

**ADDENDUM TO THE CANADA-QUEBEC HOUSING AGREEMENT**  
**REGARDING THE USE OF THE CANADA HOUSING BENEFIT TO ENHANCE QUEBEC'S**  
**SHELTER ALLOWANCE PROGRAM**

BETWEEN:           **CANADA MORTGAGE AND HOUSING**  
                          **CORPORATION (CMHC)**

AND:                 **SOCIÉTÉ D'HABITATION DU QUÉBEC (SHQ)**  
                          (each a "Party" and collectively the "Parties")

WHEREAS this Addendum ("**Addendum**") concerns Initiative 3 of the *Canada-Quebec Housing Agreement* ("**Agreement**") as provided for in Section 5a thereof;

WHEREAS section 5a of the Agreement provides that the Parties agree that the contributions for the *Canada Housing Benefit* must be used, starting in Fiscal Year 2020–2021, in any Quebec program intended to provide Affordability support directly to households, in particular by exploring scenarios for enhancing Quebec's current Shelter Allowance Program;

WHEREAS the Parties have agreed, for the purposes of using the Canada Housing Benefit in Quebec, on a scenario for enhancing Quebec's current Shelter Allowance Program, particularly with respect to cost sharing, certain readjustments for the most vulnerable households in terms of housing, a gradual increase in the monthly assistance level, and an enhancement of the program's coverage rate;

WHEREAS the anticipated CMHC Funding for Fiscal Year 2020–2021 is the subject of a request to reprofile Initiative 3 funds over the period from the signing of this Addendum through 2028.

The Parties therefore agree as follows:

1. **Parameters:** The parameters set out in this Addendum govern the enhancement of Quebec's current Shelter Allowance Program (that is, the program already in place on the date of signing this document); and this Quebec Shelter Allowance Program, thus enhanced by the application of these parameters; is hereafter referred to as the "**Shelter Allowance Program.**"
2. **Direct Affordability support** The Shelter Allowance Program provides Affordability support directly to Recipients, in order to eliminate, or substantially reduce, the Housing Need. This support is not related to Housing, a Project or a Unit. The Shelter Allowance Program prioritizes Recipients with a severe Housing Need as determined by the SHQ.

3. **Portability:** The Shelter Allowance Program allowance paid in accordance with this Addendum is fully portable within Quebec in order to provide Recipients with more flexibility and choice to relocate without compromising the financial assistance they receive.

4. **Planned adjustments and reviews:**

i. Between the date of signature of this Addendum and March 31, 2028, the parameters of the Shelter Allowance Program will be adjusted gradually in accordance with what is set out in **Schedule A** of this Addendum. Moreover, considering that the CMHC Funding is predetermined from year to year and that Quebec alone will have to cover any cost overruns in the event of a higher or lower participation rate than anticipated, Quebec will use the three-year evaluation, under the powers of the Secrétariat du Conseil du trésor du Québec, to make any change desired by Quebec to ensure the ongoing operation of the program and its compliance with this Addendum. Regarding this review, the CMHC will be informed of and will contribute to discussions on possible options as well as on the final alignment and adjustments.

ii. By mutual agreement, the Parties may agree to review a particular aspect of the Shelter Allowance Program in order to make appropriate adjustments, if necessary. Subject to the preceding provisions of this section, the SHQ may make all current operational adjustments necessary to implement the Shelter Allowance Program.

5. **Reports:** In addition to the provisions set out in the Agreement, the SHQ will submit, once a year, the aggregate data on the Shelter Allowance Program in the SHQ's annual management report, which will contain the information indicated in **Schedule B** of this Addendum.

6. **Visibility and communication with Recipients:** The Communications Protocol set out in Schedule C of the Agreement applies to this Addendum, and a joint announcement will be made following the signing of the Addendum. In addition to what is already provided for in Sections 6 and 8 of the Agreement, the financial participation of Canada and CMHC will be recognized on the SHQ website describing the Shelter Allowance Program. Lastly, each year, a letter will be sent to the Recipients acknowledging the respective contributions of the Parties resulting from this Addendum. The SHQ will liaise with Revenu Québec so that the letter sent to the Recipients once a year recognizes the respective contributions of the Parties.

