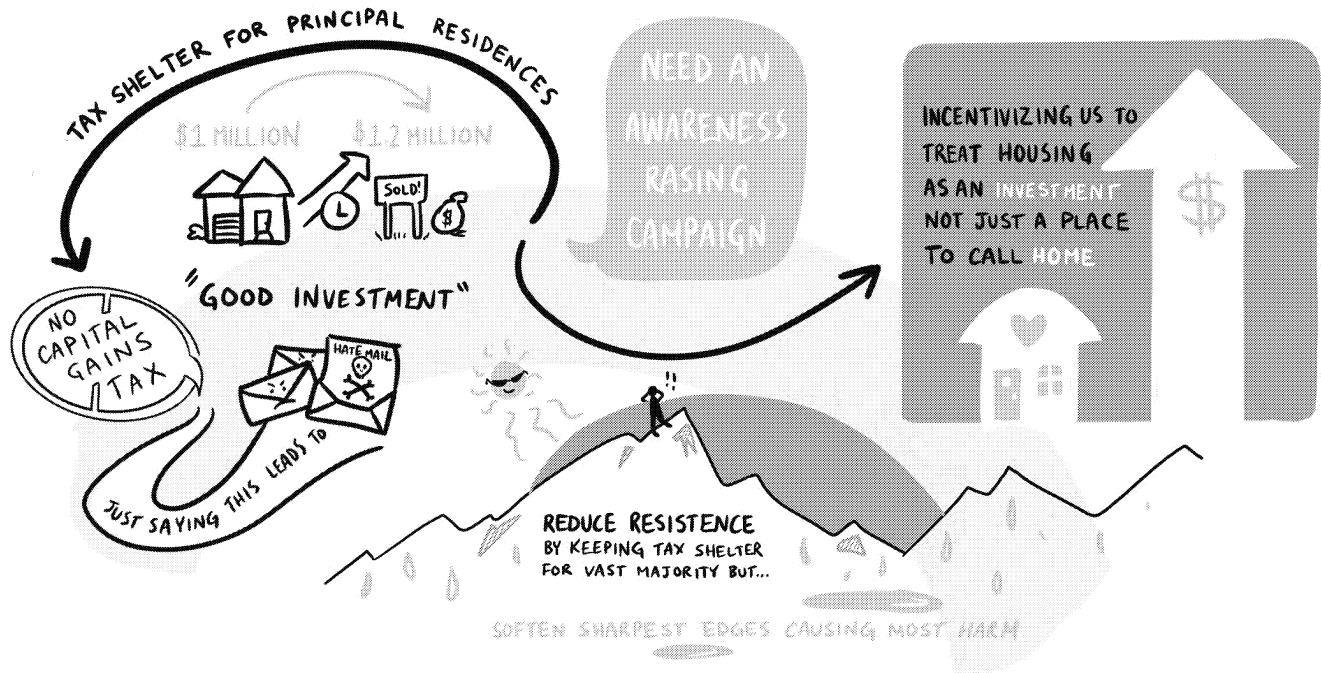
This problem with monetary and lending policy implies an opportunity: We can adapt policy to disrupt feedback loops that sustain high and rising home prices via a strategy that pursues the following three goals:

1. Incentivize a shift in lending & borrowing from mortgage to business loans in order to spur economic activity in other areas of the economy that will yield larger gains to earnings for a wider share of the population.
2. Improve the measurement of housing prices in Statistics Canada's measurement of inflation, and report annually on the influence of monetary policy on home prices in order to help monetary policy decisions maximize benefits for the economy in general, while minimizing collateral damage to housing affordability specifically.
3. Incentivize a shift in lending within real estate toward a healthy mix of affordable green, energy-efficient co-op homes, and purpose-built market and non-profit rental housing.

## Feedback Loop 2: Tax Policy

Since 1972, Canadian tax policy has sheltered principal residences from taxation in order to help Canadians build wealth. This original objective might have been a good idea. But the way it is currently implemented creates a number of significant, unintended problems. The tax shelter on principal residences produces a basic incentive that:

- draws households' and other actors' available savings and credit towards the ownership of housing and away from other economic activity that may produce more jobs and innovation,
- inflates demand and average housing costs,
- contributes to inequalities and unaffordability, and
- makes homeowners problematically dependent on homeownership-related returns on investment.



This problem implies an opportunity. We can adapt policy to disrupt this incentive to advance the following goals and principles. The policy adaptation should:

- Stall home values to allow more opportunity for Canadian earnings to reconnect with home prices
- Reduce income and wealth inequality.
- Be efficient: it is better when the policy imposes the least cost to the economy: i.e. it should distort as little as possible individual economic decisions, including allocation of savings between industrial sectors. In other words, it should reduce tax shelters on wealth/consumption of residential land that distort the market by incentivizing investments in real estate.
- Raise revenue: in support of an expansion of affordable housing supply.
- Certainty: it is better when tax payments can be assured: i.e. the tax change cannot be avoided

or evaded through stealth or sophisticated accounting, which are widely seen to be unfair

- Mitigate risks: Any changes should anticipate, and reduce, risks for Canadians who have limited income and wealth outside of their home.
- Improve equity (vertical): People with more wealth or consumption should contribute more.
- Improve equity (horizontal): People with similar amounts of wealth or consumption should be treated the same.
- Incentivize more of the right supply: the development of higher-density housing in complete (livable) communities.
- Have simplicity: it is better when the policy is simple to implement; it is also better when the policy is simple to understand so that it is relatable to all and can contribute to solidarity.

### Feedback Loop 3: No Protective Policy

Canada's skyrocketing housing market creates serious risks, instabilities and inequalities across the housing system and larger economy. The previous two problems focus on what happens if home values keep rising in ways that grow the gap with local earnings. The growing gap is associated with worsening purchase and rental affordability, inequality, and even greater structural dependence on high values as cohorts of new homeowners take on more debt and risk.



But, as discussed above, problems also rise if home prices fall, since some Canadian homeowners could end up owing more than their home is worth. These “underwater” situations trap households who can’t clear their debt via sale, increase the risk of default and bankruptcy, compromise retirement savings, and create macroeconomic and other impacts as these circumstances manifest at scale.

Between these two undesirable scenarios, many hope for a “soft landing” – home values flatline long enough for incomes to have a chance to recouple with incomes. However, this kind of scenario is extremely difficult to manufacture.

Again, this problem implies an opportunity. Policy can be changed to create a scalable off-ramp for those wanting to disentangle themselves from the market forces that give rise to the growing gap between home prices and earnings. While the off-ramp would be available for anyone, it could offer protection to those most likely to be harmed by a “soft landing” or steeper fall for home prices. This protection could incentivize owners of single (or other low-density) homes to convert their land into 4-6 permanently affordable rental homes. Such conversions could be pooled together to grow the supply of affordable non-market housing. The rental income generated from this new pool of permanently affordable homes could fund yields for a new stable retirement savings vehicle. This savings vehicle could attract private investment at levels required to build and maintain the off-ramp at a scale that could help to disentangle many Canadians from current policy incentives that incline them to count on high and rising home prices.

## **Policy Solutions to Disrupt Each of the Harmful Feedback Loops**

Guided by these three examples of policy incentives that entangle ‘everyday’ Canadian households to count on high and rising home prices, Lab participants recommended that we form three working groups to co-create concrete policy solutions to disrupt each of the problematic feedback loops.

The next three sections provide three **briefing notes** that summarize the recommendations produced by each of the three Working Groups, along with **road maps** to implement the recommendations. The first road map provides a plan to implement the monetary and lending policy recommendations, followed by the recommendations of the tax policy and protective policy Working Groups.

These recommendations can be implemented individually. However, they have also been designed for implementation together, because they reinforce one another’s contributions to breaking the feedback loops that entangle many households to bank on home prices rising well above local earnings. In addition, the tax policy recommendation would provide funding needed by the other two Working Group recommendations.

Each Working Group recommendation is followed by a one-page **infographic policy brief**.



## Section 5: Monetary & Lending Policy Working Group Recommendations

### Members\*

- Adnan Haider, IBM's Financial Services Practice
- Angela Redish, University of BC
- Christopher Ragan, McGill University
- Ed Steel, Mortgage & Title Insurance Industry Association of Canada
- Josef Filipowicz, Canada Mortgage and Housing Corporation
- Lu Han, University of Toronto
- Lynnette Purda, Queen's University
- Paul Taylor, Mortgage Professionals Canada
- Pedro Antunes, Conference Board of Canada
- Preet Banerjee, MoneyGaps

*\*Note: The recommendations presented below were co-developed by the members of the working group. The recommendations on which we landed have the support of the large majority of group members as individuals; but do not necessarily represent the positions of the organizations with which they are affiliated.*

### Policy Recommendation

The Monetary & Lending Policy Working Group prioritized two policy recommendations.

1. The first aims to refocus lending within the housing system to simulate growth in green, affordable co-op and purpose-built rental (PBR) supply.
2. The second recommends that Statistics Canada revisit how it measures housing in calculations of inflation, and to conduct and publicize additional research about the relationship between monetary policy on the growing gap between home prices and earnings. This recommendation is offered as an incremental step to inform discussion among the public and decision-makers about the influence of monetary policy on housing prices, which could in turn guide future opportunities to incentivize a shift in lending away from real estate and more toward other businesses as part of Canada's plan to #BuildBackBetter. This recommendation is a clear example of how Working Group participants encourage additional economic modeling and research to build on this Solution Lab's deliberations. It is not proposing changes to monetary policy at this time.

Road maps for implementing each recommendation are presented below.

# Road map: Align the mandates of the Canada Infrastructure Bank/CMHC to Incentivize Lending to Scale Up Green Co-op and Affordable PBR

## Policy Summary

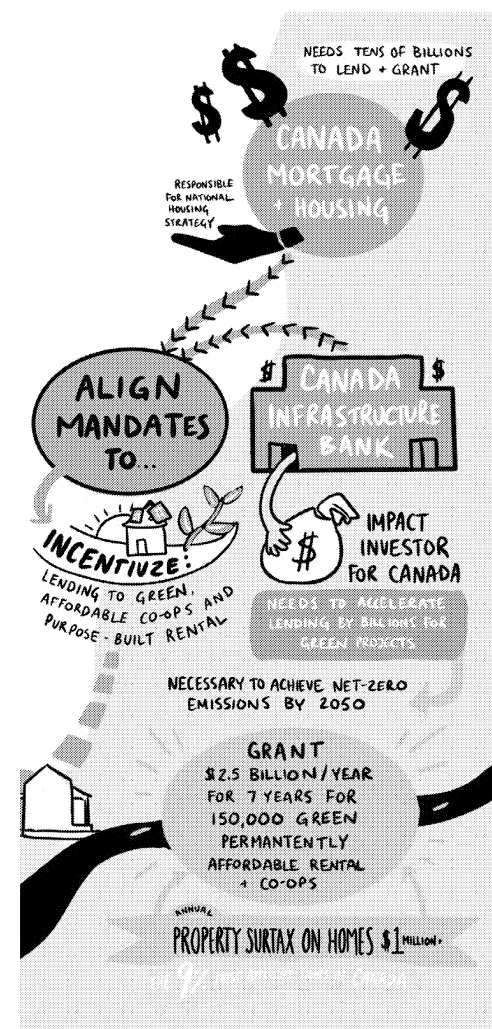
The working group recommends aligning the mandate of the Canada Infrastructure Bank (CIB) with that of the CMHC to incentivize lending to “green” co-op and purpose-built rental construction projects that simultaneously promote national goals for housing affordability and net-zero carbon emissions.

Better aligning the work of these two Crown Corporations could leverage funds to supplement the Rental Construction Financing Initiative (RCFI) and the National Housing Co-Investment Fund (NHCIF), which the CMHC currently implements. Sector leaders indicate these two programs are currently insufficient to scale up green co-op and affordable PBR. There remains an overall gap between the total funds available to the National Housing Strategy (approximately \$70 billion at present) by comparison with the level of investment required to scale up affordable housing at sufficient levels. While there is no firm estimate of the additional investment required to fill Canada’s housing gap, anecdotal estimates from some in the sector have suggested the figure is \$200 billion or more.

Public funds allocated to the CIB or CMHC would need to be used for both grants and lending purposes. Grants are necessary to subsidize the “affordable” and “green energy-efficient” aspects of new developments, and attract other investors to provide loans, because these elements of projects are often neglected due to market failures and cost constraints. In other words, more lending is necessary, but not sufficient, to get the job done.

As an “Impact Investor” on behalf of Canada, the CIB is a particularly important investor/lender to engage. Not only can it make low-cost financing available to commercial and non-profit developers, it offers a longer-term horizon for financing by comparison with most other lenders, without taking collateral. For example, energy retrofits/upgrades pay for themselves over time, and the CIB welcomes repayments made from the share of energy savings that accrue over time.

The Parliamentary Budget Officer reports that the Canada Infrastructure Bank is expected to fall \$19 billion short of its lending expectations between now and 2027-28. Minimally, some of this shortfall could be used to target the following goals identified by the Co-operative Housing



Federation of Canada.

The Co-operative Housing Federation of Canada (CHF) (guided by estimates from the Federation of Canadian Municipalities) identifies a need for 90,000 new units of co-op and not-for-profit housing over the next 7 years; and identifies another 60,000 units of low-cost private rental housing that could be converted to non-market housing over the remaining seven years of the National Housing Strategy. The CHF estimates that \$18.5 billion is required as grants to subsidize the lending required to build or convert these 150,000 units.

## Implementation

*Which level(s) of government, and which ministries/departments, would need to be involved in implementation? What are key details that need to be worked out?*

While affordable, green housing falls within the definition of “infrastructure” for which the CIB has responsibility, its current mandate is perceived to focus primarily on infrastructure beyond housing so as not to duplicate work performed by CMHC. Initial meetings of senior leaders at both the CIB and CMHC, convened by our Solutions Lab, signal mutual interest in exploring opportunities for the two institutions to better collaborate to scale up affordable, green co-op and PBR units. An early implementation step could invite the responsible Ministers to collaborate to revise the mandate of the CIB so that it is encouraged to bring its lending power to serve National Housing Strategy goals.

