

## Can They Build or Not? Nonprofit Housing Development in an Era of Government Re-Engagement

Aijia Deng & Catherine Leviten-Reid, Cape Breton University  
Luc Thériault, University of New Brunswick

### ABSTRACT

In the context of new government investment in housing, this article explores the experiences of nonprofit organizations in securing support for new affordable rental housing development in three regions across Canada. Many challenges were reported, including ones pertaining to administration (extensive proposal requirements, lack of information and communication, and lengthy review processes), and the design of funding programs (such as a lack of flexibility available to proponents). Participants also reported limitations to the amount and nature of support provided, challenges working across different levels of government, and an uneven playing field among nonprofit and for-profit housing developers. Overall, results show that despite significant and recent investments made available for affordable housing, the nonprofit sector faces many barriers in accessing these, and that significant changes are required so that housing organizations may provide rental units to those in greatest need.

### RÉSUMÉ

À un moment où les gouvernements investissent à nouveau dans le logement, nous nous penchons sur l'expérience des organismes à but non lucratif et leurs efforts pour obtenir des fonds pour la création de nouveaux logements dans trois régions au Canada. De nombreuses difficultés ont été soulignées, notamment en ce qui concerne l'administration (nombreuses exigences pour les demandes, manque d'information et de communication et long processus d'examen) et la conception des programmes de financement (y compris le manque de flexibilité accordée aux promoteurs). Les participants ont aussi soulevé les limites quant aux sommes et à la nature de l'aide fournies, les difficultés de travailler avec divers ordres de gouvernement et les inégalités entre les promoteurs de logements à but non lucratif et à but lucratif. Dans l'ensemble, nos résultats indiquent que malgré les investissements récents considérables dans le logement abordable, les organismes du secteur à but non lucratif se butent à beaucoup d'obstacles pour y accéder et que de nombreux changements s'imposent afin qu'ils puissent offrir des logements locatifs aux personnes qui en ont le plus besoin.

**Keywords / Mots clés :** affordable housing, National Housing Strategy, nonprofit organizations / logements abordables, Stratégie nationale sur le logement, organismes à but non lucratif

## INTRODUCTION

Daily media reports and results from counts of people experiencing homelessness remind us that the lack of affordable rental units in Canada has reached a crisis level. COVID-19 has also highlighted the critical importance of affordable housing, exposing the health, economic, and social consequences faced by those without (Karabanow, Doll, Leviten-Reid, Hughes, & Wu, 2022; Thompson, Bonnycastle, & Hill, 2020). However, even though the pandemic has fostered many conversations about “building back better,” (see CCPA-NS, 2021), third sector housing organizations face many challenges in building rental units at all. Ironically, this is occurring at the same time that Canada has legislated a right to housing (National Housing Strategy Act, 2019), and that the federal government has renewed its interest in funding affordable rental housing after withdrawing almost three decades ago (Co-operative Housing Federation of Canada, 2021).

Situated in the literature on the role of nonprofit housing organizations in providing affordable housing as well as empirical work on the constraints faced by the third sector, this article examines the recent experiences of housing providers in three regions of the country as they have worked to secure government support for affordable rental housing development.

## BACKGROUND

In Canada, public housing was the first form of nonmarket housing provided for low-income renter households. This development took place between the Second World War and the 1980s (Debicka & Friedman, 2009) and accounts for almost one third of the total number of nonmarket housing units across Canada. Most public housing projects were historically managed by a single board of directors composed of people appointed by the government (Sousa & Quarter, 2003), although in some jurisdictions, substantive tenant engagement has now been incorporated (Toronto Community Housing, 2022).

By the late 1960s, there was dissatisfaction with public housing and urban renewal projects (Wexler, 1996; Wolfe, 1998) and in 1973, the federal government shifted its focus to subsidies for new forms of nonmarket housing through community-based, cooperative, and municipal nonprofit organizations (Wexler, 1996). Qualified organizations were authorized to obtain loans and interest rate subsidies (Miron, 1995), with resource groups established to assist with housing development. Community nonprofit housing means sponsorship by organizations including faith-based groups, welfare clubs, seniors' organizations, unions, and ethno-cultural organizations. Municipal nonprofit organizations (or municipal nonprofit housing corporations) are managed and developed by local boards but have varied levels of direct involvement by government; although there will be some municipal representatives on the board, its operation is still relatively independent (Dubé, 2021). Cooperatives are democratic housing organizations, in which tenants (called members) govern their housing and are sometimes involved in property management as well (Sousa & Quarter, 2003).

