

**PRE-BUDGET SUBMISSION FOR 2023 BY
ACORN CANADA**



ACORN Canada is a national, community union with over 160,000 members in 24+ neighbourhood chapters across 9 cities. For more information, please visit www.acorncanada.org

ACORN members are low- and moderate-income tenants who have been disproportionately impacted by the pandemic. Coupled with recent record inflation and worsening housing crisis and lack of adequate rental protections and affordable housing, low- and moderate-income tenants are struggling to make ends meet. The Federal Budget 2023 presents us an opportunity to prioritize the right issues and provide adequate resources to achieve the desired goals.

ACORN members would like the federal government to prioritize the following issues while preparing the Budget for 2023.

A. Fair banking/ End predatory lending: The Liberal Government committed to lowering the interest rate for installment loans in Budget 2021. Subsequently, last year the federal government launched a consultation to fight predatory lending. The consultation started in August and ended in October 2022. It gave an opportunity to ACORN members to discuss the issues with respect to predatory loans. However, no further action has been taken since the consultation ended.

This issue is extremely important and needs urgent attention. The failure of the banks is forcing millions of people to rely on predatory lenders such as Money Mart, Easy Financial, Cash Money and many others that charge exorbitant interest rates. While payday loans continue to grow, the predatory lending industry has swiftly adapted to offer installment loans which have loan amounts more than \$1,500 to as high as \$15,000 and more, to be paid back in installments. The Criminal Code of Canada allows lenders to charge 60 per cent annually plus fees, insurance and other charges. The federal government must crack down on predatory lenders urgently.

ACORN members demand the following:

- Immediately lower the criminal rate of interest from 60 to 20 per cent plus Bank of Canada rate or 30 per cent, whichever is lower. Ensure that the maximum rate includes all associated lending costs: fines, fees, penalties, insurance, or any related cost.
- The Criminal Code maximum rate of interest must include all consumer credit in the market today or in the future.
- Make enforcing violations accessible to borrowers.
- Create a federally funded Fair Credit Benefit so that all low-income people have access to low-cost credit options in case of emergency and are not forced to take out payday loans.
- Support fair lending alternatives like postal banking in all cities.

B. Affordable & Healthy homes

Canada is reeling under a housing crisis which is getting worse by the day. Recently, the federal government announced the much-awaited Canada Housing Benefit (CHB) top-up. ACORN has been demanding action from the federal government since the pandemic began. In

a [survey](#) conducted by ACORN in 2020, 70 per cent of people stated that COVID-19 impacted their financial situation, and 42 per cent mentioned that they did not qualify for any of the income support programs such as CERB or EI. Coupled with lack of any rent control or full rent controls in many provinces and weak tenant protections, renters have been in desperate need for support. This is only a one-time support — temporary support that will benefit some low-income renters. There is a web of interrelated issues that are making the housing crisis worse.

Lack of adequate or any form of rent control threatens the security of tenure and accelerates homelessness. Another issue that is worsening the housing crisis is the financialization of housing. Financialized landlords such as Real Estate Investment Trusts (REITs), like Starlight, CAPREIT, Killam and many others are fuelling the housing crisis by acquiring apartments that were once affordable and turning them into an investment product. ACORN's study¹ shows that renters living in financialized housing are more likely to live with pests and face rent increases that are above the provincial guideline. Solving the affordable housing crisis requires federal leadership and solutions that tackle the systemic issues.

ACORN members demand the following:

1. Stop financialization of housing

i. Disclosure of property ownership

Every tenant should have the right to know who their landlord is. The federal government should mandate disclosure of property ownership across all provinces. Countries like the United Kingdom and Sweden require information about ownership to be included in publicly accessible databases. The EU member states have set Ultimate Beneficial Ownership (UBO) disclosure as a requirement.

ii. Moratorium on acquisition of properties by financialized landlords.

It is critical to ensure that financialized landlords are stopped from buying more affordable housing. This can be done by banning financialized landlords from acquiring residential housing and setting limits to how much housing can financialized landlords acquire. In Berlin, corporations cannot own more than 3000 apartment suites. Montreal has implemented a bylaw to give the city the right of first refusal on property sales involving rental units with rents at affordable levels to capture and preserve this important stock. This should be nationalized.

iii. Stop tax exemptions to REITs

REITs, unlike other income trusts in Canada, enjoy preferential tax treatment provided by the Federal Income Tax Act that exempts REITs from paying any tax at the corporate level or the entity level. The federal government should immediately close this tax loophole.

¹ Financialization is a term used to describe how housing is treated as a commodity – a vehicle for wealth and investment – rather than a human right and a social good for people and communities. <https://www.housingchrc.ca/en/financialization-housing#research>. ACORN Canada. (2022). *Impact of financialized housing on low- and moderate-income tenants*. <https://www.homelesshub.ca/sites/default/files/attachments/acorn-financialization-impacts-tenants-ofna-en.pdf>
²<https://www.housingchrc.ca/en/financialization-housing#research>

iv. Stop financing financialized landlords

Any CMHC backed financing/ federal funding to financialized landlords should be tied to certain conditions such as:

- A No Displacement Guarantee.
- Affordability criteria - All public money supporting the creation of “affordable housing” must support tenants who are in core housing need. Most people in core housing need have an income below \$30,000/year. As per recent data, 18% of all Canadian households have income below \$30,000. Hence, their monthly rent at 1/3 of income should not exceed \$750/month. OR atleast 30% of the development should provide units at or below 80% Average Market Rent.
- Minimum maintenance and energy efficiency standards.