In the absence of the Infrastructure Minister broadening the operational mandate of the CIB, there is scope within its current operational parameters to contribute to scaling up green, affordable housing. Specifically, through work streams that support (a) energy retrofits, (b) public transit infrastructure, as well as (c) the CIB’s general mandate to accelerate growth in the social, economic and environmental prosperity of Canada (i.e. GDP indicators plus indicators identified in the Government of Canada’s emerging quality of life framework). But restricting action to the current operational mandate limits the potential for the CIB to incubate investment at a sufficient level to serve as a “game changer” to restore affordability.

There will be challenges in determining which communities to target for investment, and an appropriate purchase price for land, etc. Addressing these challenges would benefit from collaboration between all three levels of government, with coordination provided by CMHC. Emphasis should be placed on building supply that meets a minimum standard for livability, and the right mix of units (privileging enough bedrooms for families with children) in order to counter recent market trends that privilege building micro and 1-bedroom units (which may be more suitable for investors than residents).

It will be important to determine whether new co-op units will require (some) residents to invest equity, with the option of withdrawing equity upon transfer.

## Rollout Strategy

*How will the policy be rolled out?*

Use the estimated \$19 billion shortfall in CIB lending to attract the additional private investment required to build the 90,000 new green, affordable co-op and PBR units identified by the CHF, and to convert the other 60,000 low-rent units into permanently affordable stock.

Use funds from the proposed new annual deferrable surtax on properties over \$1 million (see tax policy recommendation below) to fund grants totaling \$2.5 billion/year over seven years to cover the non-lending costs associated with scaling up the 150,000 units.

## Costs and resources required

*What are the direct and indirect costs associated with policy implementation?*

1. Lending for land acquisition, including subsidy. **The Cooperative Housing Federation (CHF) of Canada** estimates that:
  - \$15 billion is required to build 90,000 new units. \$15B is the total contribution (non-lending) cost of projects which use, on average, a capital grant worth 70% of total project cost, and assume an average cost of \$225,000/unit across Canada. This amount also assumes a set-aside for first-stage support, given that many non-profits and co-ops don't have the funds available to assess the viability of a redevelopment or new development. First-stage support would allow for this, and would likely be able to identify both low-hanging fruit (intensification of a co-op that owns land and is clear of old operating agreement obligations) and larger, more ambitious projects (development adjacent to planned transit extension).  
It is worth noting this figure assumes a dedicated program for non-market housing (co-ops and non-profits), which would make it different from the National Co-Investment Fund. However, the Co-Investment Fund could be formulated to integrate this dedicated program with additional funds at the scale proposed above.
  - \$3.5 billion in grants (plus access to loans) is required to convert the 60,000 low-rent units into permanently affordable housing stock. This assumes a lower grant to loan ratio than new development, since the properties are already operating as tenanted, low cost rental housing
  - \$50 million is required under the Federal Lands Initiative specifically for the co-operative housing sector. This is the cost of making whatever federal body owns the surplus land "whole", and assumes a transfer to a co-op provided at no to very little cost.
2. Personnel are required for administration at each level of government to collaborate with CIB, CMHC and community/industry partners.



## Revenue and/or other benefits

*What are the financial and other gains (or cost recovery), other than the main impact above?*

By adapting lending policy to scale up affordable, green co-op and PBR units, this policy change should reduce the risk of emigration by highly skilled Gens Y and Z Canadians because it will reduce the affordability challenges they are facing as a result of the large and growing gap between average home prices, the associated impact on rising rents, and local earnings. Reducing the risk of this brain drain yields numerous financial benefits, including tax revenues, access to talent for businesses, etc.).

The intention to scale new affordable housing units with an explicit commitment to “green” design is necessary if Canada is to meet its commitments to achieve net-Zero carbon emissions by 2050, given that **households represent about one-quarter of Canada’s GHG emissions.**

There are downstream benefits that result from better affordability, increased sustainability in the housing system, and less inequality. These include better quality of life, sense of community, health, etc.

## Risks: Political and Other

*What are the risks associated with implementing this policy? Unintended consequences? How might these be mitigated?*

The rationing mechanism for allocation of scarce co-op and PBR housing opportunities needs to be defensible if it is to sustain public support.

The success of this approach will require additional density to be added into metropolitan neighbourhoods that currently have low levels of density. Such changes can invoke “Not In My Back Yard” (NIMBY) responses. Presently, freehold-tenure is widely seen as ‘ideal’ in our cultural context, so successful take up of the increased supply of rental and co-op units may require a shift in “mindset”.

Co-op members and renters of PBR lose the opportunity to build up housing equity, which may deter those hoping to find a stepping stone into home ownership.

## Evaluation (system scale)

*How will success be defined and measured? What are the anticipated key system-level results of the policy, both positive and negative?*

If the planned increase in the supply of good, green, affordable co-op and PBR options attracts demand away from conventional home ownership, it is anticipated that the shift in demand would provide a counterforce to the persistent escalation in home prices. This would help to give local earnings a chance to catch up over time.

The increase in supply will be directly related to the amount of grant funding made available by the federal government to help the CIB and CMHC attract additional investors. This observation aims to

correct for a weakness in the RCFI and Co-Investment Fund that, so far, have had insufficient funds to achieve the scale of new co-op and non-profit rental supply that is required.

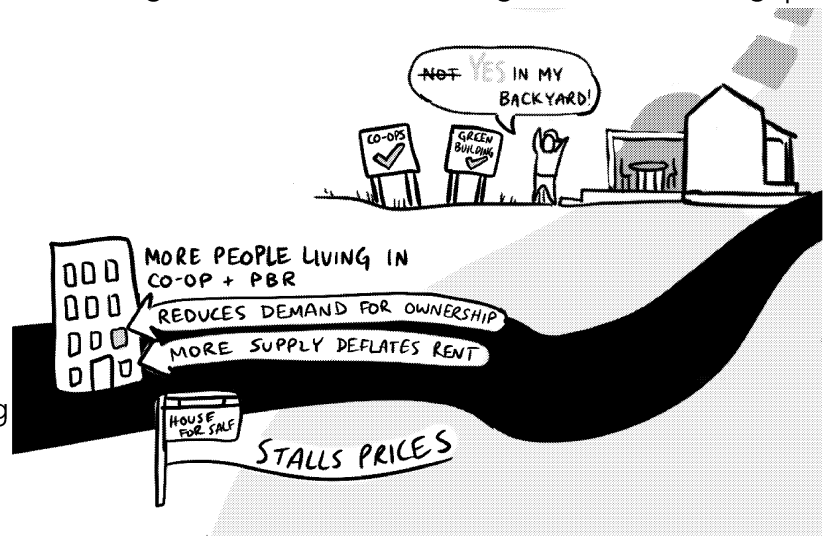
## Indicators

- # of new co-op and PBR units added relative to demand (along with estimates of the amount of supply required to slow down home price escalations in the market).
- Amount of funding allocated publicly to the CIB/CMHC for building this supply
- Amount of private capital attracted to the CIB/CMHC for building this supply
- % return on loans
- Relationship between average home prices, average rents and local earnings (with a smaller gap evaluated favourably)

## Evaluation (individual scale)

*How will success at the individual level be defined and measured?*

The alignment of mandates between the CIB & CMHC will increase access to co-op and PBR units in cities across Canada, thereby adding supply to meet the growing demand for rent (and co-ops) in areas of the housing system that provide more security of tenure (by comparison with rental units offered by landlords who operate non-purpose-built rental units). It is anticipated this will dampen down the average rent costs overall. Consideration could be given to increasing access to these co-op and PBR units for people “entering” the housing system (younger Canadians and newcomers), as well as for BIPOC communities.



For those who are new to, or entering, the housing system, as well as long-term renters, there will be less fear that their paid labour force participation is insufficient to pay for good housing that meets their needs, including security of tenure.

For those who are established in the housing system as owners, there will be less opportunity to rely on windfall gains from substantial home price increases for their retirement savings and wealth accumulation strategies. The targeted lending/investment in green co-op and PBR units will attract demand away from conventional home ownership, and thereby dampen down the escalation in home prices.

There are downstream benefits that result from better affordability and less inequality, including better quality of life, sense of community, health, etc.

## Indicators:

- Change in proportion of Canadians residing in green co-op and PBR units relative to the size of the population.
- Returns on investment for private individuals/organizations that partner with CIB to grow the

supply of green co-op and PBR units.

- Lower % of Canadians in housing stress (measured as 30+% of income paid to housing).
- Trends in home equity, and Canadian household debt levels
- Change in value to pay for a 20% down payment required for an average home (with stalling or falling down payments viewed favourably)

## Road Map: Task Statistics Canada to report annually about the influence of monetary policy on the gap between home prices and earnings, and review the treatment of housing in its calculation of inflation

### Policy Summary

The Working Group recommends that the Government of Canada task Statistics Canada to review the “owned accommodation” component of its Consumer Price Index (CPI) Calculation, and report annually on the influence of monetary policy on established home prices.

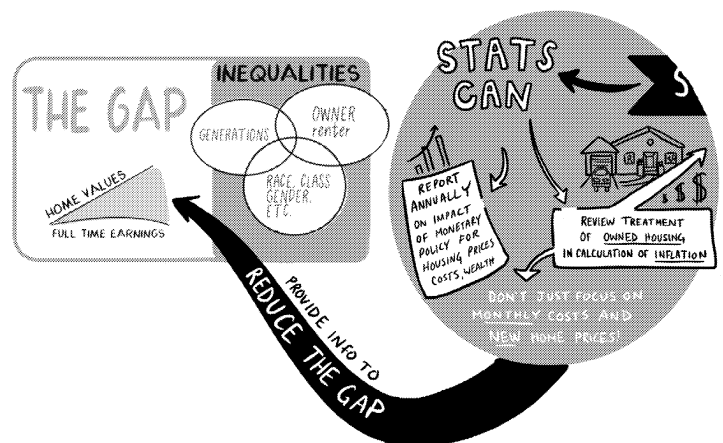
The review will require developing a supplementary measure of housing affordability to capture changes to “average home values relative to typical earnings.” This adaptation is necessary so that official measures of “owned accommodation” and “housing affordability:”

- Go beyond the current focus on monthly interest payments to also examine payments required on principal;
- Build on changes made recently by Statistics Canada to move beyond its reliance on the New House Price Index to continue to improve monitoring of trends in prices for established housing.

This review by Statistics Canada is important, because CPI measurement has wide-ranging economic and policy implications. The Bank of Canada relies on CPI to set its interest rates. Governments use the CPI as a target for monetary policy, and to adjust tax brackets, transfer payments and pensions. Canadian businesses use measures of inflation when making decisions about wages and investments (capital expenditures).

The Working Group recommended this review to respond to concerns articulated by groups like the [Business Council of BC](#), which observes:

*“It can seem hard to reconcile the stellar growth in house prices in recent years in Vancouver and some other Canadian urban centres with the modest growth in the consumer price index (CPI). Established house prices in Greater Vancouver and Victoria rose 81% and 56%, respectively, over the past 5 years, whereas the CPI for BC rose only 7.5%. The disconnect is partly due to the way Statistics Canada tracks the cost of “owned accommodation.” In particular, estimates of mortgage interest and other costs facing homeowners are based on the [New House Price Index](#) rather than a broader measure of established house prices. The result is that CPI likely understates*



*trends in living costs facing many households in BC and Canada.”*

## **Implementation**

This recommendation would be implemented by the branch of Statistics Canada responsible for the production of (a) CPI calculations; and (b) housing affordability metrics.

## **Rollout Strategy**

Statistics Canada would:

- Publish an annual study reporting on the latest evidence about the relationship between monetary policy and the growing gap between home prices and earnings. The goal of this additional reporting is to inform the public about the degree to which the deployment of monetary policy to stimulate the economy generally may be unintentionally inflicting collateral damage on housing affordability.
- Review the merit of counting repayment of mortgage principal in its estimate of “owned accommodation” costs, in addition to the current focus on payment of mortgage interest.
- Build on recent improvements made by Statistics Canada to its measurement of mortgage interest costs in the CPI. As reported by the Business Council of BC, prior to February 2021, Statistics Canada relied exclusively on the New House Price Index for its calculation of mortgage interest and replacement expenses. This index monitors “contractors’ selling prices for new dwellings (including land) collected from builders in more than twenty cities” (Statistics Canada 2015, 8). By contrast, Canadian Real Estate Association MLS House Price Index and Teranet-National Bank House Price Index provide data about price trends for established house prices. These measures show that the rate of appreciation in established house prices substantially outpaces the growth in new house prices. Commenting on these indices, the Business Council of BC observes that new house prices in Canada are up 47% since 2005, compared to established house price growth of 136%.

As of February 2021, Statistics Canada has adapted its measurement of mortgage interest expenses by integrating data about established home prices for the country’s six major census metropolitan areas (CMAs): Montreal, Ottawa, Toronto, Calgary, Vancouver and Victoria. This is an important improvement. However, since Statistics Canada lacks data about resale home prices in the other 21 CMAs, it will continue to rely on the New House Price Index (NHPI) for these communities. This is an ongoing weakness, which needs to be addressed, because data show clearly that exclusive reliance on the NHPI risks underestimating housing price inflation in the stock of existing homes. By extension, Statistic Canada’s overall calculation of the CPI risks underestimating the actual level of inflation in the country. Such underestimates fuel feedback loops that incline the Bank of Canada to resist increasing interest rates. Low interest rates in turn enable buyers to bid up the price of housing because they keep monthly carrying costs low for those who can pay for growing down payments.

## **Costs and resources required**

*What are the direct and indirect costs associated with policy implementation?*



There are minor costs associated with the research required to review the treatment of owned accommodation, and to produce an annual report. Generally, it will require the re-allocation of staff time, and/or purchasing time from external expert consultants.

## **Revenue and/or other benefits**

*What are the financial and other gains (or cost recovery), other than the main impact above?*

There are no direct revenue gains from the recommendation that Statistics Canada review its treatment of “owned accommodation” in its calculation of inflation.

