

Impact of COVID-19 on Affordable Housing

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CMHC Housing Market Outlook – 2020 Summer Edition

“COVID-19 has had unprecedented impacts on Canada’s housing market. Short-term uncertainty will lead to severe declines in sales activity and in new construction. As the virus is overcome, cities will bounce back but there is significant uncertainty with respect to the path and timing of the recovery.”

– Aled ab Iorwerth, CMHC Deputy Chief Economist

How COVID-19 Is Affecting Housing in Atlantic Canada

Key Indicators of Housing Demand

Population



Employment



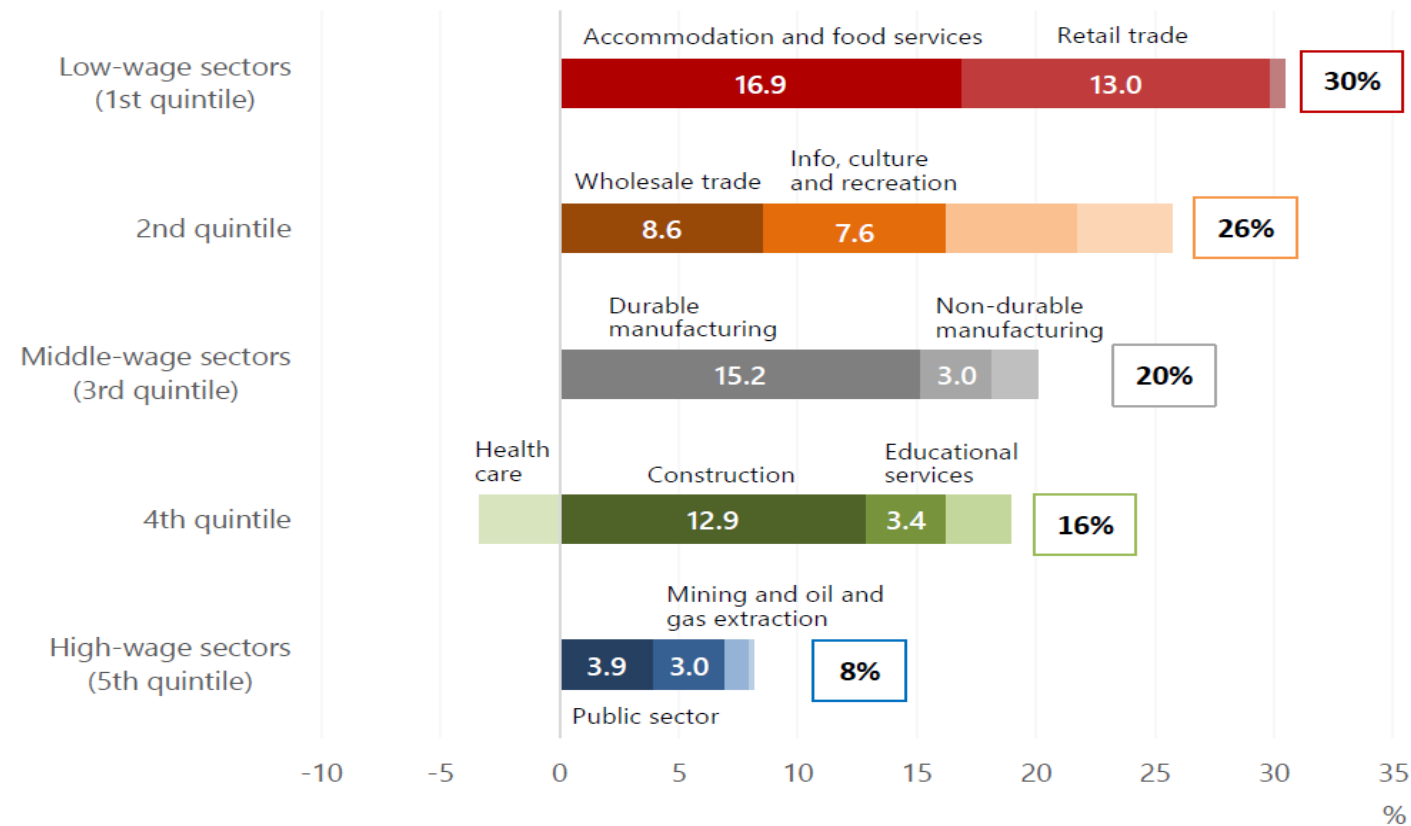
Income

Atlantic Canada Population

Geography	Overall Population	Yearly Change	Qtr-to-Qtr Change
	Jan-2021	2020 vs 2019	Oct-2020 vs Jan-2021
Canada	38,048,738	1.1%	0.1%
Newfoundland and Labrador	520,438	-0.26%	-0.1%
Prince Edward Island	159,819	1.5%	0.05%
Nova Scotia	979,449	0.9%	0.04%
New Brunswick	782,078	0.6%	0.10%

Impacts of the Pandemic on Income

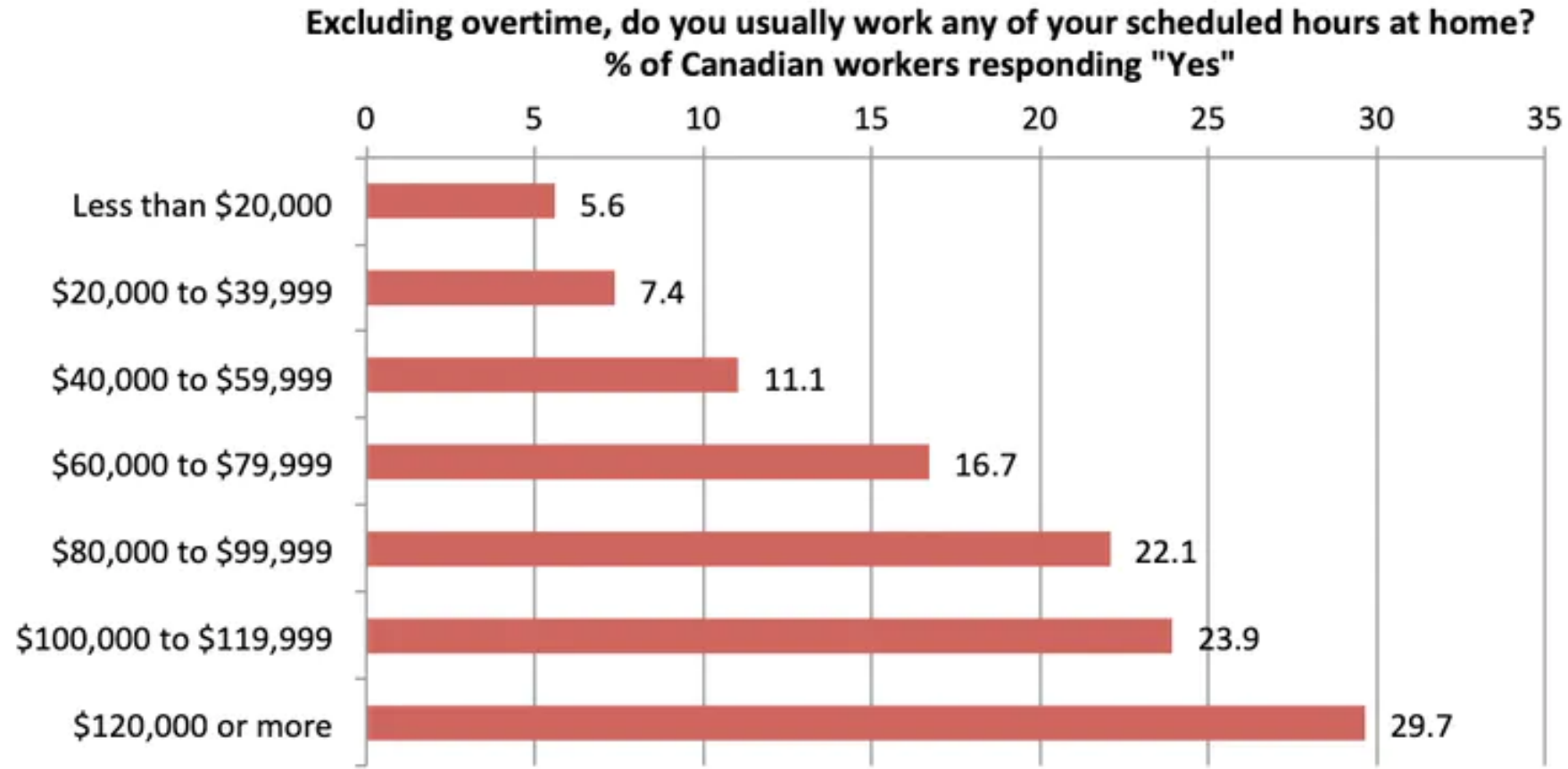
Chart 1: Losses in labour income in 2020 occurred primarily in low-wage sectors
Share of the total loss in compensation of employees per sector by wage quintiles



