



18th February 2021

Honourable Chrystia Freeland
Finance Minister of Canada

We at ACORN Canada would like to make a written submission for the **Federal Budget 2021**.

ACORN Canada, the Association of Community Organizations for Reform Now is a grassroots organization with 140,000+ members in 24 neighbourhood chapters across 13 cities. Our central purpose is to effectively represent and champion the interests of Canada's low-and-moderate income citizens on the critical issues of social and economic justice.

Please find below the issues that we would like to bring to your attention in light of the upcoming budget:

1. Realising the right to housing

- a. **DEMAND: We would like the Federal Government to immediately initiate a Rent Relief program for tenants.**

Background: This demand is in accordance with the rights-based approach adopted in the National Housing Strategy Act and the legislative commitment to the right to housing. Tens of thousands of low-and-moderate income tenants are facing heightened rent affordability challenges as a result of income loss during the pandemic. Many tenants have been evicted or are at risk of eviction. International human rights law recognizes that being evicted from one's home is a serious assault on dignity, security and may place health and life at risk. While many of the legal protections of security of tenure fall within provincial/territorial jurisdiction, **obligations to take appropriate measures to prevent evictions, particularly where they are caused by the economic consequences of a pandemic, also apply to the federal government.**

The arrears and evictions crisis has disproportionately affected low-income tenants, particularly women and members of vulnerable groups and is a systemic issue resulting in potentially widespread violations of the right to housing, and as such should be addressed in a manner consistent with the *National Housing Strategy Act*. Additionally, the federal government has not ensured meaningful consultation with affected residential tenants, nor has it ensured that all alternative means are explored so that eviction is only employed as a last resort, that no one is evicted into homelessness and that no one is evicted where this would result in the violation of other human rights or undermine the protection of the family – **all of which are required by the NHSA.**

While the CERB provided adequate income replacement for some low-income tenants, others, particularly those with dependents renting larger apartments in high rent areas, have had their income reduced dramatically and have often been unable to pay their rent, with many falling into arrears and facing the threat of eviction while others have borrowed money and are facing unmanageable debt going forward. Only one province (British Columbia) stepped up to provide a temporary rent supplement during the pandemic, which ended many months ago.

We therefore demand that the Federal Government urgently initiates a Rent Relief Program to help people in rent debt. This will be a retroactive rent subsidy to ensure that rent would make up the same



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percentage of income in 2020 as in 2019, prior to the pandemic. **For tenants in arrears, some or all of the benefit can be directed to their landlords to cover arrears owing and prevent any eviction.**

- b. **DEMAND: Close the tax loophole in the Income Tax Act** which is giving undue advantage to large corporate landlords (REITs) and at the same time is deeply affecting our affordable housing stock.

Background: Housing is increasingly becoming a commodity or a financialized asset and one of the main factors leading to commodification of housing is the Real Estate Investment Trusts or REITs. ACORN conducted a [research](#) which showed that each year the federal government's National Co-Investment Fund **builds 6,000 units** and CAPREIT, Canada's biggest REIT alone flips approximately 14,000 to get the maximum rent possible, pulling them out of more affordable priced units. Infact, REITs have eaten away much of the country's housing stock – REITs have eaten away much of the country's affordable housing stock – between 2011 and 2016 the number of private rental units affordable to households earning less than \$30,000 per year (rents below \$750) declined by 322,600 units — a trend that appears to be continuing.

- Analysis of seven residential REITs shows that if they were taxed at the same rate as non-REIT Canadian corporations, they would have paid over \$1.2 billion more in taxes since 2010.
- CAPREIT would have paid over \$425 million more in taxes, since 2010.

All this while we, nationally, are reeling under a housing crisis that's getting worse by the day! In fact, unlike so many businesses, the pandemic is not slowing down REITs' profitability. One of the main reasons for this exponential and aggressive growth of REITs is a **tax loophole at the federal level**. If the federal government is serious about addressing the issue of housing affordability, this issue needs to be addressed on an urgent basis.