There are significant “other benefits.” The proposed annual review of the relationship between monetary policy and home prices, and improvements to how Statistics Canada calculates “owned accommodation” in the CPI, are anticipated to result in greater information for governments and the Bank of Canada to design monetary policy to stimulate the economy, manage inflation, and limit collateral damage to housing affordability.

## **Risks: Political and Other**

*What are the risks associated with implementing this policy? Unintended consequences? How might these be mitigated?*

Were the escalation in average home prices captured more accurately in CPI calculations, it is more likely that the adjusted-CPI would motivate an increase in interest rates. The increase in interest rates would contribute to ‘affordability’ by imposing dampening pressure on home prices, thereby lowering down payments. But the increase in interest rates would reduce ‘affordability’ because debt service costs would increase. Higher interest rates might also reduce investment, consumer expenditures on durables, and consequently, employment. Therefore, additional econometric modelling is required to capture the multiple effects of rate increases on housing affordability, and the economy more generally.

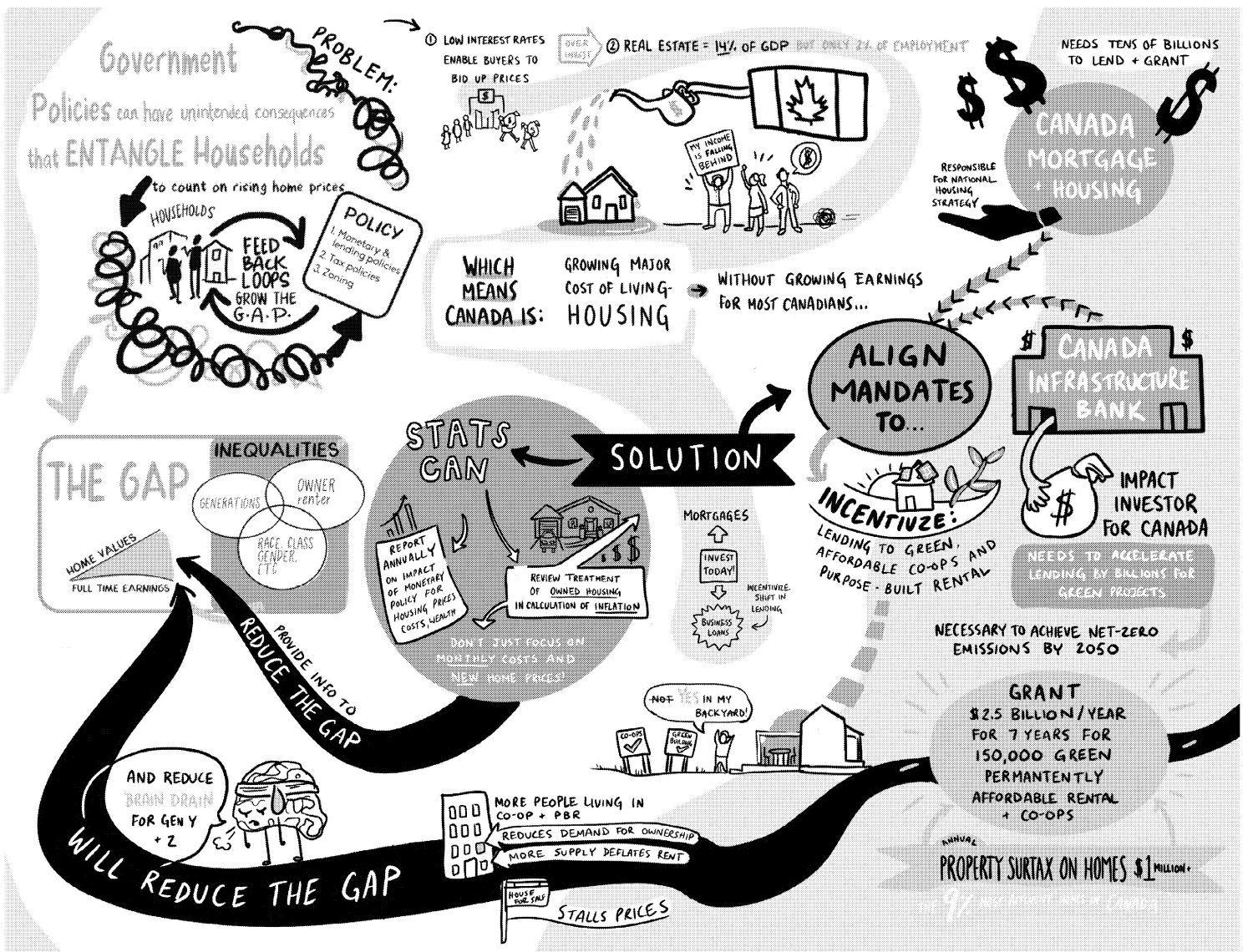
That is why our recommendation encourages Statistics Canada to review its treatment of “owned accommodation” in the CPI calculations, and to monitor and report annually about the influence of monetary policy on the gap between home prices and earnings – rather than proposing a change to how the CPI is calculated at this time.

## **Evaluation**

How will success be defined and measured?

### **Indicators:**

- Statistics Canada makes ongoing improvements to the calculation of “owned accommodation” in the CPI. The revised calculation is evaluated favourably by external sources.
- Statistics Canada publishes an annual report about the relationship between monetary policy and the growing gap between home prices and earnings. The report is evaluated favourably by external experts.
- Relationship between average home prices, average rents and local earnings (with a smaller gap evaluated favourably).



## Section 6: Tax Policy Working Group Recommendations

### Members\*

- Elisabeth Gugl, University of Victoria
- Gillian Petit, University of Calgary
- John Dickie, Canadian Federation of Apartment Associations
- Lindsay McLaren, University of Calgary
- Marc Lee, Canadian Centre for Policy Alternatives, BC Office
- Paul Kershaw, University of BC & Generation Squeeze
- Shahar Rotberg, Canada Mortgage and Housing Corporation
- Steve Pomeroy, Focus Consulting Inc.
- Tom Davidoff, University of BC

*\*Note: While the recommendation on which we landed has the support of the majority of group members as individuals, it does not necessarily represent the positions of the organizations with which they are affiliated.*

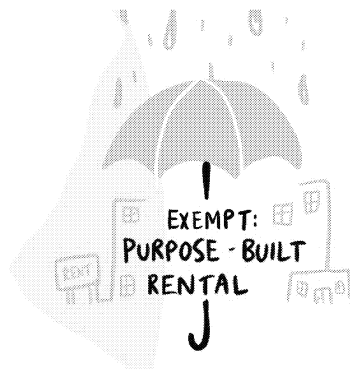
*All group members agreed that it is valuable for Canadian policy makers to revise tax policy in order to reduce the tax shelter on principal residences (excluding Purpose-built Rental Buildings) in order to send a new, strong policy signal intended to stall the escalation in home prices.*

*A majority of group members converged around the policy idea presented below. There remains ongoing discussion within the group about whether the proportion of households affected by the proposed surtax and/or the surtax rates are sufficient to send a strong enough signal to slow down the escalation of home prices. Some members think the rates are not high enough, and don't apply to enough homes. Some think the rates are too high to be politically feasible, unless they are phased-in. Phase-in options are considered below.*

*While the information below provides enough specificity to begin plans to implement the proposal, all working group members concur that further economic modeling will be useful to fine tune the proposed surtax rates, as well as develop robust estimates of the anticipated impact on average home values across Canada, and in Ontario and BC specifically where average home prices are higher than in the rest of the country.*

### Policy Recommendation

Introduce an annual (deferrable\*) surtax to the taxation of residential properties above \$1 million (excluding PBR buildings) in order to reduce the tax shelter for high value homes and thereby dampen demand for homes above this threshold, while raising revenue to invest directly in new, green, affordable co-op and PBR homes.



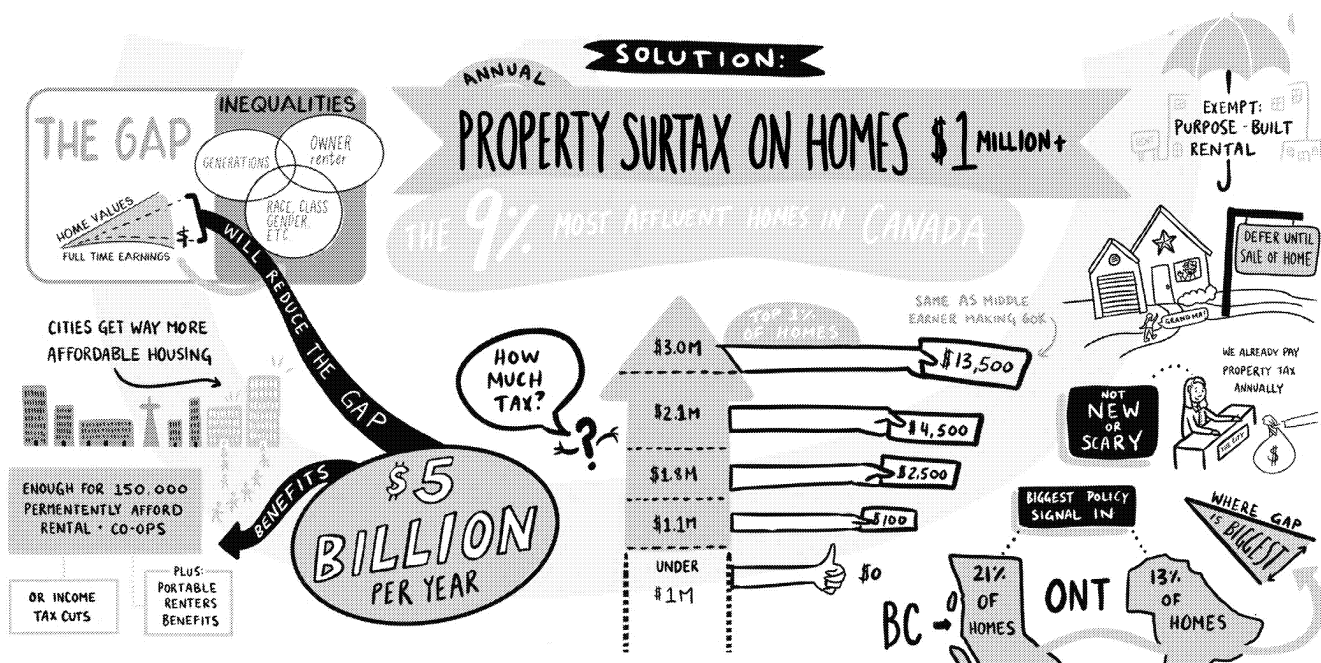
\*Note: Deferrable means that the tax would not need to be paid until the home is sold, or the property inherited. This design detail would respond to the principle that policy adaptations should avoid imposing risks on individuals with limited income or wealth beyond the home in which they live. A competitive interest rate would be charged on any deferred tax payment. This deferral practice is already common across provinces when it comes to collecting annual property taxes from seniors.

## Policy Summary

Federal and/or provincial governments would implement an annual (deferrable) progressive surtax on home values starting at \$1 million. Proposed surtax rates are presented in the Table below.

The recommended \$1 million threshold ensures that **the vast majority of Canadians would NOT pay this tax**. Calculations using Survey of Financial Security data show that 91% of Canadian households do NOT own a property that is valued over \$1 million. As a result, only the 9% of Canadian households living in the most valuable principal residences in the country will be subject to the tax.

Even in the two provinces with the highest average home prices, namely, BC and Ontario, the vast majority of residents will not be subject to the surtax. 13% of all Ontario households and 21% of BC households own properties that are valued above \$1 million.



The proposed annual surtax will reduce the tax shelter that has historically privileged principal residences as an “investment strategy” by comparison with other sectors of the economy. The favourable tax treatment of principal residences incentivizes Canadians to rely more on rising home prices as a strategy for their savings and wealth accumulation than they otherwise would. By reducing the tax shelter, the policy change will disrupt feedback loops that fuel high and rising home prices. This will yield the following benefits:

- Slow down the escalation of home prices, and thereby improve affordability for those entering the ownership market, as well as many renters because rents are influenced by the prices of homes.
- Reduce inequalities in wealth, including between renters/owners, between younger/older Canadians, and along other intersecting axes of power related to race, class, gender, colonization, etc.
- Attract savings and credit towards economic activity beyond real estate that may produce more jobs and innovation than is often found in real estate. (Note: This objective aligns with themes emphasized by the Monetary & Lending Policy Working Group. See the previous section).

Revenue collected from this surtax could be used to provide:

- Benefits directly to renters (eg. helping low-income tenants pay their rents through direct financial assistance like portable housing benefits; or government-supported RRSP investments for renters to enhance their future savings, as rising home prices have done for many owners); and/or
- Investments in new green co-op and PBR units, as recommended by the Monetary & Lending Policy Working Group; and/or
- Investments required to initiate the “Off-Ramp Program and Bond” recommended by the Protective Policy Working Group (see description below).

The following Table provides an illustrative summary of possible surtax rates around which the majority of working group members converged. The Table provides two options, with the first providing a possible phase-in approach for the proposed surtax over its initial years.