In 1993, the federal government terminated its funding of new affordable housing off reserve, although some provinces continued to invest in its development on their own, such as British Columbia and Québec (Suttor, 2016). When there was “modest reengagement” (Suttor, 2016) by Ottawa in the early 2000s to 2017, new affordable housing projects funded through bilateral agreements no longer privileged third sector providers specifically, but instead promoted partnerships

to include private sector developers (Leviten-Reid, Lake, & Campbell, 2015). In 2017, a new era of investment began with the National Housing Strategy (NHS), with some programs funded and administered federally while others involve cost-sharing with provinces and territories. The language used in the NHS promotes multi-sectoral involvement in affordable housing, although some programs, such as the Rapid Housing Initiative (RHI), have been designed specifically with third sector providers in mind. Overall, recent reviews of the NHS have highlighted major problems with how funds have been allocated for new construction, and have pointed to extensive for-profit involvement in new rental housing development, with questionable affordability of these new units for low-income tenants overall (Blueprint ADE & Wellesley Institute, 2022).

## FRAMEWORK AND LITERATURE REVIEW

Government–nonprofit collaboration is a useful framework for this research (Salamon & Teopler, 2015). While earlier work on the role of nonprofits proposed these organizations worked separately from government (e.g., Bae & Sohn, 2018), government–nonprofit collaboration is based on an understanding that the public and community sectors have a long history of working jointly, as is the case in the provision of affordable housing in Canada as described above, albeit with varying degrees of success and support on the part of government. Within such a framework is an understanding that the third sector possess particular strengths in delivering services including flexibility, the ability to offer comprehensive services or programs, and the generation of outcomes such as community belonging and civic engagement (Salamon & Teopler, 2015). Also incorporated within is that partnerships with government might strengthen shortcomings of the nonprofit sector, including their lack of access to resources and potentially their limited technical skills (Salamon & Teopler, 2015). However, this framework does not idealize relationships across the two sectors, and numerous problems may arise in such collaborations.

Financial support and sustainability are two such problems. In the housing sector, the high cost of construction and maintenance coupled with the deep subsidies required to provide low-cost units for tenants with limited incomes means that most third sector housing providers rely on long-term government support (Carlson, 2014; Lasby & Barr, 2021). As operating agreements for existing housing end without commitments to perpetual funding from the state, many practitioners are doubtful they can offer the same amount of deeply subsidized units as before (Auguste Solutions & Associates Inc., 2018; Cooper, 2015). The loss of government subsidies is projected to lead to insufficient revenue and capital. In response, higher rents and/or the sale of some properties in order to maintain and support the ones that are left are anticipated (and have occurred in housing with expired agreements; Auguste Solutions & Associates Inc., 2018), decreasing the number of affordable housing units available and having further negative impact on marginalized groups (BC Housing, 2018; Cooper, 2015). Extant work has also found that third sector housing providers focus on their organization's stability rather than providing low-cost housing to tenants in need as operating agreements expire (Cooper, 2022).

Notwithstanding retrenchment not only in housing but other social programs in Canada, analysts have suggested increasing government revenue, such as through increasing the inclusion rate of taxes paid on capital gains, to finance affordable housing (CCPA-NS, 2021), and researchers have

documented cost savings to the state when upstream investments are made in keeping low-income households sheltered (Khalid, 2015). In addition, social finance is growing as a strategy to support affordable housing development (Gillard, 2014), in which mechanisms such as community investment funds and assets from foundations provide local organizations with favorable lending terms (Chaland, 2011; McCort & Phillips, 2021). Another strategy is to utilize real estate donations, although third sector housing organizations may lack the human resources required to solicit and administer these kinds of contributions, while donated properties may not be suitable for housing or feature buildings that require extensive and costly renovations (Dhenin, 2021).

Besides funding for the development and provision of affordable “bricks and mortar,” some tenants also need social support once they are housed (Collins, de Vos, Evans, Mason, Anderson-Baron, Cruickshank, & McDowell, 2021; Smirl, 2019; see also Distasio & McCullough, 2014; Klassen, 2018). Many housing organizations work to provide these through onsite services and/or connections to community-based resources; however, funding for support is generally neither sustainable nor sufficient (Smirl, 2019). Although some provincial and municipal governments have introduced several temporary dedicated programs to provide funding to marginalized tenants in response to COVID-19 (Thompson et al., 2020), the third sector struggles to secure resources to provide onsite staff to assist tenants in the long run.