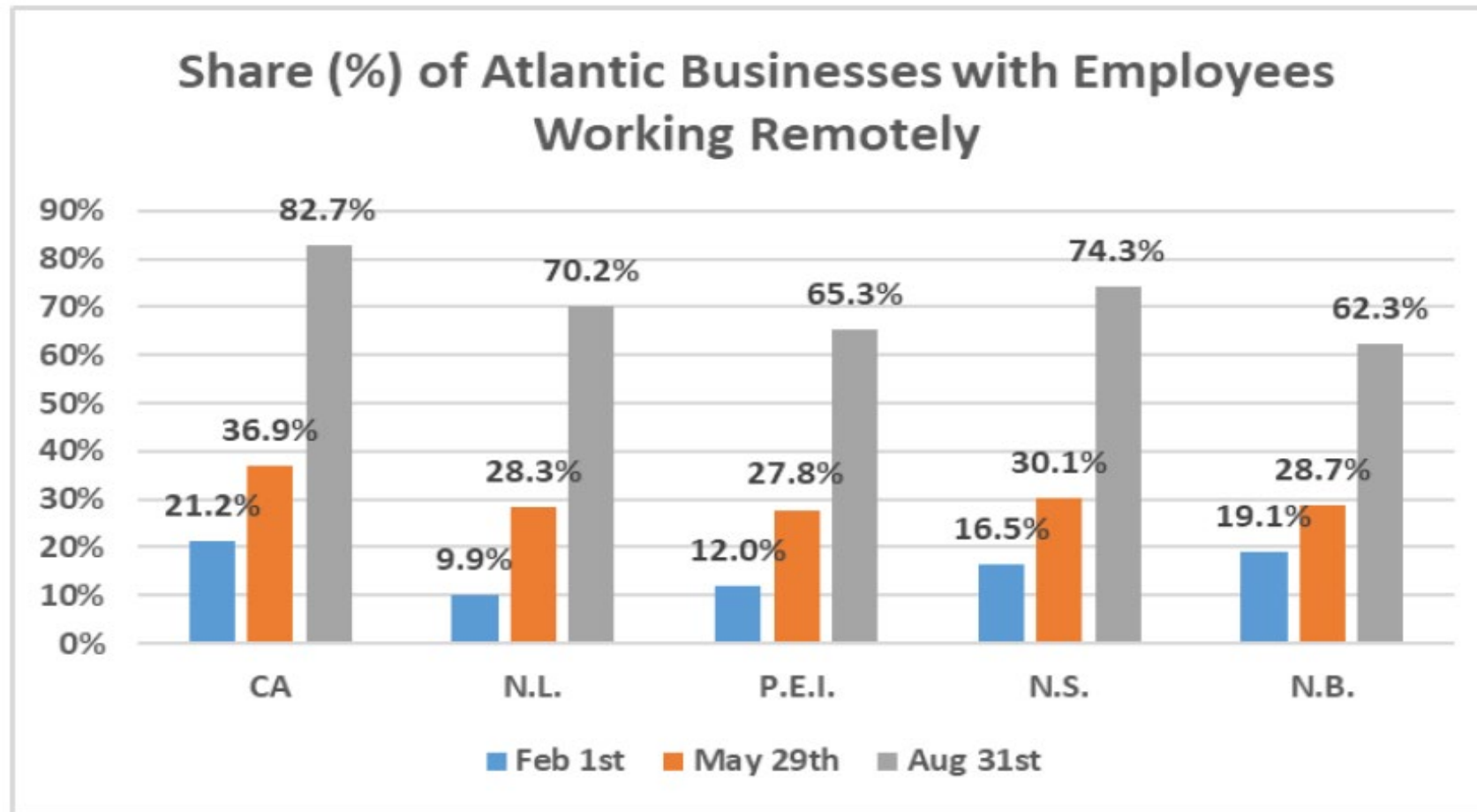
Note: Wage quintiles are based on the Labour Force Survey data for 2019. A negative value indicates a gain in income over 2020 compared with a linear trend (2016–19).