**Table 1: Possible Surtax Rates and Revenue**

Home Value	% of households Canada	# of households Canada	Average Value	Surtax Rate	Avg Annual (deferrable) Surtax payment	Annual Revenue (Billion \$)
\$1 to \$1.5 million	5.5	845,108	1,204,184	0.2%	\$408	\$0.35
\$1.5 to \$2 million	1.8	271,618	1,723,587	0.5%	\$2,118	\$0.58
\$2 million +	1.6	246,063	3,121,013	1.0%	\$14,710	\$3.62
<b>Total</b>	<b>8.9</b>	<b>1,362,789</b>				<b>\$4.54</b>

Home Value	% of households Canada	# of households Canada	Average Value	Surtax Rate	Avg Annual (deferrable) Surtax payment	Annual Revenue (Billion \$)
\$1 to \$1.5 million	5.5	845,108	1,204,184	0.5%	\$1,021	\$0.86
\$1.5 to \$2 million	1.8	271,618	1,723,587	0.5%	\$3,618	\$0.98
\$2 million +	1.6	246,063	3,121,013	1.0%	\$16,210	\$3.99
<b>Total</b>	<b>8.9</b>	<b>1,362,789</b>				<b>\$5.83</b>

Source: Working group calculations based on Statistics Canada Survey of Financial Security (2016) data, adjusted for home price inflation to 2020

## The proposed annual surtax differs from a capital gains tax in several important ways

- A capital gains tax would apply to all home owners, unless a specified value of lifetime capital gains was added to exempt some owners. By contrast, the proposed annual deferrable surtax is designed to exempt the vast majority of home owners, thereby increasing its political feasibility.
- A capital gains tax would require a new, complicated system for measuring and auditing the "gain", because investments in any home improvements would need to be subtracted from the home's market value at the time of sale. By contrast, the proposed surtax is simpler to implement because it can rely entirely on existing provincial infrastructure that already measures home values for the purpose of calculating annual property taxes.
- A capital gains tax would need to apply retroactively if it is to tax housing wealth gained as a result of home price increases over previous years. Many will question the fairness of implementing something retroactively; or raise questions about how far back in time the capital gains tax should apply. By contrast, this surtax option would be implemented only on a "go forward basis," which adds simplicity, increases political acceptability, and reduces concerns about fairness.

- If a capital gains tax were implemented without applying retroactively, it would continue to shelter the wealth that has so far been created by the growing gap between average home prices and earnings. It would thereby fail to address many of the wealth inequalities that initially motivated Solutions Lab participants to call for a review of the taxation of housing wealth. By contrast, the surtax proposal will collect additional tax revenue from the 9% of Canadian households with the highest levels of housing wealth – many of whom will have accrued this wealth as a result of previous housing price increases.
- The design of a capital gains tax may invite questions about the number of years in which a person has resided in the home as part of efforts to calculate “the gain” and/or to discourage the commodification and “flipping” of primary residences. By contrast, the proposed surtax would accrue annually regardless of the number of years in which the owner(s) live(d) in the home.

While the proposed annual surtax on homes over \$1 million differs from a capital gains tax in these important ways, the two options share an important beneficial characteristic. Both would be collected at the time of sale when the owner’s equity becomes liquid and readily accessible. The surtax also enables owners to pay the tax annually as it accrues if that is their preference.

## Road map: to implement an annual deferrable surtax on homes over \$1 million

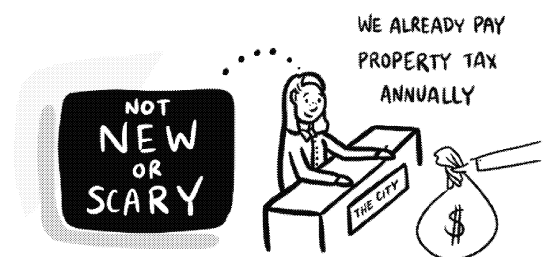
### Implementation

*Which level(s) of government, and which ministries/departments would need to be involved in its implementation? What are key details that need to be worked out?*

Either federal or provincial governments could implement more annual deferrable taxation of high-value housing wealth/consumption. While property taxation is currently the primary domain of municipalities, it does not make sense to roll out this recommendation city by city.

Federal/Provincial Ministries of Finance would be responsible for the policy, which should be monitored and evaluated in partnership with Ministries responsible for Housing.

Federal or provincial governments would rely on existing provincial organizations that estimate property values annually in order to calculate the annual surtax owed. Experts in our working group suggest that some provinces assess annual home values more effectively than others: eg. BC. This means some funding may be required to strengthen the property assessment organizations in each province to ensure public confidence in the estimate of land and building values to which the surtax would be applied.



Presently, the National Housing Strategy (NHS) does not mention the word “wealth.” By failing to acknowledge wealth, the NHS risks overlooking that a primary reason why our country is struggling to restore housing affordability is that few Canadians think rising home prices are uniformly bad.

Many 'everyday' households benefit from price escalation, and therefore reinforce feedback loops that stimulate home prices to rise beyond local earnings. This weakness in the NHS could be remedied by framing implementation of an annual deferrable surtax on high value homes as part of the broad range of policy adaptations being developed in response to the NHS.

## Rollout Strategy

*How will the policy be rolled out?*

Rollout should start by focusing on the federal government. However, the current federal government has said publicly it will not consider a "home equity tax." So it may be necessary to begin by targeting some provinces: eg. BC and Ontario, which have the highest home values.

Either way, the implementation is a straightforward "technical" change to tax policy. Recent changes announced in BC as part of the "School Tax" legislation provide guidance. With this policy change, the province added multiple surtaxes for home wealth above \$3 million. Members of the working group encourage further study to quantify the influence of the "School Tax" on BC home prices in order to provide evidence about the anticipated impact of their surtax recommendation.

A key question for the rollout strategy is whether the surtax would be **"phased in"**. Table 1 offers the option of introducing the deferrable surtax with the very low rate (0.2%) on home value between \$1 to \$1.5 million. For instance, one could phase in this recommendation starting at this low rate, and adding 0.1% in each of the next years until after four years the rate for this home wealth range would be 0.5%. That is the same rate proposed for home wealth between \$1.5 and \$2.0 million. Above \$2 million, the proposed surtax rate is 1%.

Some working group members also considered whether there is value to having the annual surtax apply to a home only after it is next purchased. However, most in the group rejected this idea out of concern that such a phase-in strategy could create many horizontal inequities, and risk leaving many existing housing wealth windfalls sheltered from the proposed surtax. The latter would constrain the impact of the recommendation to reduce wealth inequalities, and reduce funds available in the short-term to invest in new portable renters' benefits and/or scale up affordable, green housing co-op and PBR supply.

Regardless of whether a phase-in option is selected, the recommendation could be rolled out in the context of a shift towards wellbeing budgeting – now being prioritized by the federal government as a part of the Quality of Life Framework discussed earlier. Wellbeing budgeting measures benefits in various sectors like health, the environment, and prosperity with emphasis on reducing inequality and promoting sustainability. Our recommendation will contribute positively to both goals across all of these sectors.

The primary rollout challenge is the "framing" required to win the hearts and minds of citizens, and to reduce concerns from municipalities about the risks of crowding out their revenue supply.



## Costs and resources required

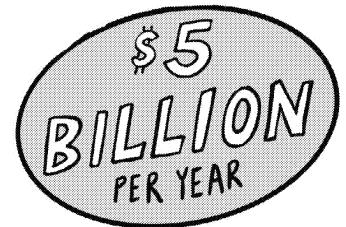
*What are the direct and indirect costs associated with policy implementation?*

- This policy change will raise funds for governments; it would be a net gain for finances. Based on current home values, Table 1 projects that annual revenue across Canada would range from \$4.5 to \$5.8 billion, depending on the initial surtax rate.
- There may be minor costs to improve the annual assessment of home values currently led by organizations in each province: eg. BC Assessment; MPAC in Ontario; etc.
- There may be indirect costs to government coffers if, as is intended, this tax policy change dampens home prices. This could in turn depress the contribution of real estate to GDP. However, if other industrial sectors increase their contributions to GDP, this would compensate for the decline. This highlights a connection between our tax recommendation and the work of the Monetary & Lending policy group, which considered how to use lending policy to attract more investment beyond real estate.
- Departments of finance may need to consider what showing “deferred tax payments” does for their annual reporting of government surpluses/deficits and debts in their balance sheets. A competitive interest rate would be charged on any deferred tax payment, a practice common across provinces when collecting annual property taxes from seniors.
- There would be minor cost implications for collecting the tax.
- There would be costs involved for public relations work to “frame” the new tax so that the vast majority of Canadians learn right away that they are not subject to it.

## Revenue and/or other benefits

*What are the financial and other gains (or cost recovery), other than the main impact above?*

- Using Survey of Financial Security data about current home values, validated by BC Assessment data, Table 1 above projects that this tax change would raise between \$4.54 and \$5.83 billion annually across Canada, depending on the initial surtax rate.



9% of Canadians have homes above \$1 million, or 1,362,789 households. Most of these are in Ontario and BC, where we most need to slow down the escalation in home prices. 768,348 of those homes are in Ontario (or 13% of its households); and 428,662 in BC (or 21% of its households).

*Note: the revenue estimate assumes current home values, and does not account for changes in values that would be expected as a result of current market forces, or as a result of the implementation of the surtax itself. So the estimate would benefit from further econometric and theoretical modeling.*

*Note: the revenue potential of this tax policy change, by comparison with other tax policy options, has not been a primary motivation for its prioritization by the working group. Instead, we sought to develop a policy signal to reduce the tax shelter currently available for high value homes in order to disrupt the common cultural attitude that housing is an especially strong investment opportunity -- rather than primarily an affordable place to call home.*

- To put this \$4.54 billion annual revenue estimate in context, it is one-quarter of the funding that the Co-operative Housing Federation (CHF) of Canada estimates is required over the next seven years to subsidize building 90,000 co-op and affordable purpose-built rental homes, as well as convert an existing 60,000 low-rent homes into permanently affordable supply. In other words, this annual surtax could pay for the entire subsidy required to meet this ambitious goal of adding new affordable supply – with substantial funds left over to contribute to the new Canada Housing Benefit that aims to close the gap between some renters’ incomes and their actual rent payments. In addition, the surtax would raise sufficient revenue to cover the \$1 billion required to initiate the Off-Ramp program and Bond recommended by the Protective Policy group (see below).
- Improved housing affordability may (eventually) result in reduced government investments into this policy area, with opportunities to re-allocate to other pressing needs/priorities.
- Reducing housing unaffordability reduces stress, which is the biological mechanism by which adverse characteristics of the environment negatively influence human health. So existing evidence gives strong reason to anticipate that improvements to housing affordability, and reductions to inequality, will improve population health, quality of life, etc.

## Risks: Political and Other

*What are the risks associated with implementing this policy? Unintended consequences?*

### 1. Risks tied to anticipated resistance to new taxation:

While new taxes are often unpopular, there is growing evidence that Canadians are open to additional taxation of the “wealthy”. Moreover, the emergency response required during the pandemic may be shifting public attitudes about the importance of government programs.

However, it is important to note that much of the dialogue about the “wealthy” in Canada refers to people with tens of millions in assets. Our conversation is focusing on home wealth or consumption at considerably lower levels – \$1 million and up. So we must anticipate resistance. The level of resistance is likely to be directly related to the threshold at which the surtax begins.

There is a tradeoff between the impact of the policy on affordability and inequality on the one hand, and the amount of political resistance on the other. Less resistance likely aligns with less impact.

The rates and thresholds recommended above aim to find the right balance between what will be impactful, and what will be politically possible. If the initial introduction of the surtax has insufficient impact to dampen price increases, then the



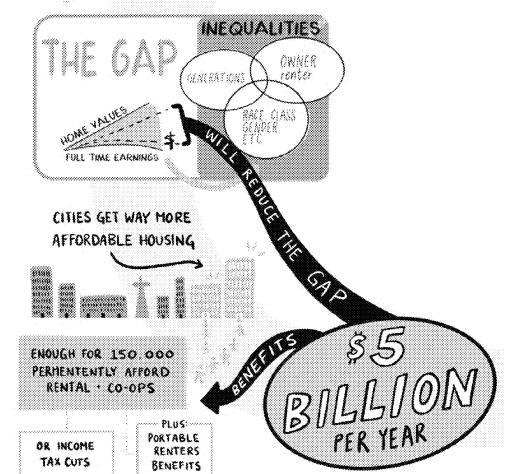
threshold at which the surtax applies could be reduced, and/or the rates increased. Resistance to the proposal should be reduced substantially *if*:

- We can show that the majority of people are unaffected by the new tax. This is easy to do with our surtax proposal because it only applies to the top 9% of household values.
- It is made clear that the new tax on housing wealth will contribute to paying for additional benefits for renters, or the development of affordable housing.

THE 9% MOST AFFLUENT HOMES IN CANADA

## 2. Jurisdictional risks:

Provinces may claim that property taxation falls under their jurisdiction. In the face of this risk, the recent Supreme Court Decision about the federal pricing pollution legislation provides a model to follow. The federal government could set a national framework for a property surtax on high value homes. This framework would give room for the provinces to implement their own version that meets the minimum characteristics laid out by our recommendation above. Any federal money collected in non-participating provinces could be delivered back to the provinces.



Similarly, municipalities may worry that this recommendation invites senior levels of government to crowd out their primary source of revenue (while they also worry that federal and provincial governments have been downloading responsibilities in recent years/decades). The risk can be reduced if the benefits resulting from new revenue are generally allocated to addressing municipal priorities. Or, the policy could explicitly direct some of the revenue back to municipalities.

For example, if local governments received grants for innovative projects that increase density, promote energy efficiency, etc., there could be less resistance to creating a mix of rental units and owner-occupied housing in any given neighbourhood. Some such projects could also include child or senior day care centres, so that there is that additional benefit to the community of surrounding home owners. With the surtax collected by a higher level of government, local governments don't have to take the blame for raising property taxes, but they could take credit for attracting projects that are financed by these revenues.

3. Owners of homes approaching the \$1 million threshold may be discouraged from investing in home repair.
4. Owners of homes valued over \$1 million that include informal rental suites may try to recover the surtax by passing some of its cost on to renters.

## Evaluation (system scale)

*How will success be defined and measured?*

*Anticipated Impacts: What are the anticipated system-level results of the policy, both positive and negative?*

Whereas foreign buyers taxes, and speculation/vacancy taxes, etc., impact a very small portion of actors in the housing system (often under 1%), our proposal is designed to wield a larger systems-level impact (9% of households), while still sheltering the vast majority of Canadians from the proposed surtax in order to increase political “acceptability”.

The 9% of impacted owner-occupied households are concentrated in Ontario (where 13% of residents will be affected) and BC (where 21% of residents will be affected). It is a strength of this recommendation that it will target BC and Ontario, where home prices have risen the most, and where affordability pressures are especially great. These are the provinces that require the largest disruption to system feedback loops that fuel high and rising home prices.