Capacity of staff, directors, and other volunteers is also a challenge in the third sector, in the field of housing and social services more broadly. Part of the capacity issue is rooted in the sector's working conditions caused by limited funding, including relatively low wages, limited benefits, and increasingly high demand for services (Phillips & Wyatt, 2021; Thériault & Vaillancourt, 2021), leading to burnout and high turnover. Working conditions also involve an environment of complex government regulations, accountability requirements, and burdensome processes (Eakin & Graham, 2009). Drafting complex proposals and working on very time-consuming and tedious applications, especially for short-term funding and small grants, are significant issues, and line-by-line restrictions on using funds (Eakin & Graham, 2009) also means there is a lack of flexibility and agility with how funds may be spent. And while other sources of revenue have become increasingly important for the third sector, boards and staff may lack familiarity with social finance tools, impacting uptake (McCort & Phillips, 2021). In addition, beyond the “increasingly sophisticated and specialized knowledge” required of directors in the nonprofit sector as a whole (Charters, 2021, p. 12), housing development and management requires expertise in wide-ranging fields, from construction to planning and community engagement, with third sector housing providers often engaging in one-off projects and learning as they go (Leviten-Reid et al., 2015). Capacity may also be impacted due to board composition. Housing cooperatives, as democratic organizations, are leaders in tenant engagement and provide important opportunities for learning and skills development (Schugurensky, Mündel, & Duguid, 2006), but restrictions on who may serve on the board may limit the skills available at the table. In turn, other nonprofit housing organizations may fail to have critical first-voice involvement in decision-making (Leviten-Reid et al., 2015).

Despite major challenges, the literature also shows that third sector housing providers play an important role in affordable housing provision. Most notable is their commitment to affordability (Achtenberg, 2006; Leviten-Reid, Mathew, & Mowbray, 2019; Wiener, 2006) and their commitment

to serving marginalized tenants and communities (Bratt, 2008; Ellen & Voicu, 2006; O'Regan & Quigley, 2000).

## METHODS

This research took place in three regions across Canada: Cape Breton Regional Municipality, Nova Scotia (CBRM; population 93,694), Ottawa, Ontario (population 1,017,449), and Saskatoon, Saskatchewan (population 266,141). Despite their different sizes, all three feature significant homelessness as well as high percentages of renter households who are in core housing need (Table 1) (Bickerton & Roy, 2019; Olauson, Nyamekye, Findlay, Muhajarine, Buhler, Holden, Christopherson-Cote, & Usiskin, 2022; City of Ottawa, 2019).

**Table 1. Profile of study regions**

	Cape Breton Regional Municipality	Ottawa	Saskatoon
Population (2021)*	93,694	1,017,449	266,141
% Renters in core housing need (2021)**	18.9%	23.3%	22.7%
Average rent (one-bedroom apartments) (2022)**	\$725	\$1,347	\$1,016
Average rent (two-bedroom apartments) (2022)**	\$872.	\$1,625	\$1,243
Median after-tax income of individuals (2021)*	\$31,400	\$44,000	\$38,800

Notes: \*Canada Mortgage and Housing Corporation. (2022). Housing market information portal;  
\*\*Statistics Canada. (2022, February 9). Census profile, 2021 census of population.

Participants included 15 third sector housing practitioners from 13 organizations distributed across the three regions captured in this study. The sampling strategy included convenience and snowball sampling (Parker, Scott, & Geddes, 2019). Potential participants were selected and recommended by regional leaders of a national research initiative on affordable housing. Recruitment emails were customized and sent directly to potential participants, and those who agreed to be interviewed were asked if they could identify other organizations in their communities to approach.

Of the 13 participating organizations, 12 are community-based nonprofits, while one has ties to a lower level of government but operates at arm's length of it. The longest-running organization was established in the early 1970s, the newest was started less than five years ago, while three quarters

**Table 2. Participating organizations' characteristics (n = 13)**

Years of operation	<20	4
	20–39	6
	40+	3
Number of housing units	<100	5
	100–499	5
	500+	3
Provides other supports to renters	Yes	6
	Yes (with partners only)	4
	No	3

have worked in the sector for over 20 years. Over half of the organizations own and manage hundreds of units (Table 2).