Sources: Statistics Canada and Bank of Canada calculations

High Income Earners Benefit From Remote Work Arrangements



Remote Working Among Atlantic Canada Business



Pandemic Impacts on Employment, Atlantic Canada

Employment Rate

January 2021 vs. prior month; seasonally-adjusted
Statistics Canada, LFS

55.0%
+0.3p.p.



Hours Worked Per Week

January 2021 vs. prior year; unadjusted seasonally
Statistics Canada, LFS; average for all jobs

33.4
-0.2 hours



Unemployment Rate

January 2021 vs. prior month; seasonally-adjusted
Statistics Canada, LFS

9.3%
-0.6p.p.



Initial & Renewal Claims

Feb 7th – 20th, 2021 vs. prior year
Service Canada

14,907
+56%



Job Postings

Feb 7th – 20th, 2021 vs. prior year
Talent Neuron, Available Jobs

15,700
-5%



- Rural communities more 'vulnerable'
- EI Claims higher than national average
- Business closures up in all Atlantic Provinces
- Weak employment in Accommodation and food services
- Declining job postings

Atlantic Canada key
housing indicators have
been impacted by the
Covid-19 pandemic...

So why is housing market
activity increasing?

Key Factors:

- Supply lagging demand
- Compositional shifts
- Outside demand
- Savings
- Low Interest rates

How COVID-19 May Impact the Future of Housing

Impact on Where We Live

- Ground-Oriented Homes
- Rural vs. Urban Shifts
- Shelter Composition
- 'Huggable' Homes
- Housing Mobility

Impact on Urban Planning & Development

- Wider Sidewalks
- “15-Minute Neighborhood”
- Built-in amenities for Multi-Unit
- Increased Elevator Capacity
- Office and Commercial Reuse

How CMHC is Helping to Support Households During the Pandemic

CoVid-19 Related Programs

Resources for Commercial Landlords and Tenants

- [Canada Emergency Commercial Rent Assistance \(CECRA\) for small businesses](#)

Resources for Homeowners

- [Dealing with Mortgage Payment Difficulties tip sheet](#)
- [COVID-19: Understanding Mortgage Payment Deferral](#)
- [I Can't Pay my Mortgage, What are my Options?](#)
- [COVID-19: What does the IMPP Emergency Measure do?](#)

Resources for Renters

- [COVID-19: Eviction Bans and Suspensions to Support Renters](#)

Resources for Indigenous and Northern Housing Clients

- [COVID-19: Loan Payment Deferrals for Indigenous Clients](#)