Adding progressivity to property taxation adds incentives for redevelopment at higher density. This may contribute to upzoning, and more liveable communities with amenities, transit, etc. near higher density development, and thereby improve quality of life while reducing GHG emissions.

A new surtax on housing wealth above \$1 million can be expected to lower consumption of housing at values above that threshold. A key question to consider is where the people who are no longer in the market for \$1 million+ homes shift their demand.

*Note: There is a risk they would bid up the price for more modest housing. Some experts in our working group suggest it is likely that more buyers would be attitudinally-driven to target their purchases just below the threshold in order to avoid the surtax. The low rate of the surtax just above the \$1 million mark, and the application of the tax only to the amount of value in excess of \$1 million should make the effect modest.*

*Any behavioural changes that result in people purchasing homes valued just below the threshold may, in turn, cause people to advocate for policies that reduce housing price escalation so as not to be subject to the surtax. Were the latter to happen, there would be a change in Canadian culture about home prices, and potentially greater alignment between the interests of owners and renters. Further theoretical and econometric modeling is required to evaluate these details).*

After-tax inequalities in wealth would be reduced, which could improve health and social outcomes in the population.

The allocation of new revenue towards priorities such as affordable housing, medical care, child care, pharmacare, etc. would be associated with system impacts proportionate to those investments.

## Indicators

- Average home prices (modelled/assessed relative to the status quo), with stalled or (moderately) falling prices (relative to incomes) judged favourably. Any corresponding influence on rents would also be monitored.
- After-tax inequalities in income and wealth (using, for example, the Gini), with reductions in inequality judged favourably.
- Investment/lending shift from owner-occupied residential real estate to other industries (reinforcing goals identified by the Monetary & Lending Policy Working Group).
- An increase in Government revenue
- Reduction in rates of “home flipping.”
- Consider how average data about the above indicators could be disaggregated to examine impact on renters, as well as those in precarious housing broken down by gender, race/ethnicity, income, ability, household composition, etc. Data from the Survey of Financial Security could inform this analysis.
- Longer term: quality of life and health outcomes and their distribution across the population

## Evaluation (individual scale)

*Impacts: What are the anticipated individual-level results of the policy, both positive and negative? E.g. household, individual businesses.*

The majority of residents would not be directly affected by the proposed deferrable surtax on high value homes. Presently, 91% of households would be exempt from the surtax.

9% of households would be impacted by higher (deferrable) taxes. See Table 1 above for examples of the taxes that would be levied to stall the escalation of high home prices, and raise revenue to pay for more housing affordability, and reduce inequalities.

Deferability would ensure that no one is required to pay the progressive surtax until the home is sold, or the property is inherited. As a result, low-income, high-housing-wealth individuals would not be at risk of needing to leave their homes because they can't afford to pay the tax while still living in them. This policy detail is likely critical for ensuring the tax change is “acceptable.”

A modest number of individuals owning households over \$1 million may be so highly leveraged that their mortgage lenders may not permit deferral of the annual surtax. It will be necessary to monitor if this risk emerges, and its consequences. Governments could explore how to encourage

Lenders to accept a deferral in these circumstances. If unsuccessful, the recommendation of the Lab's Protective Policy Working Group may offer risk mitigation strategies to deploy in these rare circumstances.

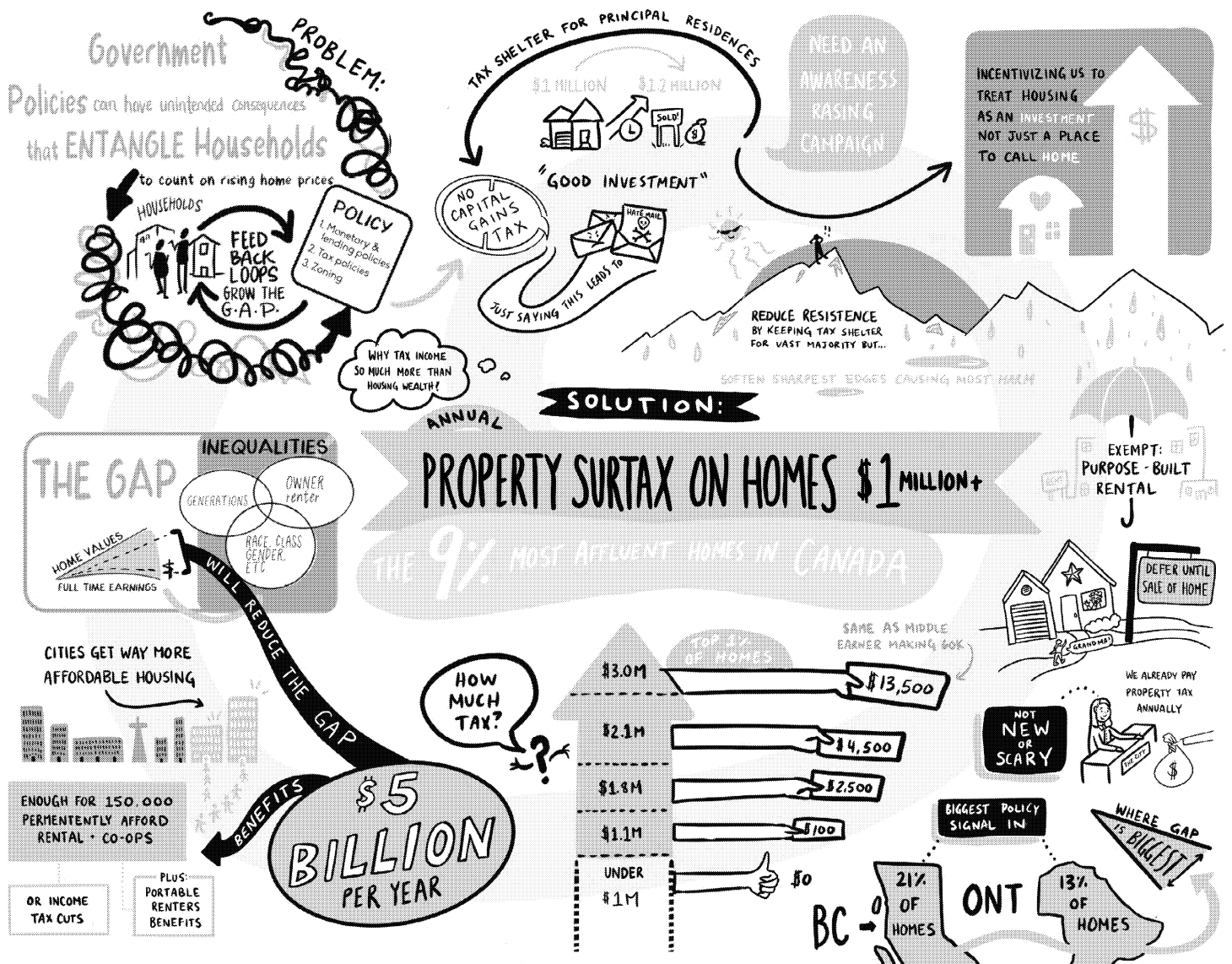
New entrants to the housing market will generally face average home prices for ownership that are slowed down by this tax -- although there may be price escalation pressures that are slightly exacerbated at home values slightly below the threshold at which the surtax is charged.

The surtax may incline people with homes above the threshold to reduce their liability by turning a basement into a secondary unit, etc, which could contribute to rental supply.

Downstream benefits of better affordability and less inequality, including better quality of life, sense of community, health, transportation, etc.

## **Indicators**

- The % of residents who pay no additional tax, but benefit from additional public investment in priorities and/or (s)lower average home prices.
- Disaggregated outcome data (benefits/drawbacks by race/ethnicity, class, gender, ability, etc.)
- The average new tax bill for those paying the surtax on high value homes relative to their home equity -- compared to tax rates applied to income for people in the top income quintile.



## Section 7: Protective Policy Working Group Recommendation

### Members\*

- Aleeya Velji, CMHC
- Anastasia Mourougova, Dark Matter Labs
- Dallas Alderson, Co-Operative Housing Federation of Canada
- Duncan MacRae, Watershed Partners
- Eric Swanson, Third Space Planning
- Jason Allen John, Partna, and independent Mortgage Broker
- Jill Atkey, BC Non-Profit Housing Association
- Kira Gerwing, Vancity Credit Union
- Kristjana Loptson, CMHC
- Nick Montgomery, Arts in Action Society
- Thom Amrstrong, Co-Operative Housing Federation of BC
- Vicki Martin, CMHC

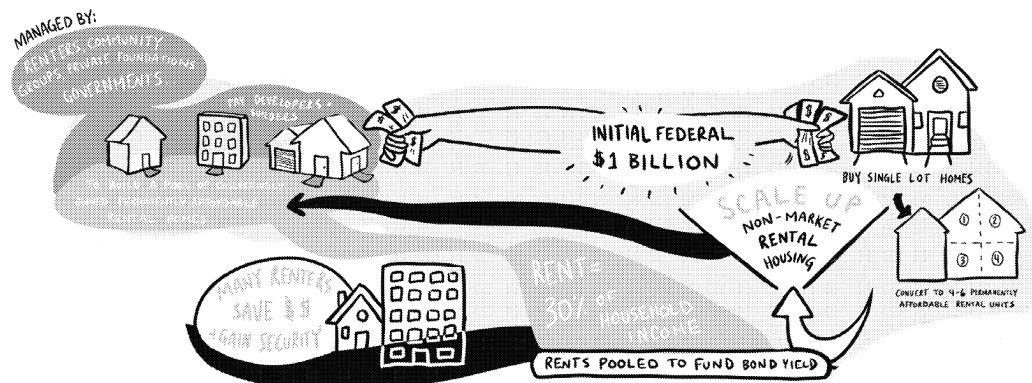
*\*Note: The recommendations presented below were co-developed by the members of the working group. The recommendations on which we landed have the support of the large majority of group members as individuals; but do not necessarily represent the positions of the organizations with which they are affiliated.*

### Policy Recommendation: Permanent Housing Affordability Off-Ramp Program and Savings Plan

#### Policy Summary:

The Off-Ramp has two mutually-supporting components:

- **Off-Ramp Program to transition low-density housing into a pool of permanently affordable rental units.** The first component is a new federally-guaranteed, arms-length Off-Ramp program, which will purchase existing low-density housing from individual households across Canada to address the problem of “missing middle housing.” Each low-density lot will be redeveloped into 4-6 units, and the new units will be pooled into a large, diverse and distributed stock of higher-density, permanently affordable rental homes for which rent will be charged at 30% of the tenants’ gross household income. Converting existing single-family homes is a focus due to the development potential, but other low-density housing forms also play a role in scaling the program.



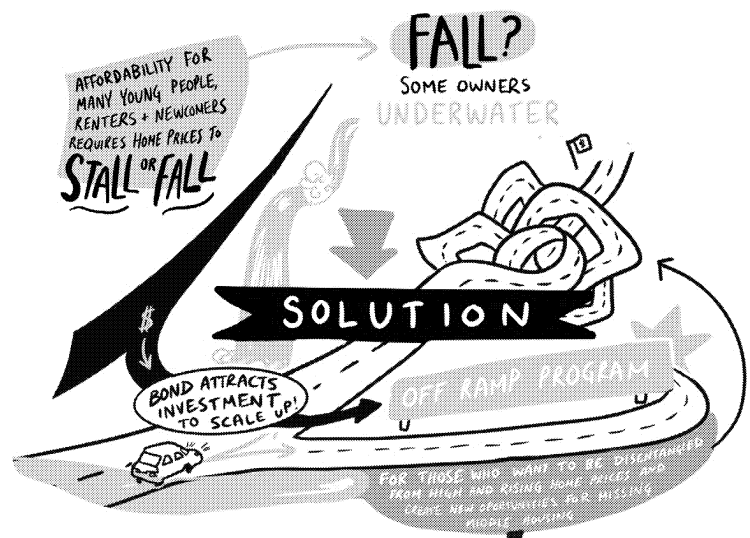


The Off-Ramp program will start with a minimum \$1 billion investment from the federal government so funds are available to purchase properties from potential sellers.

For individual homeowners who wish to sell their property to the Off-Ramp program, the sale would:

- Be executed at appraised market value,
- Pay out in cash all net equity owned by the seller, and any outstanding mortgage balance to the lender,
- Provide the seller the right to continue to live onsite in a home that meets their needs after their low-density housing is converted to 4-6 permanently affordable units, and
- Include 100% debt relief for those who are underwater.

The home's ownership will pass from private to collective and will sit in a legal vehicle to be governed by a number of stakeholders, including residents, community groups, private foundations, developers and government. The legal vehicle will be governed according to Key Performance Indicators established by those directly involved in the Off-Ramp program.

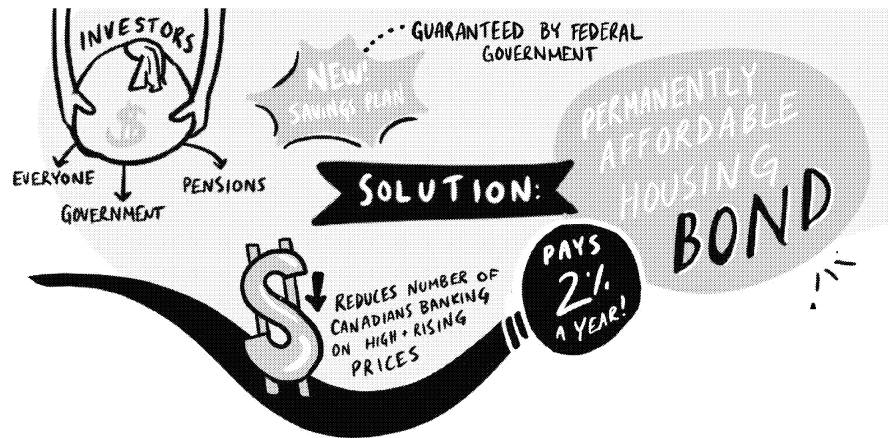


The Off-Ramp program would be universally available. While home prices are still rising, the Off-Ramp may attract current homeowners via a variety of motivations, including a values-aligned desire to support a shift to permanently affordable housing, access to accessibility or other improvements via conversion, financial benefits from the sale of their home and lower monthly costs, etc.