Besides the fact that all housing organizations provide units to tenants with low incomes, the range of target groups assisted includes female-headed households, seniors, veterans, Indigenous tenants, individuals with disabilities, mental illness, and addictions, those who have experienced homelessness, and victims of intimate partner violence. Most provide supports to their renters either directly or indirectly through external partners.

Data were collected in the late summer and fall of 2021 through semi-structured interviews conducted mostly virtually. Interviews took approximately 45 minutes to one hour. Participants were asked if they could be recorded and interviews were transcribed verbatim.

The semi-structured interview consisted of three parts and included mostly open-ended questions. These pertained to basic information about participants and their organizations, participants' recent experiences securing support for the development of new affordable housing from different levels of government, and participants' opinions and/or recommendations to support future housing programs in their regions. The full list of interview questions was provided in advance of the interview for participants' reference and preparation. Ethics approval was obtained from the lead author's research ethics board before data collection began.

Data were analyzed using thematic analysis. Steps included familiarization with the data by reading and re-reading transcripts, generating initial codes, discovering themes in the data based on the codes generated, and reviewing and naming the themes (Braun & Clarke, 2012).

This research has some limitations. First, the generalizability of findings is somewhat limited as participants represent three regions instead of the entire country, meaning their views are not representative of organizations working in all regions of Canada. Further, they do not reflect the experiences of Band Councils and affordable housing development in First Nations communities. Second, also related to sample size, the authors are not able to analyze data based on characteristics of nonprofit housing providers, such as size or age of the organization. Third, the quality of interviews may be impacted as community housing organizations are currently facing strain and burnout due to COVID-19 and the fallout from a severe lack of affordable housing in their communities.

## **FINDINGS**

### **Administrative challenges**

#### *Proposal development*

Proposal development was described as being very labour intensive and time consuming, in particular for federal government support. It was noted that the RHI required much work to be done within a short period of time; for example, the executive director of a small housing organization stated, "they did attempt to streamline the process and make it a little easier to make it more rapid, but its process ended up being quite lengthy and quite involved. I mean 32 attachments to a file application are quite a lot, and a lot in there are pretty detailed." (Participant 13). The executive director of a mid-sized housing provider also agreed that the RHI requirement of "break[ing] ground and be[ing] built within 12 months" (Participant 5) put pressure on housing organizations as well. Participant 3, who

is a senior staff person of a mid-sized organization with a long history of housing development, stated, "I don't know how the nonprofit sector is supposed to get all of it together, or how we're supposed to respond to these rapid [initiatives]. There's not a lot of lead time, and then they announce it and then they want you to have your expression of interest in within a few weeks ... . We need more warning, we need more lead time so we can put projects together, meaningful projects." Similarly, proposal development for the federal Co-Investment Fund was noted to be extensive. For example, Participant 13 noted, "it's quite lengthy and it took quite a lot of work," while Participant 6, a manager of an organization focused on development, remarked, "of all of the funding applications I've been a part of over the last ten years, I've never encountered one that long."

### *Communication*

Participants noticed a lack of clear communication on the part of funders, which brought more barriers for application preparation and which increased workload, projects costs, and the length of time it would take to develop a project. Some of this lack of communication was described as general in nature. Participant 2, a senior staff person of a mid-sized housing organization, noted, "CMHC is very closed with it. You can ask for an interpretation or direction, and they don't typically give you interpretation or direction. They make you just submit and then they deny you and tell you why they've denied you, and then you have to resubmit. It's very slow." For larger funding programs, nonprofit staff reported feeling nervous and confused at the beginning of the proposal process, as they were not always sure where they should go next. A housing manager of a small-sized organization said, "Communication wasn't great at the beginning, and that didn't help with ... what we did to move forward. I think we could have moved forward faster" (Participant 8). They further elaborated, "It was a bit difficult to get answers from them at the start and when you're in the midst of a program or project like this and the scale of it, having at least some communication as to our potential of getting funding from the National Housing Co-Investment Fund would have been nice, just because then it helps us understand the scale."