Resources for Lenders and Issuers

- [CMHC's Insured Mortgage Deferral Data](#)
- [Insured Mortgage Purchase Program \(IMPP\)](#)
- [COVID-19: Refocusing Multi-Unit Market Refinance to Support Investments in Housing](#)

Stay up-to-date on CMHC Covid-19 Announcements

<https://www.cmhc-schl.gc.ca/en/media-newsroom/coronavirus-update>

How Municipalities are Helping to Support Households During the Pandemic

Municipal Tools

Policy Tools

Housing Strategy

- Engagement with stakeholders
- Community housing need
- Targets
- Actions
- Alignment with other programs

Land Use/Secondary Plans

- Infrastructure/Transportation Plans
- Community Improvement/Redevelopment Plans
- Neighbourhood Secondary Plans
- Area Structure Plans
- Transit Oriented Development Plans

Advocacy

- Work with other levels of government
- Advance community goals
- Support evidence-based policy

Financial Tools

Direct Funding

- Direct provision of affordable housing
- Housing Fund
- Direct Contributions/Grants
- Loans, Forgivable Loans, Loan Guarantees
- Rent Bank
- Municipal Capital Facilities Agreements
- Real Estate Escrow Interest Grants
- Public-Private Partnerships

Land-Based Contributions

- Donation of Land or Facilities
- Below Market Land Leases
- Temporary Uses on City Owned Land
- Co-location with Community Owned Amenities
- Community Land Trusts
- Land Banking

Exemptions/Waivers

- Tax Credits/Exemptions
- Tax Increment Financing
- Waiving or Reduction of Development Fees and Charges

Regulatory Tools

Enabling Regulations

- Flexible Zoning By-Law
- Increasing Density/Infill development
- Additional Dwelling Units
- Lower Minimum Unit Sizes
- Permissive Development Standards (eg: parking)
- Up-Zoning/Pre-Zoning
- Form-Based Zoning

Incentive-Based Regulations

- Community Benefit Agreements
- Inclusionary Zoning
- Density Bonuses
- Streamlining Application Process
- Anti-NIMBY Initiatives

Protective Regulations

- Replacement policies
- Tenant protection and displacement
- Affordable rental housing protections
- Vacancy Tax
- Building by-laws /vacant/derelict
- Rental property standards database
- First right of refusal
- Residential Rental Tenure Zoning
- Regulating short-term rentals

