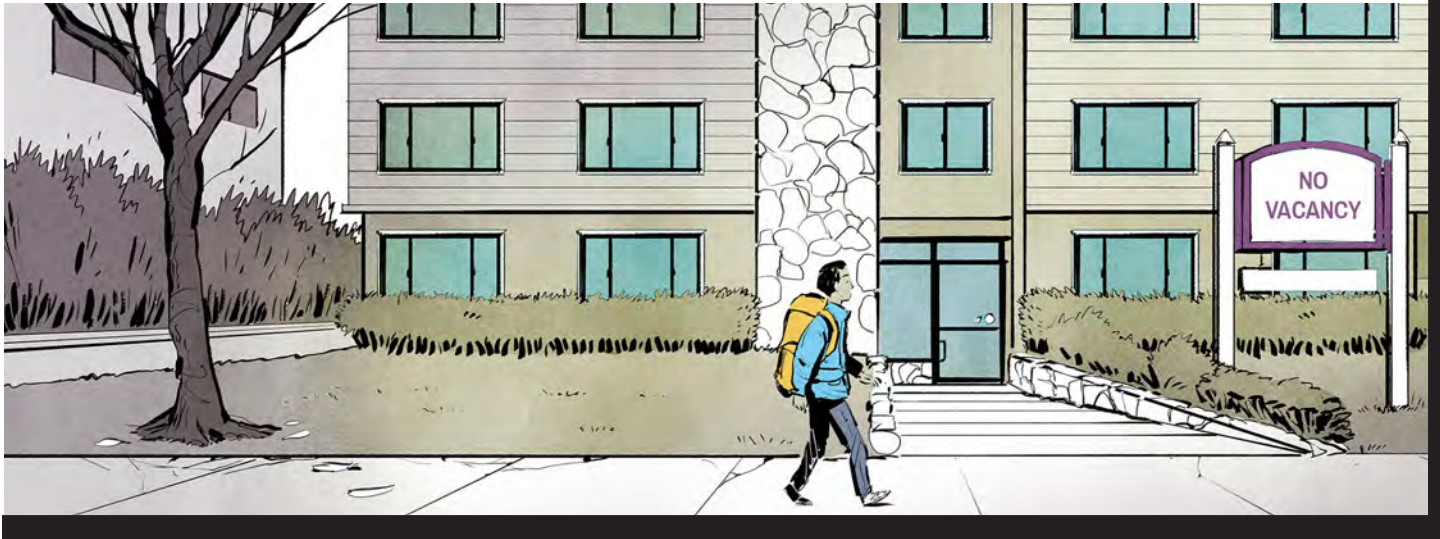




NATIONAL

NO PLACE TO CALL HOME

— LOOKING AT CANADA'S HOUSING CRISIS



Ken Eaton has a job that pays nearly \$75,000 a year. That's \$15,000 more than the average Canadian worker. After **income tax** and other **deductions**, he brings home around \$3400 each month.

That sounds like a lot. But Mr. Eaton and his son live in Vancouver. There, it costs about \$4000 a month to rent a 2-bedroom apartment. So in June, when they were looking for a new place to live, they were having a hard time.

"I'm pretty frightened. I'm gonna be homeless in probably 30 days if I don't find a place that I can reasonably afford without it taking my whole salary," said Mr. Eaton, who was temporarily staying with friends. "If I can't find a place, am I gonna be living in my car?"

A HOUSING CRISIS

Sadly, Mr. Eaton's troubles are not unique. Canadians everywhere are finding it hard to pay for a place to live while still having enough money left to pay for other basic needs. In fact, lack of affordable housing has become the hottest political issue in the nation as the 2025 federal election approaches.

Rents, especially in big cities, have skyrocketed. In Toronto, for example, the cost of a one-bedroom apartment now averages \$2500 per month. That's a 25 percent bump in just one year. Across the country, rents were averaging over \$2000.

Home ownership, too, is also out of reach for many Canadians. The average price of a house was around \$750,000 in August.