Should home prices stall or fall, the Off-Ramp program's intention to scale up "missing middle housing" also has potential to attract and protect those most at risk of being "under water." It does so by providing 100% debt relief for those who join the program to convert their single lot (or other low density housing) into 4-6 permanently affordable rental homes. However, this offer of "protection" is used as an incentive to achieve the program's primary objective -- to scale up missing middle permanently affordable rental housing. The Off-Ramp program is NOT proposing that governments directly subsidize homeowners with underwater mortgages.

2. **Off-Ramp Savings Vehicle:** Once the Off-Ramp program is initiated by an injection of government funding, the Off-Ramp can be scaled up with additional financing raised by issuing a new Perpetual Affordable Housing Bond ("PAHB") that delivers a stable and attractive return

to investors that will be guaranteed by the federal government for 10 years. The PAHB returns are anchored by the pooled rental income generated by the homes converted through the Off-Ramp program, along with a portfolio of supplementary community wealth assets that are built up over time (e.g. car share, energy generation, etc.). As a result, the Off-Ramp's transition from low-density to permanently affordable "missing middle housing" will be paid for by a wide range of capital sources (as opposed to just using public funds).



The PAHB would be available to everyone and serve as a stable retirement savings vehicle, which will pay 2% annually (or payments could be indexed to inflation, etc.). This savings vehicle will reduce the number of Canadians counting on high and rising home values in individually-owned properties for their future financial security. As such, the PAHB will contribute to the cultural shift needed to disentangle Canadians from current policy incentives that sustain the large gap between home prices and local earnings.

The success of the Off-Ramp program will be enhanced if Municipalities are incentivized to streamline the redevelopment process for Off-Ramp housing. However, redevelopment applications can also proceed per the status quo.

## Road Map for Implementing the Off-Ramp Program and Off-Ramp Savings Vehicle

### Implementation

*Which level(s) of government, and which ministries/departments would need to be involved in its implementation? What are key details that need to be worked out?*

**Initiation:** The Off-Ramp program establishes a base stock of housing in specific communities (see the Rollout Strategy below), after which local owners are free to approach the program to initiate the conversion of their own privately-owned home(s) into Off-Ramp Housing. This conversion may be motivated by an owner's desire to escape from debt, to pay lower monthly costs, to age in place in a renovated and accessible unit, to contribute to local housing solutions, etc.

**Buyout:** The purchase is executed at appraised market value, and includes 100% debt relief for those who are underwater. Owners



with an equity surplus have the option of receiving a 100% cash payout (or X% in Off-Ramp bonds and/or rent credit).

**Densification:** Municipalities are encouraged to pass citywide upzoning provisions for Off-Ramp housing (e.g. 1-4 or 1-6 conversions in keeping with Vancouver's "Making Home" proposal, but geared to rental), perhaps with a list of pre-approved designs. The benefit to the local government is an influx of funding and affordable housing. Development fees are used to cover local costs.

**Availability:** The Off-Ramp is available to all potential sellers, and the resulting increase in housing supply is available to all Canadians. Waitlist details TBD.

**Service agreements:** The development and operation of Off-Ramp housing is done by an ecosystem of local service providers (developers, builders, not-for-profit housing agencies, etc.), the activities of which are guided by service agreements that set key performance indicators ("KPIs") such as energy efficiency, etc. Developers' roles are less about timing the market, and more about the efficient delivery of quality homes and KPIs.

**Monthly rent calculation:** Tenants pay 30% of their household's gross income (opting to use previous year's income OR an estimate of current year's income). Monthly rents cannot drop below a "rent floor" of X (still to be determined), nor rise above a "rent max" defined by 30% of the local top quintile median income, set in perpetuity and adjusted for inflation. Rent payments administered via digital smart contracts.

**Rent insurance:** If taking 30% of a tenant household's income produces an amount higher than the "rent max," this additional income (or a portion thereof) will be taxed via a special federal levy every year and deposited in a rental insurance fund/policy that covers Off-Ramp tenants who are temporarily unable to pay the rent floor.

**Bond details:** The bond is a perpetual bond (no maturity date), with a notional yield of 2% (could also be designed to float with interest rates), guaranteed by the federal government for 10 years, and available to everyone.

**Governance:** The activities of Off-Ramp are governed by an entity with representation from the federal government, service providers and local communities. Exact governance structure TBD.

## Rollout Strategy

*How will the policy be rolled out?*

Program established with initial \$1 billion investment.

Bond issued.

Base stock of Off-Ramp housing is attracted by inviting municipalities to opt in to the Off-Ramp program via facilitative upzoning.

Contract with developers/builders to construct base stock of new multi-family homes in participating communities, reserving X% of units for owners attracted to participate in the Off-Ramp program while their homes are being redeveloped.

Build out base stock in other communities as needed.

Rents from the growing stock of permanently affordable housing are pooled together to pay bond yields. The bond attracts more private investors. Their funds are reinvested to scale up Off-Ramp housing.

## **Costs and resources required**

What are the direct and indirect costs associated with policy implementation?

- An initial public capitalization for Off-Ramp Funding (e.g. \$1 billion to leverage \$10 billion of private capital, or \$10 billion to leverage ~\$100 billion) to initiate the conversion of low-density homes into more units of permanently affordable rental units; and to anchor the Permanently Affordable Housing Bond (PAHB).
- Federal guarantee of the bond
- A dedicated team of staff to manage The Off-Ramp Program
- A governance and outreach team to onboard and work with service providers

## **Revenue and/or other benefits**

*What are the financial and other gains (or cost recovery), other than the main impact above?*

Public returns on the Perpetual Affordable Housing Bond are proportional to public investment in them.

Operation of the Off-Ramp program could be paid through direct cost recovery from the pooled supply of rental income generated by the conversion of low-density homes into more units of permanently affordable rental supply.

Indirect public financial benefits through avoidance of social and economic costs caused by housing indebtedness, insecurity and unaffordability.

Many mortgages are federally insured already. The scaling of this program could see a reduction in those costs long-term.

## **Risks: Political and Other**

*What are the risks associated with implementing this policy? Unintended consequences? How might these be mitigated?*

The protection offered “underwater homeowners” could create inflationary pressure on prices and

lead to even greater risk-taking.

Too few current homeowners may be attracted to sell to the Off-Ramp program.

Too few private investors may be attracted to invest in the Perpetual Affordable Housing Bond to scale up the necessary funds to build and maintain the Off-Ramp.

Success of the program depends significantly on municipal approvals.

Developers need to see this model as profitable (with profit coming from efficient service delivery vs. speculative gains). Some/many developers may not be attracted to partner with the Off-Ramp program.

## Evaluation

Impacts: What are the anticipated key system-level and individual-level results of the policy, both positive and negative?

### Positive system impacts

- ✓ Macroeconomic risks of housing-debt-induced recession(s) or downturns are mitigated.
- ✓ Accelerated scaling of non-market, permanently affordable housing.
- ✓ Fewer households in core housing need, and the associated downstream benefits to population health and economic productivity.
- ✓ Provides a counter-cyclical development mechanism that helps normalize the supply of housing, labour and construction costs and better matches it to demand for actual homes.

### Negative system impacts

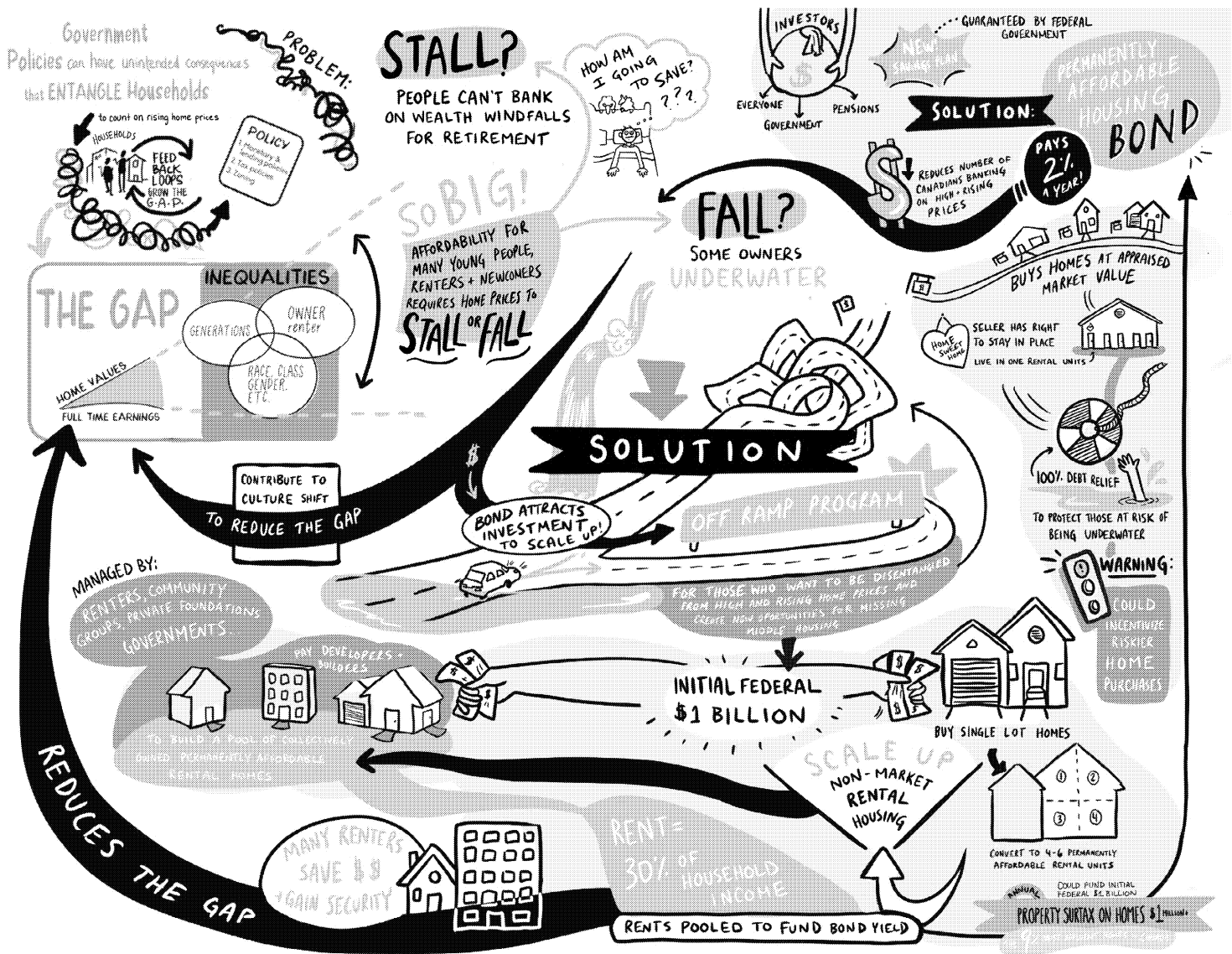
- X The protection for underwater homeowners could create inflationary pressure on homeownership costs
- X As the model scales it could become disruptive to the scaling of other housing models (including non-profit models that leverage ownership).

### Positive individual impacts

- ✓ Underwater owners are no longer trapped by debt.
- ✓ Affordable, secure housing and all the individual benefits that come from that.
- ✓ Many will save on monthly costs.
- ✓ Psychological benefits from being unplugged from the volatility of the private market (avoiding the fear, insecurity, etc.)

### Indicators:

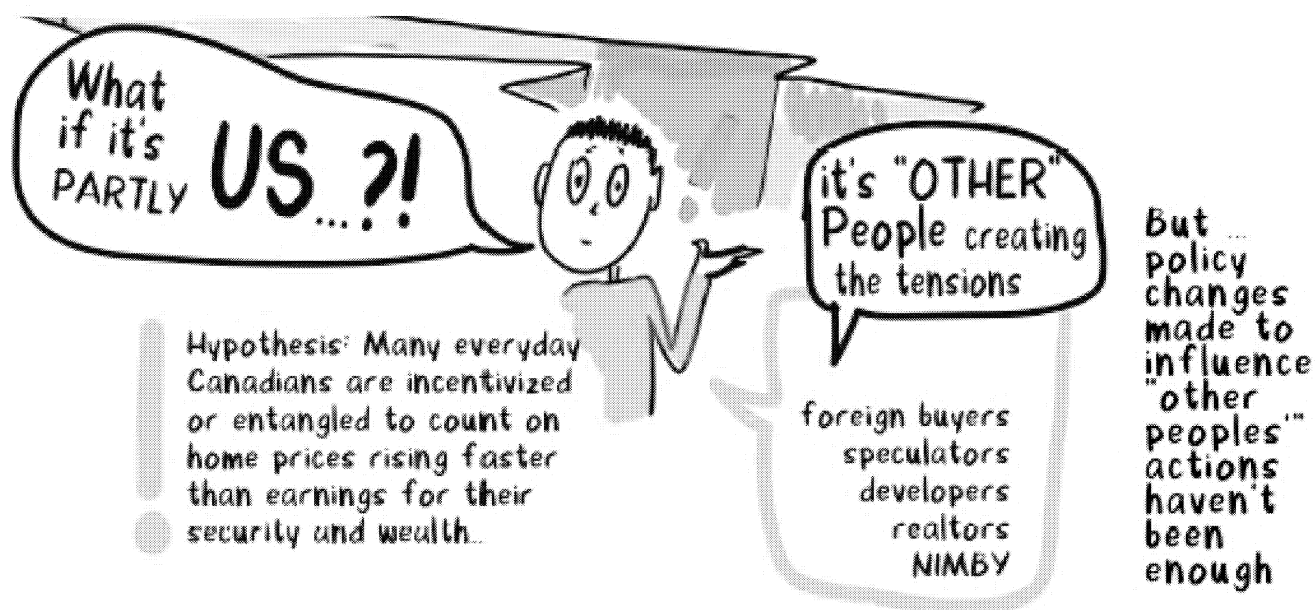
- Number of new permanently affordable homes created.
- Decrease in the # of Canadians in core housing need.
- Number of households 'rescued' from being "underwater".
- Performance of the bond and Fund.
- Social impact return on the pooled assets (TBD).