Relatedly, some participants noted there seemed to be a lack of information and transparency on the part of provincial and federal governments related to program specifics. One such specific concerned the timing of proposal calls; for example, Participant 2 stated, "It's not really transparent, there's no set schedule of when the request for proposals come out, so it makes it difficult for us to plan and respond to community needs in any kind of really meaningful way." Besides the lack of launch dates for funding initiatives, other common problems mentioned during the interviews were lack of details regarding the priority areas for new funds (including types of tenants and specific regions of the country or within provinces being prioritized by different levels of government), and the amount of funds available. Participant 7, the executive director of an organization involved in housing development with a range of community partners, explained that when "they said 'this fund is different, it has no minimum, and it has no maximum,' we felt very empowered to take a different approach, including with the solar infrastructure, asking for \$65,000 per unit. And then when we had our review with the project officer, they said 'we're looking at giving out \$20,000 per unit.' But that wasn't mentioned anywhere in the application guidelines, and so I think that was disappointing to know that in their minds they have a number, and they weren't willing to share that."

### *Reviewing*

Once proposals were developed and submitted, most participants reported lengthy time periods required for review on the part of the federal government. Among all participating organizations in this research, more than half of them indicated that they experienced up to a year to go through all the stages from beginning to end for federal applications, one-third of them indicated a longer time frame of up to two years, and the rest indicated an even longer length of time. Some participants stated that application approvals that take less than a year is a rarity for CMHC and noted that since RHI applications can get approvals within 90 days, that should set a new target for the federal government. As Participant 8 noted, “hopefully RHI sets a new standard for how fast a project can actually move forward and be successful.”

Participants brought up different reasons to explain this long review period, the first one being the lengthy and detailed requirements mentioned earlier. Second, there was much back and forth to revise and/or add different content, with the executive director of a medium-sized housing provider observing, “Every time you met their criteria, some lawyer or some accountant would look at it, who knows nothing about construction, and then put up more need for documentation, which meant more consultants and more money. And then the ballooning costs were incredible, and the time added was huge” (Participant 9). In addition, Participant 6 commented, “They talk a great story, and they want to see a lot of affordable housing, and we presented them with a project ... and they really got excited when we first dealt with them. But when it came time to start writing cheques and sharing money, they kind of became very slow at decision making.”

### **Program content**

#### *Prescribed terms*

Many participants noted that there was a lack of flexibility on the part of federal and provincial funding programs, both with respect to what nonprofits are required to provide in funding applications and the ability of these organizations to access funds to support local housing needs. With respect to the former, and as an example, Participant 7 noted that they were required to have the architectural design resources to do an application that they would not have spent money on if it was not a stipulation: “You’ve got to get everything on this checklist whether you need it or not to be eligible for the next round of seed funding ... . It’s not sort of tailored to the specific project’s needs.” They also gave an example of a scoring grid that organizations needed to fill out related to proximity to amenities and services where the questions are “designed for a very urban place” and did not fit regions that lack density, and which led their application to receive a much lower score than if they were doing this same project in an urban centre.

As far as what is eligible for financial support, several nonprofit organizations described that their local housing needs were not being well met by new funding programs. Participant 15, a housing practitioner who has been involved with affordable housing and community development programs in various capacities, commented that the government’s job is to make their funding plans fit housing providers’ programs rather than the opposite approach that is being taken right now, especially for communities that have distinctive needs, noting, “there isn’t a lot of flexibility for creativity in how a community responds to its own housing crisis.” They further stated, “Of course, funding has to have mechanisms for accountability and transparency, it has to be able to show re-



sults. But it can't be one size fits all either and I'm not saying that it is completely one size fits all, but there are inflexibilities in the system for sure." Participant 9 noted that although they had significant work that needed to be done to their portfolio of existing, aging housing stock, "We have no money to do what we need to do. The federal program does not address this." Participant 14, the executive director of a small housing initiative, said that despite the backgrounds of the tenants they assist, obtaining funds was a barrier given that "the province has said no to me several times, that they would not fund anything for veterans. They said veterans are a federal priority, and not a provincial priority."