Specifically, in order to Rein in REITs, we are demanding the following:

- Federal government should immediately re-evaluate this tax loophole and make the tax rate for REITs based on how much affordable housing they are providing / or destroying. **It makes no financial sense for the federal government to invest in affordable housing on one hand and then incentivise the reduction of it on the other.**
- The Canada Mortgage and Housing Corporation (CMHC), Canada's national housing agency aids and abets the process of financialization by offering its insured mortgage products to assist capital funds and REITs to secure the financing required to facilitate their acquisition programs. **This must stop and any CMHC backed financing should ensure that it has clear conditions laid out so that REITs such as CAPREIT do not displace tenants and provide affordable housing**
- The Federal Government creates a National non-profit Acquisitions Strategy funded as part of the National Housing Strategy.
- In Berlin, a planned referendum proposed to ban rental housing ownership by large landlords and expropriate 200,000 units for conversion to social housing. ACORN members demand that the same should be pursued in Canada as well.

2. **Affordable, high-speed internet for all low-income people and fixed income seniors**

DEMAND: As an immediate measure during the pandemic and for 6 months after, we are demanding that the federal government immediately create a \$50 a month "Canadian Broadband Benefit" (CBB) during the remainder of the COVID-19 emergency. The CBB should be extended to all "low-income Canadians"; "fixed-income seniors" and those "Canadians with job or income loss due to COVID-19".



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Background: ACORN did a [study](#) in 2019 and found out that many low-income Canadians found themselves in the difficult position of deciding whether to pay for home internet or pay for basic necessities such as food, clothing or transit. A quarter told us they have sacrificed food in order to pay for internet services and almost one third have made multiple sacrifices.

At least until recently, we had been asking the federal government to work with telecoms and provide \$10 a month internet to all low-income people and fixed income seniors. But the government hasn't heard us. We know that's possible. We won the Connecting Families Programme, but the program needs to be expanded to cover ALL low-income people and the internet speed needs to be enhanced to 50/10, something that the CRTC itself recommends.

Recently, the US has set a precedent by providing 50 dollars a month off internet bills to all low-income people during the pandemic. The aim of the U.S. benefit "is to connect low-income households to broadband networks at affordable rates. Broadband providers will be reimbursed up to \$50/month per low-income household it serves (\$75/month if the household is on Tribal land). It's a time limited fund which extends for six months after the COVID emergency ends. But it's important to note that this is additional money on top of existing affordability and accessibility funds to help low-income people called "Lifeline".

The Canada Broadband Benefit must be instituted as soon as possible and backdated to 1 January 2021 and run to six months after the official declarations of pandemic emergency have been revoked, in part to make up for full ISP pricing for those months from July to December, during the pandemic. A lot of existing relief and support programs could be leveraged to determine the eligibility of people.

Long term measure: The federal government should provide affordable, high speed internet access by expanding the Connecting Families Program and providing all "low-income Canadians" and "fixed-income seniors" \$10 a month "retail Internet access services". The speed of the internet should be 50/10.

3. Ensuring fair banking for all

DEMAND: We are demanding that the federal government creates a national multi-jurisdictional anti-predatory lending strategy and lowers the interest rate for installment loans from 60% to 30%. We would also like the federal government to mandate banks to create an alternative credit product so that low-income people do not have to rely on fringe lenders both payday and installment lenders.

Background: ACORN Canada has been fighting to end predatory lending. While we have won stronger regulations for consumers of payday loans and installment loans in some provinces, the interest rates still continue to be predatory. ACORN undertook a [nationwide survey](#) in 2020 to understand the experiences of consumers of high interest loans (Loans with interest rate from 25% - over 500%), especially when they are taken out online. The study findings are based on 376 survey responses. We also conducted a legislative scan to map the extent to which there are protections for consumers of high-interest loans at the federal and provincial levels. The study finds a surge in installment loans. In a study undertaken by ACORN in 2016, the proportion of people taking out installment loans was 11% which has **gone up to 45%** in the latest study conducted in 2020. Notably, the study points out that either people take these loans only once or they are caught in a **vicious cycle of debt**. While 30% of



respondents reported taking these loans only once in the last 12 months, the second highest number of times reported was more than 10 times in a year by 13% of the respondents.