## Section 8: Silver Buckshot

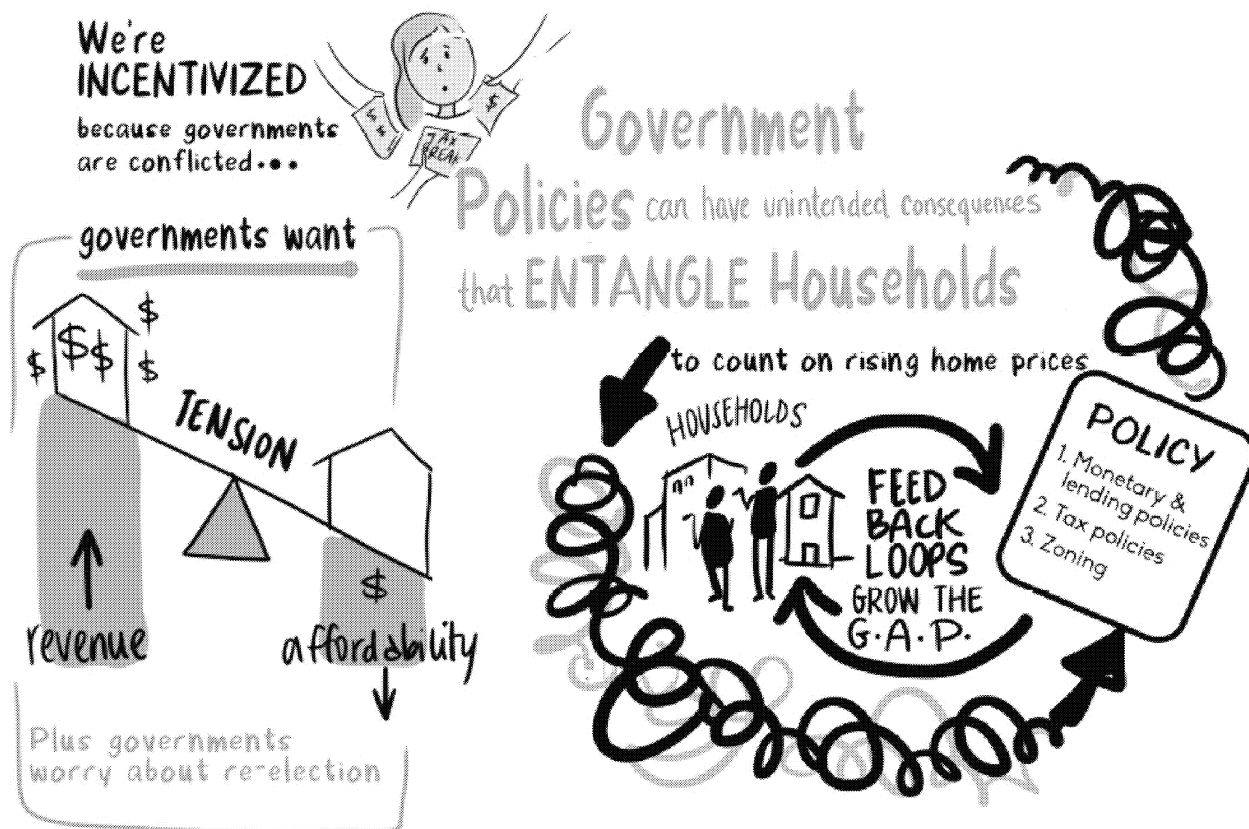
There is no silver bullet to restore housing affordability in Canada. Many factors are at play. But a “silver buckshot” approach can work, if we pursue the full range of policy tools that shape our housing system.

In order to bring the full range of policies into the mix, we will need to engage more people in the provocative, difficult conversation advanced by this Solutions Lab. Our work invites many ‘everyday’ Canadians, especially owners, to consider how we may be reinforcing feedback loops that sustain, or drive, home prices further out of reach for local earnings by responding to incentives in the market that attract us to organize our wealth accumulation strategies to bank on high and rising home prices.



This does not discount that ways in which unaffordability is shaped by a range of more commonly discussed actors in the housing system, including foreign investors, money launderers, speculators, NIMBYs, etc. But our policy makers have taken a variety of actions to address these contributors to Canada’s unaffordability saga, as Gen Squeeze and many others have encouraged. There now exist foreign-buyers taxes, speculation taxes, empty homes taxes, new measures to address money laundering, new efforts to resist NIMBY’ism, new rent control policies, new expectations for developers, new regulations for realtors, and lots of efforts aimed at building more supply of housing. Unfortunately, the persistent, growing gap between home prices and earnings – including throughout the pandemic – shows that the measures we have taken so far are insufficient to stall home prices, or to close the frightening gap between home values and what local residents earn in our cities.

This reveals that housing unaffordability isn’t just a problem caused by someone else – an easy “villain” for the rest of us to root against. The reality is more complicated. Many everyday households, myself included, respond to policy feedback loops that accelerate housing costs beyond what people earn.



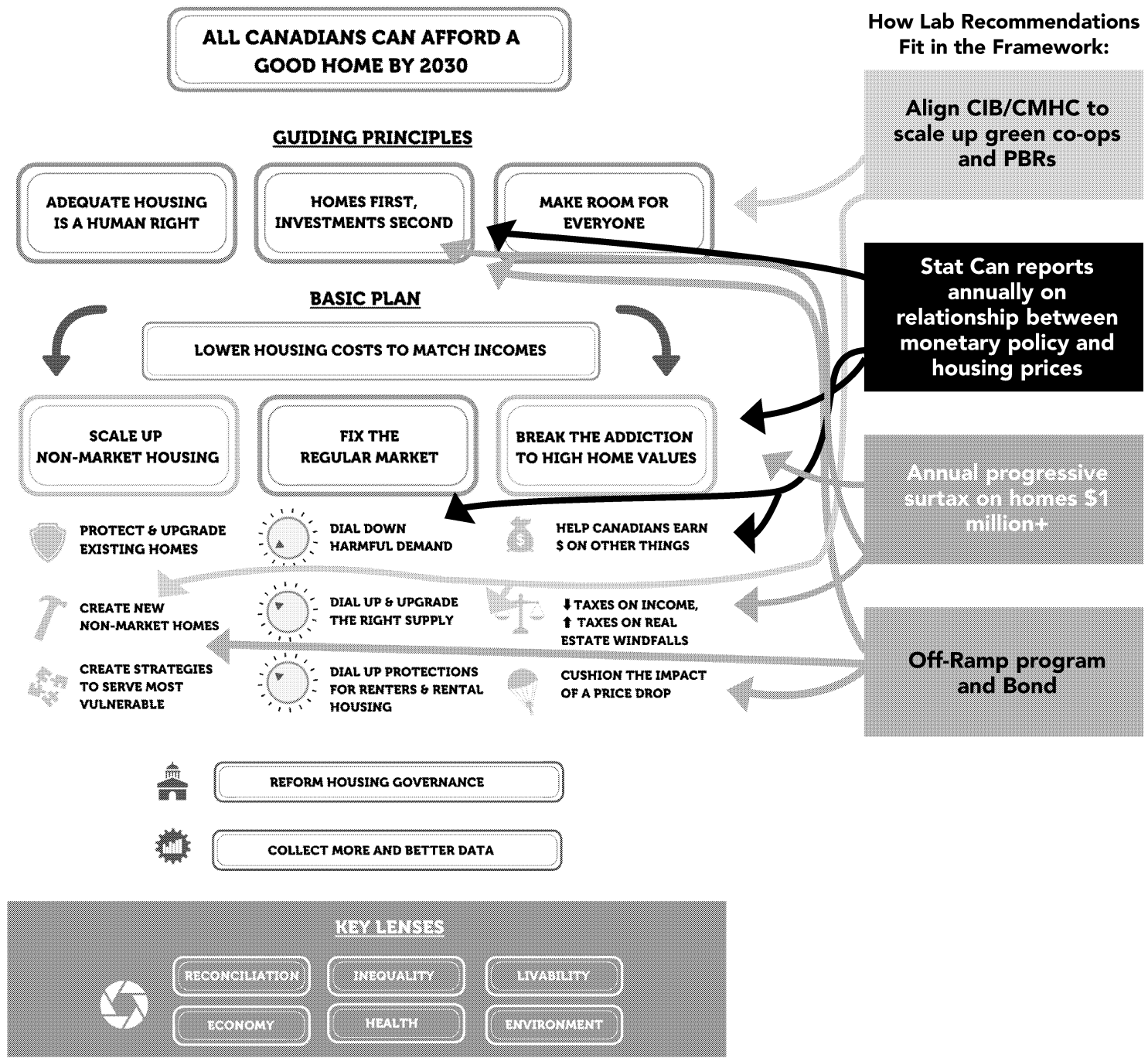
The Lab focused on three policy areas that contribute these harmful feedback loops: monetary & lending policy; tax policy; and the absence of what Lab participants came to call “protective” policy. Groups of Lab participants in turn developed proposals to adapt policy in these areas to disrupt the feedback loops (while also encouraging ongoing research and modeling to support their refinement).

These policy recommendations developed by the Working Groups are innovative, and important. However, we are the first to acknowledge that they do not represent the entire answer to restore housing affordability in Canada. Our proposals add key pieces to the silver buckshot; but more ingredients are still required.

To understand how these policy recommendations fit in the mix of policy changes required to ensure all Canadians can afford a home that meets their needs by 2030 – the bold CMHC goal – it is useful to examine them in the context of the comprehensive policy framework that Generation Squeeze has co-created with experts in the Balanced Supply of Housing community-university partnership. See the following figure.



Figure 3: Comprehensive Policy Framework to Restore Housing Affordability  
(Source: Generation Squeeze and Balanced Supply of Housing University-Community Partnership)



At this [interactive version of the Policy Framework](#), readers can click on each box to learn more about the many adaptations we still need to make in Canada's housing system to achieve the CMHC goal. The Game Plan is guided by three overarching principles. Housing is a human right. Housing should first be for homes, and only secondarily for investments. And we need to make room for everyone, overcoming attitudes commonly associated with "Not In My Back Yard" (NIMBY) sentiments articulated by some who resist adding more density in their neighbourhoods, especially rental supply.

Guided by these principles, the Game Plan features three pillars of activity. Actions to scale up the non-profit sector, because the market is failing to deliver housing that is in reach for wages paid by local labour markets. Actions to fix the regular market, because the majority of Canadians will continue to rely on it to make a home, even if the non-profit sector is doubled, tripled or even quadrupled in size. And actions to break the cultural addiction to high and rising home prices, because this addiction reinforces feedback loops in the housing system that fuel home prices beyond earnings, making it much more challenging to succeed at the work required by the first and second pillars.

Collectively, the recommendations of the three working groups in this Lab respond to many elements of this comprehensive policy framework to restore housing affordability.

The recommendation to align the mandates of the Canada Infrastructure Bank and the CMHC to scale up energy-efficient co-ops and purpose-built rental homes responds directly to the "Make Room for Everyone" principle by proposing novel financing to grow 150,000 new affordable units across Canada. The success of this recommendation will require resisting the NIMBYism that can obstruct the development of new co-op and rental supply in neighbourhoods that have less experience with these tenures. If successful, the recommendation would scale up substantially the supply of new and renovated non-market homes, which would in turn have reverberations in the regular market by shifting demand patterns.

The recommendation to task Statistics Canada to review its treatment of "owned accommodation" in the calculation of the CPI, and to report annually on the influence of monetary policy on home prices, responds directly to the "Homes First, Investments Second" principle that aims to disrupt and reduce the over-commodification of housing. The additional evidence, and increased public dialogue, sought by this recommendation aim to create opportunities for policy makers to dial down inflationary demand for housing fueled by low interest rates, even as pandemic recovery may require macroeconomic stimulus provided by low interest monetary policy. The same research should also lay a foundation to explore new ways in which monetary and lending policy could support Canadians to invest and save in areas of the economy with greater potential to fuel wage increases for a broader share of the Canadian labour market than does the real estate, rental and leasing sector, where Canadians find less than 2% of employment despite it representing 14% of GDP.

The proposal to implement an annual (deferrable) progressive surtax on homes over \$1 million also responds directly to the "Homes First, Investments Second" principle, because it would add a dampening influence to slow down home prices at the most expensive end of the market, while inviting those especially likely to have benefitted from wealth windfalls produced by rising home

prices to contribute a little more toward the construction of affordable homes. In this way, the proposed surtax contributes importantly to the “Break the addiction to high home values” pillar, because it would reduce the tax shelter on returns from real estate investments, and thereby nudge people to consider investment strategies in other industrial sectors. It also provides opportunities for governments to consider cutting taxes on incomes for middle- and lower-earners. This would help the disposable income side of the housing affordability gap, because the revenue would be compensated for by additional taxation of the 9% of households that own the most expensive residential properties in the country.

Finally, the proposed Off-Ramp Program and Bond also aim to temper the over-commodification of housing, as urged by the “Homes First, Investments Second” principle. In doing so, these measures seek to incentivize and finance efforts to scale up the supply of non-market homes, while also cushioning the impact of any substantial price decline in the housing market. The latter may improve affordability for those entering the housing system, but harm those who have made their initial purchases in the market recently while prices are currently very high.

## **Next Steps**

This report marks the end of the Solutions Lab. It offers a summary of our engagement activities, deliberations and policy recommendations.

But the report does not mark the end of the work. The Lab was not initiated to produce a final document that grows stale in some inbox, file folder or archive. We brought together diverse stakeholders to fuel bottom-up collaboration to identify concrete actions that we can collectively take to address elements of the housing system that had been receiving limited attention in government circles, and in public discourse. The Lab has helped to shape and refine opinion among leaders of the housing system by exposing participants to different viewpoints. It has helped to refine people’s beliefs about policy problems, and more importantly, the adaptations to policy that can contribute solutions. The result is three policy innovations that can be added to Canada’s agenda for policy reform on route to implementing the comprehensive Game Plan to restore housing affordability for all by no later than 2030.