### **Amount and nature of support**

Several participants noted that the financial support available through different levels of government was limited. One issue noted was that the amount of funds available is not keeping pace with inflation and construction costs, especially for non-repayable contributions. Participant 7 noted, "Seven or eight years ago, [the province's] contribution would have been \$40,000 or \$50,000 and the cost to build a unit would have been \$120,000. Now their contribution is \$50,000 and our cost to build a one-bedroom unit is \$200,000 and a two-bedroom unit is \$320,000. So, they've gone from being 1/3 of the cost to 1/4 of the cost, so I think that if the province could increase what they're willing to provide up to \$60,000 or \$65,000 per unit, I think that would make a huge difference." Costs related to requirements around accessibility and energy efficiency of units was also not adequately considered by funders in the opinion of some nonprofit stakeholders; for example, a director of a medium-sized housing association mentioned, "there is a disconnect between the demand, what they want, and what they want to pay for. So, the best way I can relate this as they demand that you build a Mercedes of a building. But then they want to pay for a Kia" (Participant 4).

Funds were also noted to be required for on-going operating costs of the housing that was being built through the initiatives nonprofit sponsors were applying for, not just for bricks and mortar. Participant 10, the executive director of a large housing association, noted, "There's zero operating funding," while Participant 2 noted, "Not only do we need the one time capital subsidy for the purchase and construction or renovation of the housing, but we also need an ongoing operating subsidy ... the one time capital subsidy is not sufficient. It's necessary, but not sufficient. We need also some ongoing operating subsidy to really make this thing make affordable rental housing sustainable for us." Further, supports were needed for tenants to foster their well-being and augment low-incomes. As Participant 2 noted, "The issue is, how do you resource that kind of work, that support? There's not enough. We can't really take it out of the ... rental revenue [because it] does not provide enough income, it just basically covers the costs of providing the housing and so the costs of supports are always, we always have to be cobbling that together by applying for a grant here and there and it's never sufficient and it's never sustainable." Participant 4 admitted, "There isn't enough provincial support dollars for those individuals, which, as I said, comes at a cost for the housing providers."

Many participants identified that the focus on lending versus grant-making was problematic. Participant 11, a director of a large housing organization, stated, " ... the biggest issue we have is that most of the programs are loans." Even though it was noted that the loans provided have some other features such as low interest, long amortization, or even forgivable components, "there's just

not enough equity in this full stop.” For example, one organization said they had leveraged all their assets for a program and, at the end of the day, they received \$30 million for the next 10 years while only 2 percent of it is a grant and the rest is a loan, which forced them to put the project on pause: “They’re not giving money away for housing. They’re loaning money for housing” (Participant 9).

Most of the participants have indicated that the overall funding support from either provincial or municipal government is limited; for example, Participant 8 stated, “That’s just the nature of municipal funding, that there’s only so much money to go around.” Participant 1, a senior housing specialist with a medium-sized housing organization, said that they had to reduce their asks for funding amounts per unit as there was less funding than there used to be, and also they were forced to serve fewer tenants than they would like to: “Because governments have limited funding and they’re splitting the funding pot, they limited [that] funding pot among more groups and units ... I don’t think more units are being delivered, I just think there’s limited funding.” As a final example, Participant 2 noted that although their municipality did make some contributions to their housing projects, including providing a forgivable loan and a tax abatement for a period of five years, additional contributions would help make their housing projects more sustainable, including lengthier abatements and covering local and unplanned development costs such as fire hydrant installation and mitigation measures for runoff.

### **Working across different levels of government**

Almost all research participants noticed gaps between different levels of government, which they indicated made it even harder to secure funding and which also put them in positions where they had to act as brokers and coordinators. Participant 1 summarized this problem with the following statement: “I think when the programs are developed, there’s not a strong understanding of the requirements of the upper-level governments’ funding. For example, I know that when a local level of government develops their own local housing program, although they know what federal programs are being offered, they don’t know how they work.” Participant 13 stated, “They will always ask about the funding from the other level of government and whether or not we’ve inquired about it and with the RHI application we very much had the federal government and the provincial government on different pages in terms of what they felt was a reasonable commitment, and so in that sense, they are both pointing at each other, and there’s a gap, there’s a miscommunication there.”