Create a Non-profit acquisition strategy

CMHC should supplement the National Housing Strategy’s Co- Investment Fund with an Acquisitions Fund that would enable non-profit, co-op and land trust organizations to purchase at-risk rental buildings when they come on the market.

2. Build new and deeply affordable housing

Build a minimum of 1.2 million units of affordable housing in the next decade. The federal housing initiatives must target people in core housing need.

- There is clear evidence that very little housing constructed under the National Housing Strategy is affordable. Although the federal government made some changes to the Rental Construction Financing Initiative (RCFI) program by ensuring that the definition of affordability is under 80 per cent average market rent or below. However, the period for which the new units will be kept affordable is still very low. The units should be kept affordable for perpetuity.
- Funding must target people who are in core housing need.

C. Internet for all

While nearly all households in the highest income group have access to home internet, 31 per cent of those in the lowest income group don’t². ACORN’s [Internet for All](#) campaign calls for affordable, high-speed internet for all low-income people³. ACORN Canada conducted a national survey which showed that a quarter of respondents said they have sacrificed food in order to pay for internet services⁴. While the federal government launched the Connecting Families program, the program is not universal and suffers from many limitations⁵. Recently, the program has been

² CRTC. (2019). *Communications Monitoring Report 2019*. <https://crtc.gc.ca/eng/publications/reports/policymonitoring/2019/cmr1.htm#a2.1.1>

³ House of Commons, Canada. (2021). *Affordability and accessibility of telecom services in Canada: Encouraging competition to finally bridge the digital gap*. <https://acorncanada.org/resources/indu-report-accessibility-and-affordability-telecom-services/>

⁴ ACORN Canada. (2019). *Barriers to digital equality in Canada*. <https://acorncanada.org/resources/barriers-digital-equality-canada/>

⁵ ACORN Canada. (2020). Internet for all: ACORN member testimonials. <https://acorncanada.org/resources/internet-all-acorn-member-testimonies-0/>; Noyes, R. and Grijm, M. (2021). Feds’ affordable internet program will help a fraction of those who need it. *The Hill Times*.

https://www.internetforall.ca/hill_times_opinion_feds_affordable_internet_program_will_help_a_fraction_of_those_who_need_it

expanded to seniors who receive maximum GIS, but still, there is a limit of 220,000 people that the program can benefit. So, it only covers some low-income families and seniors. There are still a lot of vulnerable groups who don't have access to the internet. Some telecoms such as Rogers and TELUS have started offering affordable, high-speed internet but those exist in very few places. Moreover, many telecoms have still not opted into the program as it remains voluntary.

ACORN members demand the following:

- The federal government should provide affordable, high speed internet access by making the Connecting Families Program universal to include all low-income people and fixed-income seniors at \$10/month and 50/10 Mbps speed.
- Make the program mandatory for all telecoms.

D. Modernizing EI

The federal government is in the process of undertaking EI reforms. Recently, the federal government introduced a set of temporary changes as the pandemic exposed the inherent gaps in the current EI system. However, those changes have been discontinued starting September 25, 2022. However, the EI reforms are still underway, and the country is seeing job losses and record inflation which call for a slew of changes to the EI system.

ACORN members demand the following:

- Bring back the temporary changes made to EI at least until the EI reform process is complete.
- **Fund EI.** For the last 30 years, the federal government has not been funding EI.
- Make EI Accessible for all workers and lower the hour requirement consistently across the country to 300 hours or 12 weeks of insurable work, whichever is better for the worker. 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.
- Expand the qualifying period to at least 2 years making it easier to allow hard working people who have paid into the system to use it.
- Raise the benefit rates for all workers to 75% of earnings; and raise benefits to 100% of earnings for low wage workers. While changes have been made setting the minimum EI rate at \$500 a week with a maximum of \$573 per week, these are temporary.
- Increase accessibility for all workers. Many workers currently pay into EI but are barred access. The government must provide EI access for temporary foreign workers, seasonal agricultural workers, and international students who currently cannot access EI.
- Expand EI to include 'quit/fire,' 'refuse work,' or school attendance. Many women workers (who leave due to care responsibilities, harassment, etc.) and vulnerable workers in unsafe working positions should be able to access EI.
- Develop permanent ways for precarious workers to access EI, including the self-employed. Workers are also increasingly misclassified as independent contractors or self-

employed. We recommend that the federal government makes paying into EI special benefits mandatory for all self-employed workers.

- Ensure better support for educational opportunities as many workers might have to transition from their jobs to another sector.

E. Tax the Rich

Globally billionaires increased their wealth by 54% in the first year COVID-19. In Canada, the top 47 billionaires increased their wealth by \$78 billion. The bottom 40% of Canadians own 1.2% of all wealth in Canada. A 1% tax on wealth over \$20 million would raise \$10 billion in the first year alone.

ACORN members and allies demand that the government:

- Introduces an excess profits tax,
- Introduces a wealth tax
- Closes many tax loopholes used by the wealthiest that drain money out of the public purse.