Generation Squeeze intends to mobilize resources to move the agenda into action. This will take building coalitions of supporters around each idea in order to grow the political cover for elected officials to disrupt the status quo that is failing to deliver affordability, and to set our country along a path that can restore affordability forever. Stewardship teams have emerged from all of the working groups to nurture efforts to move the Lab’s recommendations from ideas to action. New fund development efforts are needed to sustain this work, and we are hopeful that we can secure the necessary resources.

Meanwhile, we work with what we have to initiate change. The Lab has already facilitated stronger connections between leadership at the Canada Infrastructure Bank and the CMHC. The Off-Ramp proposal has already been presented to select CMHC team members.

By contrast, tax policy is a red herring politically. Several actors already politicized the fact that our Lab was exploring tax policy to signal (incorrectly) that the Government of Canada is considering a capital gains tax on principal residences. It is not. The federal government has explicitly ruled out this idea, as has the official opposition. Nor does our Lab have any dialogue underway with government representatives about the proposed annual (deferrable) surtax on the 9% of most valuable homes in the country – except in the case of official opposition MPs who called on Lab organizers to appear



multiple times before the federal Standing Committee on Finance to speak about Lab deliberations. The fact that tax policy is such a red herring is part of the problem that prevents achieving the goal of affordability for all. It obstructs dialogue about policy incentives that entangle Canadians to pursue wealth via their search for, or at least celebration of, real estate windfalls that grow wealth for owners, but erode affordability for those who follow. Accordingly, Gen Squeeze will prioritize knowledge mobilization activities that aim to shift the cultural mood to be more accepting of a “tax shift” – potentially lower taxes on earnings, especially for middle- and lower-income households, paid for by higher taxes on high value homes – all done to slow down home prices and generate resources to make better investments for young and old alike. We need to shift the hearts and minds of the Canadian public on this issue enough to make it politically safe for politicians to act courageously in response to the evidence.

There is no time to lose – either for action on the ideas developed in this Lab, or for other actions identified as necessary by the comprehensive Game Plan to restore affordability. There is no time, because the Office of the Parliamentary Budget Officer has already reported that our country’s current trajectory is not on pace to achieve the CMHC 2030 goal. Despite the important investments of the National Housing Strategy (NHS) to date, the PBO estimates that the number of households in core housing need will rise from 1.5 million when the NHS was initiated, to 1.8 million by the middle of this decade.

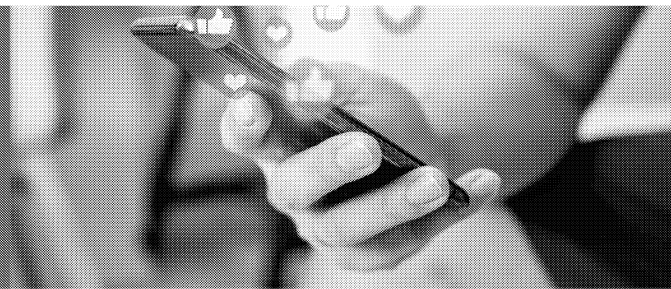
Canada can and should do better. We all have a role to play. This includes exploring how many of us may be implicated, unintentionally or otherwise, in reinforcing feedback loops that have generated a massive gap between average home prices and local earnings – a gap that yields wealth for many lucky enough to own residences, while compromising affordability for those who do not.

Our Lab has jumpstarted this work. Let’s carry it on together. Onwards.

**Pages 229 to / à 230  
are not relevant  
sont non pertinentes**

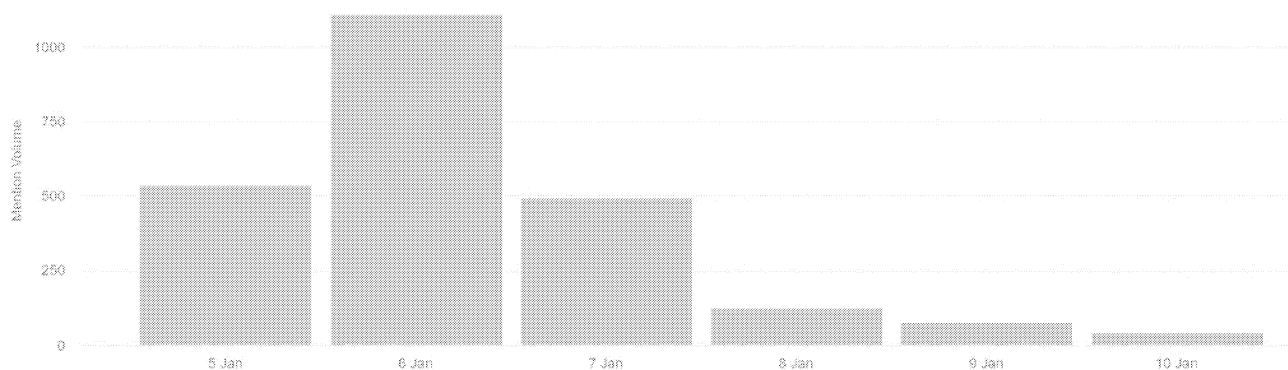
# Social Media Listening Report: Generation Squeeze

CANADA MORTGAGE AND HOUSING CORPORATION



## Summary

There have been 3,093 comments about Generation Squeeze's Solutions Labs report since it was published on Wednesday, January 5. Rumours about this report and about the government imposing a home equity tax have been circulating since 2020. The conversational themes of this peak are consistent with the themes that have been dominant over the past year surrounding this issue. Sentiment is 95% negative and 5% neutral.



Negative conversation was driven by opposition party politicians, journalists, select news publications, finance influencers, and the majority of the general population. Prominent themes are:

- **Tax would be unfair** – Homeowners feel that they worked hard for their homes and that an equity tax would be an unfair punishment for their efforts.
- **Reliance on home equity for retirement** - a significant portion of homeowners are counting on home equity as their retirement plan, as many do not have any other pension plan.
- **Distrust of government** - The majority of commenters have misconstrued the report's proposal as an actual policy that will soon be implemented by the government, resulting in feelings of distrust and anger towards the government and CMHC
- **Tax wouldn't be useful** – People doubt that the tax would help to curb real estate prices, and some worry that it would drive prices even higher. Those who express anti-government and anti-Trudeau views consider the tax a "Liberal cash grab"

Neutral mentions mostly came news outlets reporting on the study, and from Generation Squeeze and a handful of others clarifying that the report was developed by stakeholders for consideration by governments, and that CMHC does not implement policy.

Samples:

### ***Tax would be unfair***

- Scrimpers and savers don't get rewards. Wasters and spenders do.
- This is so true; my wife and I made fairly prudent choices along the way, saved enough for retirement (we thought - until 2015 came along!) only to see what we have, now being taken away from us to be given to those now 'in need' - who enjoyed their spending when younger!
- That's how the middle class loses everything they worked and saved for their entire lives. This is how you will own nothing. Inflation will make you house double. You now owe tax on half. You can't borrow and you have to sell. But so does everyone at the same time. Prices crash
- That is a silly idea, will punish retirees and those on fixed incomes.

### ***Reliance on home equity for retirement***

- 47% of Canadian's don't have a defined pension plan, so their home equity is relied on to help them later in life. Buying a home wasn't intended to provide the Liberal Party of Canada surplus funds!
- Politicians will never understand what it takes to save for a pension as they all get a nice cushy pension for a for not many years of work. If they tax home equity then they should make it mandatory for a politician to serve for at least 35 years to qualify for a pension.
- Attention Canadian home owners! CMHC now wants to tax your equity in your home. Almost 50% of Canadians don't have a pension plan and rely on their equity for their retirement. Awake yet?

### ***Distrust of government***

- The Liberals had a home tax as a policy proposal before the 2019 election. They've been denying that they plan to implement one but they keep funding research into one. The latest plan would apply to most homes in Toronto and Vancouver and solve nothing.
- What's irritating about this story is that Evan Siddall repeatedly denied that CMHC was funding a study to tax home equity to prop up his Liberal pals. Such a liar.
- It's all getting very tiresome. I have little respect for any of them and it's getting to the point that whatever they say, the exact opposite is 100% the truth. Doesn't matter who they are, what political party they're aligned to- they're all playing us for fools.

### ***Tax wouldn't be useful***

- It won't fix anything. People will just add the cost (of the tax) onto the sale price of their home, further driving up prices.
- "How can we pretend we're doing something without actually doing anything?"
- Another layer of government red tape that will accomplish nothing, when there are obvious and straightforward solutions if they actually wanted to fix it.
- Canada's new capital gains on homes tax, one more way to squeeze as much as possible out of people. Will do nothing to reduce home prices and increase affordability
- Honest question, do you know if any of the residential property taxes that have led to more affordable housing in Canada? Houses keep going up despite higher land transfer taxes, foreign buyer, flipper, etc, but this is the tax that's going to finally make everything affordable?

- Here comes the tax man. CMHC funded report suggests homeowners pay a surtax on properties worth more than a million dollars. Why is every solution more tax/ bigger government?
- So they think landlords are just going to eat the tax without raising the rent to the tenants? The moment they make this tax a reality, watch all landlords evict their tenants (even if they need to keep it empty for 6mth) in order to raise the rent enough to convert the new tax.
- They are good at wasting money on useless studies

#### ***Clarification of CMHC role in study/policymaking***

- **Generation Squeeze:** This lab received funding under the National Housing Strategy's Solutions Labs Program as was developed by stakeholders for consideration by governments, rather than the other way around.
- **Generation Squeeze:** There is no direct link between the Lab activities and any specific government branch or department of government. The Lab is apolitical and was not developed by, or at the request of any officials
- Right, anonymous. A group funded by an independent agency (CMHC) does not make tax policy for elected officials - neither does CMHC.
- CMHC is arms length. It was a study. One the Liberals rejected publicly on many occasions. This is why you will never win an election. I can think of like 20 things to legitimately attack the govt. You are resorting to making shit up. Just resign for the sake of the party.

CMHC is a Crown Corporation working at arm's length from the government. CMHC explores issues pertaining to housing. It does not articulate government policy. The government does and it has said it will not tax primary residences. Many times. CPC polling must be bad. #cdnpoli ***Homes shouldn't be investments***

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**Pages 234 to / à 237  
are not relevant  
sont non pertinentes**

## Madison Greenwood

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**From:** Paul Kershaw  
**Sent:** January-19-22 3:30 PM  
**To:** Andrew Cowan  
**Cc:** Jonathan Rotondo; Erik Blache; Martine Carrière  
**Subject:** RE: urgent request  
**Attachments:** Briefing request: New CMHC-funded report calls for Statistics Canada to improve measurement of housing inflation

Nope, no release today. I did send yesterday an email to Minister Champagne's office, and to the head of Stats Can, to provide a heads up that we intend to send out a media release next week, and to offer to brief in advance.

I attach for your records the email that I sent.

Best,  
P

Dr. Paul Kershaw  
604 761 4583

---

**From:** Andrew Cowan <acowan@cmhc-schl.gc.ca>  
**Sent:** Wednesday, January 19, 2022 6:35 AM  
**To:** Kershaw, Paul <paul.kershaw@ubc.ca>  
**Cc:** Jonathan Rotondo <jrotondo@cmhc-schl.gc.ca>; Erik Blache <eblache@cmhc-schl.gc.ca>; Martine Carrière <mcarrier@cmhc-schl.gc.ca>  
**Subject:** FW: urgent request

[CAUTION: Non-UBC Email]

Hi Paul, FYI, on Stats Canada impression that you are doing a media release today ? I have provided Stats Canada with CMHC's official messages on the Lab and its findings/recommendations as follow up. Can you let us know if there is something going out today ?

Thanks

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**From:** Vinay Bhardwaj <vbhardwa@cmhc-schl.gc.ca>  
**Sent:** January-19-22 8:44 AM  
**To:** Ravindra, Daniela - EWS/SE <daniela.ravindra@statcan.gc.ca>  
**Cc:** Andrew Cowan <acowan@cmhc-schl.gc.ca>  
**Subject:** RE: urgent request

Good Morning Daniela,

This report is a result of National Housing Strategy's (NHS) Solutions Labs. Solutions Labs offer funding and expertise to help organizations explore new ways of making progress on or solving a variety of housing challenges. Solutions Labs are formed through either our annual open call for proposals process or our directed lab stream.

I have copied my colleague Andrew Cowan on this reply. Andrew can provide you more information on how this report came about as a result of the lab. He can also put you in touch with Paul Kershaw of Generation Squeeze so that you can first hand learn of how the recommendations including the one with respect to the measurement of CPI was derived.

Due to the urgent nature of the request, Andrew and I suggest a quick conversation between you and Andrew would be the most efficient way to proceed.

**Vinay Bhardwaj**

Director, Data

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logement(SCHL)

[www.schl.ca](http://www.schl.ca)

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**From:** Ravindra, Daniela - EWS/SE <[daniela.ravindra@statcan.gc.ca](mailto:daniela.ravindra@statcan.gc.ca)>

**Sent:** January-19-22 5:30 AM

**To:** Vinay Bhardwaj <[vbhardwa@cmhc-schl.gc.ca](mailto:vbhardwa@cmhc-schl.gc.ca)>

**Subject:** urgent request

Hi Vinay,

It seems that CMHC has commissioned the

[https://www.gensqueeze.ca/housing\\_wealth\\_generational\\_inequity](https://www.gensqueeze.ca/housing_wealth_generational_inequity) report which makes a number of recommendations, one of them directly relating to the measurement of inflation (i.e. the CPI). We are now in the process of analysing this report but would like to have a bit more background on this:

- When has CMHC commissioned the report
- Were the recommendations discussed
- What was the purpose of commissioning the report
- Any other information you think pertinent

This is an urgent request as the author of the report intends to have a media release of the report, and we are preparing to address its recommendations in that context.

Thank you very much for your assistance as always.

Daniela

Daniela Ravindra

Director General/Directrice generale

Economy-wide Statistics/ statistiques de l'économie

Tel: 613-851-4745



Statistics  
Canada

Statistique  
Canada

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