That's four time more than it was in the early 2000s. And in the past five years alone, home prices have jumped by 40 percent. As well, **mortgage** borrowing rates have risen. That has been making it hard for existing homeowners to keep up with their payments.

"This is now not just a crisis for low-income families," said Federal Housing Minister Sean Fraser. "This is a crisis for seniors looking to retire under very different circumstances than existed even a few years ago. It is a crisis for students who cannot find a place they can afford to live within an hour commute of the campus. And it is a crisis for young people who... can't afford a place to live."

DEFINITIONS

DEDUCTION: the process of taking an amount of something, especially money, away from a total; the amount that is taken

INCOME TAX: the amount of tax that you pay to the government according to how much you earn

MORTGAGE: a bank loan for money to buy a home



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WHY THE SHORTFALL?

Canada is one of the world's richest nations, yet we don't have enough affordable housing. Why is that?

Experts say many factors are contributing to the crisis. The biggest one? There are way fewer homes available than the number of people who need them. And when the demand for housing exceeds supply, prices for rents and real estate rise rapidly. The **Canada Mortgage and Housing Corporation (CMHC)** says that we'll need 5.8 million more housing units by 2030 to bring costs in line.

In part, immigration is behind the housing shortfall. Over a million people arrived here just this past year. That means that there are five new Canadian residents for every new home being built. Many observers believe Ottawa should reduce its immigration targets to allow supply to catch up with demand.

Yet even before the immigration surge, housing construction wasn't keeping pace with need. The reasons? Inflation has caused **interest** rates to climb. So, many construction companies don't want to

borrow the money they need to take on contracts. By mid-2023, some 22 percent of Canadian homebuilders had cancelled projects.

As well, Canada lacks skilled tradespeople. That means that builders can't find experienced workers. And unsettled global conditions have upset the world's **supply chain**. So builders often can't get the materials they need, either. Additionally, complex rules and permit processes have discouraged many builders.

POLICY CHANGES

The housing crunch is also partly the result of policy changes. Until the 1980s, the federal government set housing policies. Then, the provinces took over. But the money that the federal government gave to the provinces didn't always go to new housing, says former Liberal Deputy Minister Sheila Copps.

The federal government got involved again in 2017, but Ms. Copps says it is taking time for new federal-provincial partnerships to take hold.

THE LIBERAL PLAN

In August, the Liberals held a retreat to focus on the crisis.

They promised to allocate \$4 billion to a Housing Accelerator Fund. It is designed to create 100,000 new **middle-class** homes in major urban centres by 2025. They pledged to speed up permit approval times and to encourage greater density in cities. And they may cut back on the number of international students who can attend Canadian universities.

TOO LITTLE, TOO LATE?

Opposition parties say the Liberals have fumbled the ball on housing. They point out that the government won't be able to keep its 2021 promise to make 1.4 million new homes available by 2026.

Conservative Leader Pierre Poilievre vows to make changes if his party wins in 2025. For one thing, he says his government would cut some funding to big cities unless they increase housing by 15 percent. And NDP Leader Jagmeet Singh wants to turn empty office space into affordable rental units.

Meanwhile, Ken Eaton and others are still grappling with the high cost of housing. They are hoping for any positive change. ★

DEFINITIONS

CANADA MORTGAGE AND HOUSING CORPORATION: Canada's national housing agency with the goal of making mortgage loans affordable for all Canadians
INTEREST: the extra money that you pay when you borrow money or that you receive when you invest money

MIDDLE CLASS: the social class whose members are neither very rich nor very poor
SUPPLY CHAIN: the series of processes involved in the production and supply of goods, from when they are first made, grown, etc. until they are bought or used



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COMPREHENSION QUESTIONS

1. A person earning \$75,000 per year actually 'takes home' about \$3,400 per month, after income tax and other deductions are factored in. How much money does this person 'take home' during the entire year?