Having municipal and/or provincial governments participate in projects is key for housing organizations to be able to work with the federal government and get financial support. However, participants indicated that they had often experienced that every level of government wanted to see another level of government come on board before they joined the project. “But it’s always a stand-off,” Participant 2 argued, “because they won’t come on board until somebody else is on board and they all say the same thing ... . It’s impossible to get them on board at the same time, it just is. It’s not the way the intake processes or applications work for housing.” Participant 7 gave a more detailed explanation of the processes as follows: “It’s this dance of trying to get these two levels of government to be patient enough for the other one to come along. The province may say you don’t have your financing lined up, you’re not going to get any funds and then in six months may say your federal financing application has been approved, but since you’ve lost your provincial funding you’re no longer eligible for financing. I would suspect there’s a point down the road at which we’ll have

everyone on a call for a conversation, but at this point that makes our likelihood of success feel precarious, since each [level of government] could point to us as not having the other piece confirmed in time.”

Related to this theme is that several participants noted that they would like to see municipalities more involved in support for affordable housing. As one participant noted, even though the bulk of funding must come from the federal and provincial governments, “the municipality is part of the ecosystem of governance and quality of life and could be [providing] the grassroots leadership rather than ‘plead poverty all the time’ and ‘piggyback off of what’s approved by the province’” (Participant 15).

### **Private, for-profit development**

Several participants reflected that current programs that support new affordable rental housing through both the nonprofit and for-profit sectors were problematic. For example, the Rental Construction Financing Initiative (RCFI), which has the slogan “low-cost loans encouraging the construction of sustainable rental apartment projects across Canada” (CMHC, 2020), has similar rates and terms on the loan portion compared with the Co-Investment Fund. However, Participant 10 mentioned, “the requirements placed on private sector developers through RCFI are almost laughable when it comes to affordability compared to what’s being put in place for nonprofits. I mean, I think that’s out of balance, and [so] either ask them to do something closer to what we’re doing or stop offering them such cheap mortgages.” Under the minimum 10-year affordability term and the requirement that 20 percent of the units have rents below 30 percent of median household income, one participant pointed out, “If I was a developer with a ton of money, and I wanted to get low interest ... I can build a building and only ensure affordable housing for 10 years or so. Many units of affordable housing are 30 percent of the median income, which in [name of city] right now would put a 3- or 2-bedroom at \$2400 a month, which is not affordable for me, so that’s not affordable” (Participant 9).

Participants raised a common concern that private developers can simply raise the rent back to market levels, or sell the units when the affordability term ends, as the primary mission of a for-profit organization is to make profit. This will force renters to move out and seek other affordable units, at which time the pressure is placed on third sector housing organizations once again. Participant 10 stated that she saw that aggressive private developers had already “figured that formula out pretty quick and have had hundreds of millions of dollars in low-interest loans.” Participant 14 commented, “They’re creating a problem that’s going to come back and kick everybody in the head in 10 years’ time. And it’s going to be not-for-profit affordable housing providers who are going to be left holding the bag where suddenly housing waitlists skyrocket because everyone is losing their housing. There’s no rentals in the market [to] take care of it. So it’s not that long term approach, it’s not [a] people-first approach, it’s [a] profit-first approach.”

Participant 14 also pointed out that the RCFI has positioned private sector developers as “the knight in shining armor” that both the state and nonprofit sectors needed to work with, willingly or not, and taxpayers’ money gets funneled to them. Although participants noted that the criticism is not always universally true about all private developers, and there are ones who are trying to help the

community, “they do their stuff well because it sells, but the levels of affordability also don’t even come close to what is needed in the community.”

## DISCUSSION AND CONCLUSION

This research examines the experiences of nonprofit housing providers as they have worked to secure support for affordable rental housing development in three regions of Canada, using the framework of government–nonprofit collaboration to do so. Overall, although the National Housing Strategy has been much lauded as a new period of government investment into the affordable housing sector, findings demonstrate that nonprofit providers face many hurdles in applying for and securing support. As a result, while the pandemic has shone a spotlight on the role of housing in supporting well-being and drawn attention to “building back better,” (CCPA-NS, 2021), as stated earlier, nonprofit providers in this research have struggled to develop projects at all.

Administratively, findings show that many funding programs, and in particular those at the federal level, impose significant barriers in terms of proposal development and approval, resulting in government impacting the very ability for nonprofit organizations to engage in collaboration. These overlap with research conducted on the nonprofit sector more broadly, which identifies that organizations are required to spend much time completing lengthy funding proposals, and this at the expense of delivering programming (Eakin & Graham, 2009; Kemp, 2016). One recommendation is to make available housing development resource groups to deliver technical and proposal development assistance, as were available in a previous era of federal involvement in affordable housing (Suttor, 2017). Others include reviewing all administrative requirements to remove any extraneous supporting documents, and to provide clear information to project proponents at the outset about funding amounts available and any other guidelines and obligations impacting approval success. Related to this, shortening the review stage so that decisions are made as quickly as possible (such as with the RHI) would allow organizations to move more quickly from project feasibility and pre-development to construction.