National Housing Strategy Opportunities

National Housing Strategy Programs

CMHC HOUSING SOLUTIONS

	Seed Funding	Preservation Funding	National Housing Co-Investment Fund	Affordable Housing Innovation Fund	Federal Lands Initiative	Rental Construction Financing Initiative (Direct Insured Lending)	Mortgage Loan Insurance (MLI)	MLI Risk
Description	Interest-free loans and non-repayable contributions to develop and preserve affordable housing.	Financial assistance to help housing providers (currently under a federally administered operating agreement) complete activities that will allow them to transition to an on-site and sustainable model, as well as prepare them for future funding opportunities.	Loans and capital contributions to create new or repair existing affordable housing that covers a broad range of housing needs.	Loans and financial contributions to encourage new funding models and innovative building techniques to revolutionize the affordable housing sector.	Contributions to support the transfer of surplus federal properties at discounted or no cost for the development of affordable housing.	Loans to encourage construction of rental housing across Canada where the need for supply of rental is clearly demonstrated.	Mortgage loan insurance products to support the construction, purchase and refinancing of multi-unit residential rental properties.	
Benefits	New construction: Supports costs for completing pre-development activities related to the construction of new affordable housing supply. Preservation: Supports costs for completing preservation activities related to the sustainability of existing community housing projects.	Helps to cover costs of completing preservation activities related to the sustainability of existing community housing projects.	Offers long-term low-cost loans and/or contribution to ensure that existing rental housing is not lost to disrepair and that new high-performing affordable housing is built close to needed supports and amenities such as public transit, jobs, daycare, schools and health care.	Tests new, innovative financing models and unique designs used to make housing programs accessible and lower the costs and risks associated with affordable housing projects.	Creates new affordable, sustainable, accessible and socially inclusive housing through repurposing of surplus federal properties.	Offers low-cost loans to housing developers, non-profit organizations and municipalities during the earliest stages of new rental housing development; benefits include a 10-year fixed rate in arrears, up to 50-year amortization period and mortgage loan insurance.	Provides access to preferred interest rates, lowering borrowing costs for the construction, purchase and refinancing of multi-unit residential properties, facilitates renewals throughout the life of the mortgage, and provides opportunities for lower premiums where units are made affordable.	Offers flexibility to encourage the construction, preservation and improvement of affordable rental properties, helping Canadians meet their rental housing needs. Flexibilities include higher loan-to-value ratios, lower debt coverage ratios and reduced premiums.
Property type	<ul style="list-style-type: none"> No restrictions on the tenure type, building form or future residents of the project. Must have a minimum of 5 affordable units (beds). Primary use must be residential. 	No restrictions on the tenure type or building form.	Shelters Transitional housing Supportive housing Standard apartment Affordable homeownership	Varies based on projects.	Eligible affordable housing projects may include these types: <ul style="list-style-type: none"> Mixed-income Mixed-use (non-residential component should not typically exceed 30% of gross floor area) Mixed-income Shelters Transitional housing Supportive housing Rental housing Affordable homeownership 	Standard rental apartment buildings	Standard apartment Retirement housing Supportive housing Single room occupancy Student housing	Standard apartment Retirement housing Supportive housing Single room occupancy
Investment type	New construction: Non-repayable contributions, interest-free loans Preservation: Non-repayable contributions	Non-repayable contributions	Loans, contributions	Loans, forgivable loans, contributions, equity capital investments, other innovative arrangements	Non-repayable contributions	Low-cost insured loans	Mortgage loan insurance	
Eligibility	New construction <ul style="list-style-type: none"> Community housing sector (non-profit housing organizations and rental co-operatives) Municipal, provincial and territorial governments, including their agencies Indigenous governments and organizations (including First Nation bands and tribal councils) Private entrepreneurs/builders/developers Preservation <ul style="list-style-type: none"> Community housing sector groups who were previously under a federally administered operating agreement or those transferred under a Social Housing Agreement whose federal operating agreements have ended 	Community housing providers (non-profit housing organizations, including urban Indigenous groups and rental co-operative)	Community housing sector (public or private non-profit housing organizations, rental co-operative); provincial, territorial and municipal governments including their agencies; Indigenous governments and organizations (including First Nation bands and tribal councils); private sector developers and builders	Municipalities, private sector developers and builders, non-profit housing providers (including faith-based organizations)	<ul style="list-style-type: none"> Non-profit organizations or registered charities Co-operative housing organizations Municipal, provincial and territorial governments including their agencies Indigenous governments and organizations, including tribal councils For-profit organizations 	For-profit developers, not-for-profit developers, municipalities Must have at least 5 years' experience operating a property of similar type and size and construction management experience Alternatively, a formal property management contract must be in place with a professional 3rd party property management firm Three-year history of positive cash flow (3 yrs. financial statements preferred) and excellent credit and repayment history	For-profit developers, not-for-profit developers, municipalities Must have at least 5 years' experience operating a property of similar type and size and construction management experience Three-year history of positive cash flow (3 years of financial statements) and excellent credit and repayment history	For-profit developers, not-for-profit developers, municipalities Must have at least 5 years' experience operating a housing property of similar type and size and construction management experience Five-year history of positive cash flow (5 years of financial statements) and excellent credit and repayment history
**Interest rate	N/A		Varies based on projects and CMHC's cost of borrowing	Varies based on projects	N/A	Varies based on projects and CMHC's cost of borrowing	Negotiated with Approved Lender or correspondent	



www.cmhc.ca

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