To no surprise, 80% of respondents said that they took out a loan to meet everyday living expenses such as rent, groceries, hydro etc. 22% respondents mentioned that they took it out to improve their credit rating as they were promised it would help them do so. Many respondents are also being pushed to buy optional products such as insurance.

4. EI system that works for everyone

DEMAND: We demand a Modernized, inclusive and non-discriminatory EI system. Specifically, we demand the following:

- **Quick & comprehensive review of EI:** The pandemic has clearly exposed the issues inherent in the EI system, so much so that the government had to introduce a completely new benefit in the form of CERB to ensure that everyone had access to income support during a health and an economic crisis. For every worker to have access to EI, the system needs an overhaul. Hence, we demand a comprehensive and quick review of EI.
- **Fund EI!** For the last 30 years, the federal government has not been funding EI. We need the federal government to resume its historic role and overarching responsibility to help **fund EI through general revenues.**
- **Currently, the EI system is accessible to only some workers due to issues relating to the number of hours workers need to qualify for EI or due to the nature of their employment. Furthermore, the income support provided by EI is not adequate, especially for low-wage earners. Some changes have been made to the EI system, however those are temporary. Therefore, as part of the recovery, we demand the following changes:**
 - **Make EI Accessible for All Workers and lower the hour requirement consistently across the country to 300 hours.** It's impossible for many low-wage and precarious workers, in part-time and/or temporary jobs to access the system even when they pay into it. We need the level to be lowered to **300 hours or 12 weeks of insurable work** - whichever is better for the worker. **Currently, a worker requires 120 insured hours to qualify for benefits because of a one-time credit of 300 insured hours in case of regular EI benefits — but this change is temporary.**
 - **Expand the qualifying period to 3 years (like Denmark) making it easier to allow hard working people who have paid into the system to use it!** In Denmark, it is a requirement that you work full time for a minimum of 52 weeks (1,942 hours) if full-time, or at least 34 weeks (1,258 hours) if part-time, within a period of 3 years. While changes have been made setting the minimum EI rate at \$500 a week with a maximum of \$573 per week, again, these are temporary during COVID.
 - **Raise the benefit rates** for all workers to 75% of earnings; And **raise benefits to 100% of earnings for Low Wage Workers.** Many low wage workers earn below the poverty line and EI's 55 percent income replacement rates result in even deeper poverty, undermining its core purpose. **Increasing accessibility for all workers.** Many workers currently pay into EI but are barred access, due to immigration status and reasons for leaving jobs. The government must provide EI access for temporary foreign workers, seasonal agricultural workers, and international students who currently cannot access EI due to work permit restrictions.
 - **Develop permanent ways for precarious workers to access EI, including the Self-Employed.** Currently, self-employed workers are excluded from EI because they do not pay into it. Workers are also increasingly misclassified as independent contractors



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or self-employed. We recommend that the federal government makes paying into EI special benefits mandatory for all self-employed workers. This includes a tax filing form to determine if the worker is truly self-employed, not a dependent contractor or misclassified employee. This will improve enforcement on misclassification of employees and also address some labour standards issues.

- **Ensure better support for educational opportunities** as many workers might have to transition from their jobs to another sector.
- **Working While on Claim & Work Sharing Benefit.** Especially during the pandemic, workers have *some* work, but not sufficient work to maintain living standards. We recommend modifying EI rules so that Working While on Claim Benefit and Work Sharing benefit is accessible when there is a large reduction in hours due to COVID-19.

We are in the worst wave of the pandemic when low-to-moderate income people are facing severe hardship. Eviction moratoriums have been lifted from most provinces and without any support for renters, we will see many more people facing eviction and falling back on these fringe lenders. Many more people are unemployed or underemployed now with no definitive time frame on when some jobs will return.

We sincerely hope that you will listen to the voices of hundreds and thousands of low-income Canadians so that everyone is able to live a life with dignity.

Yours sincerely,

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