2. What is the average rent for a one-bedroom apartment in Canada per year?

3. In which parts of Canada are rental rates the highest?

4. What was the average price to purchase a home in Canada in August?

5. How much has the cost of an average home increased over the past 20 years?

6. What is the main factor contributing to the housing crisis in Canada?

7. How have Canada's immigration policies affected the housing crisis?

8. List at least two other reasons why new home construction has slowed recently.

9. How much money did the federal government promise for the Housing Accelerator Fund?

10. How many new housing units does the federal government hope will be built?



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QUESTIONS FOR FURTHER THOUGHT

1. The article quotes Federal Housing Minister Sean Fraser: *“This is now not just a crisis for low-income families. This is a crisis for seniors who are looking to retire under very different circumstances than existed even a few years ago. It is a crisis for students who cannot find a place they can afford to live within an hour commute of the campus. And it is a crisis for young people who are seeking to get into the market who often have two people working in the household, and still can’t afford a place to live.”*

Choose one of these population groups and discuss what specific challenges they might be facing. As you see it, what difficult choices might this group need to make during this housing crisis? Explain.

2. The article describes three plans from each of the 3 major political parties to address the housing crisis in Canada. The Liberals are creating a special fund to create 100,000 new homes in urban centres by 2025. The Conservatives want to force big cities to increase housing or risk losing funding from the federal government. The NDP wants different levels of government to share the cost of turning empty office space into affordable rental units. As you see it, which of these plans do you feel would have the most positive impact on creating affordable housing? Give reasons to support your thinking.

3. Review Ken Eaton's situation, described at the beginning of the article. What considerations do you believe are the most important to him in making a decision about what to do? What might be some solutions or suggestions to ease his dilemma? Explain.



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QUESTIONS FOR ONLINE EXPLORATION

Note: The links below are listed at www.lesplan.com/links for easy access.

1. Find out more about Prime Minister Trudeau's plans for dealing with the housing crisis in Canada:
<https://www.cbc.ca/player/play/2264672323570> [3:10]
<https://www.cbc.ca/news/politics/trudeau-poilievre-housing-election-1.6970389>

What questions do you have about these plans?

2. Learn why many observers say Canada is not doing enough to address the housing crisis:
<http://www.cbc.ca/player/play/2263916099518> [22:07]

Do you agree or disagree with this perspective? Give reasons to support your response.

3. Find out why getting homes built is so complicated:
<https://www.cbc.ca/news/politics/federal-government-housing-construction-challenges-1.6941854>

What did you learn?

4. What is a mortgage?
<https://www.ducksters.com/money/mortgages.php>

5. Why do we pay income tax?
<https://www.mydoh.ca/learn/money-101/income-tax/income-tax-101-a-guide-for-parents-and-teens/>



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PUTTING IT ALL TOGETHER

A. Write the letter that corresponds to the best answer on the line beside each question:

- _____ 1. What is the average cost of a home in Canada?
a) \$250,000
b) \$525,000
c) \$750,000
d) \$1,000,000
- _____ 2. A loan to buy property is called a(n):
a) mortgage
b) promissory note
c) contract
d) deposit
- _____ 3. The federal government will review limits on which group of people coming to Canada?
a) farm labourers
b) immigrants
c) international students
d) skilled trade workers

B. Mark the statements T (True) or F (False). If a statement is True, write one important fact to support it on the line below. If a statement is False, write the words that make it true on the line below.

- _____ 4. **True or False?** High interest rates have forced some home builders to cancel projects.

- _____ 5. **True or False?** Income tax is the amount you pay on money you borrow.

- _____ 6. **True or False?** Provincial governments are now solely responsible for housing policy.

C. Fill in the blanks to complete each sentence.

7. The average rental cost of a one-bedroom apartment in Canada is \$ _____ .
8. Canadian builders are facing a shortage of skilled _____ .
9. Sean Fraser is the federal _____ minister.

D. Respond to the following question in paragraph form. (Use a separate sheet of paper if necessary.)

10. What is your understanding of the reasons for the housing crisis? Explain.