Data also show that more flexibility is needed for project proponents so they can best address housing need based on their local community and organizational contexts. This again is consistent with extant research on the nonprofit sector in general and constraints imposed by funders (Eakin & Graham, 2009), and goes against one of the reasons why the state is thought to partner with the third sector to begin with (Salamon & Toepler, 2015). Based on interviews, this includes creating different scoring systems and requirements for urban and rural providers, and being more accommodating regarding priority groups and priority geographies for affordable units. Housing organizations also expressed needing to make urgent repairs to existing properties, signaling the need for more targeted and expanded programs specifically for current affordable stock. Given the slow progress in building new nonprofit housing, this would also help stem the loss of existing affordable units, particularly critical in this era of tremendous housing need.

This research also highlights the financial challenges that nonprofit providers experience in building affordable housing, and the mismatch between both the level and kind of financial support available and the goal of third sector providers in supporting marginalized tenants by keeping rents low. While one of the purported benefits of government–nonprofit collaboration is that the latter sector

is able to draw upon the substantial resources of the state, more grants and non-repayable loans from higher levels of government are in fact required for successful partnerships. Beyond this, flexibility is needed on the part of funders so that greater financial support can be provided as costs change; although building costs have been rising since the start of the pandemic, increases that have taken place since interviews were conducted make this recommendation even more urgent.

Another major issue that emerges from the findings is the lack of coordination on the part of different levels of government in terms of developing and delivering programs and offering support for projects. Nonprofits are therefore additionally burdened not only with arduous application processes but with acting as go-betweens and key informants, and projects may be jeopardized while one level of government waits for another to sign on to a project. Development would be facilitated if applications were not dependent on contributions from different levels of government, if funders would accept in good faith that commitments are forthcoming, and if the provincial and federal governments could jointly discuss and review proposal development and funding decisions. As it currently stands, affordable housing development in Canada is a prominent example of dysfunctional federalism.

Data also reveal an unequal playing field between nonprofit and for-profit developers and suggest that governments have perhaps superficial commitments to working with the nonprofit sector in particular. Although the original intention of governments may have been to encourage private developers to become more involved in affordable housing to increase overall stock available, both their requirements and thresholds are comparatively easy to fulfill compared with what is asked of third sector housing organizations. While these injections into private rental housing development may bring some short-term relief to housing markets, particularly for middle-income households in need of rental housing, without fixing the fundamental problem of leveling the playing field for third sector providers, governments risk losing new rental housing stock once agreements with these developers expire, as well as supporting rental markets in which those most in need of deeply affordable units are left out. In the context of housing being recognized as a human right federally and grassroots rights-based movements occurring within other jurisdictions (CCPA-NS, 2021; Mclsaac, 2019), all governments need to level the playing field but also consider focusing more specifically on the third sector in the provision of housing.

The budget announced in 2022 provides hope that improvements will be made to federal housing programs, which will address some of the issues identified in this research; these include some funds to be targeted specifically to cooperatives within the federal Co-investment Fund as well as the launch of another round of RHI development (Government of Canada, 2022b). Research conducted for the National Housing Council that points to shortcomings of funding programs administered by the federal government (Blueprint ADE & Wellesley Institute, 2022) and advocacy done by sector-based organizations may also lead to change (Canadian Housing and Renewal Association, 2022). Affordable housing development must be watched carefully in the next few years if Canadians want to avoid a worsening housing crisis and an increase in the number of those living at risk of homelessness.

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## ABOUT THE AUTHORS

**Aijia Deng** is a graduate student in the MBA in Community Economic Development program at Cape Breton University. Email: deng.ajia6931@gmail.com

**Catherine Leviten-Reid** is an Associate Professor in the MBA in Community Economic Development program at Cape Breton University. Email: catherine\_leviten-reid@cbu.ca

**Luc Thériault** is a Professor of Sociology and Chair of the Department of Economics at University of New Brunswick (Fredericton). Email: luct@unb.ca