7. **Entry into force:** This Addendum shall take effect on the date it is signed by the Parties and shall end on the day of the Agreement End Date.

8. **Integral part:** For greater clarity, it is understood that this Addendum forms part of the Agreement. This Agreement applies in its entirety, except as otherwise may be set out

in the Agreement. This also applies to Schedule A of the Agreement, which sets out the information required in the SHQ's claims for each of the Initiatives.

9. **Funding:** In addition to what is already provided for in the Agreement, the following provisions apply to the Shelter Allowance Program:
- i. Commitments of CMHC Funding and Quebec Funding may be made only from the date of signing of this Addendum to not later than March 31, 2028.
  - ii. The Parties agree that, for the period from the date of signature of this Addendum to March 31, 2028, in addition to the amount established as the Quebec Investment in the Shelter Allowance Program as at March 31, 2018 (that is, \$32.5-million annual provincial contribution), the Quebec Funding, reviewed every three years, will be equal to CMHC Funding at the end of the Agreement and will align with what is agreed to in **Schedule A** of this Addendum.
  - iii. Cost-Matched Funding for the Shelter Allowance Program cannot include Funding from other sources or in-kind contributions.
  - iv. The SHQ will ensure that Shelter Allowance Program Recipients do not suffer any negative impact (including a reduction) of other benefits for which they are eligible, such as income security benefits or last-resort financial assistance.

[signature page follows]

**IN WITNESS WHEREOF**, each of the Parties has duly signed this Addendum.

**CANADA MORTGAGE AND HOUSING CORPORATION**

By \_\_\_\_\_  
Romy Bowers  
President and Chief Executive Officer

**SOCIÉTÉ D'HABITATION DU QUÉBEC**

By \_\_\_\_\_  
Jean-Pascal Bernier  
Interim President and CEO

**INTERVENTION**

In accordance with section 3.6.2 and the first paragraph of section 3.8 of the *Act respecting the Ministère du Conseil exécutif* (R.S.Q. c. M-30), this Addendum is a Canadian intergovernmental agreement that, in order to be valid, must be signed by the Minister responsible for Canadian Relations and the Canadian Francophonie, represented by the Associate General Secretary for Canadian Relations, who reviews the commitments set out in this Addendum and declares himself satisfied therewith.

**SECRÉTARIAT DU QUÉBEC AUX RELATIONS CANADIENNES**

By \_\_\_\_\_  
Gilbert Charland  
Associate General Secretary

[SIGNATURE PAGE OF THE ADDENDUM TO THE CANADA-QUEBEC HOUSING AGREEMENT ON THE USE OF THE CANADA HOUSING BENEFIT TO ENHANCE QUEBEC'S SHELTER ALLOWANCE PROGRAM]

## Schedule A

### **Summary of certain parameters related to enhancing the Shelter Allowance Program**

- a) **Name of program** (as defined in Section 1 of the Addendum): Shelter Allowance Program. **Effective date:** October 1, 2021.
- b) **Project description and objectives:** The Shelter Allowance Program provides direct financial assistance to Recipients to reduce their Housing Needs. It is intended for households whose housing costs (renters, lodgers, homeowners) account for more than 30% of their income or for the payment of their mortgage (homeowners). The primary goal is to reduce the gap between the 30% of before-tax household income and the amount spent to access acceptable housing for households not already living in subsidized housing. Starting in Fiscal Year 2022–2023, the Shelter Allowance Program will place special emphasis on households with a higher rent-geared-to-income level (that is, whose monthly rent represents more than 50% of their income) and on the most vulnerable households (80% or more).

The Shelter Allowance Program modulates assistance in order to support households better than the Quebec Shelter Allowance Program already in place at the time of the signing of this Addendum (that is, before the enhancement). On its effective date, the Shelter Allowance Program will support the parameters of the existing Quebec Shelter Allowance Program.

At a minimum, the monthly assistance will be adjusted according to the following scenario:

- Starting in Fiscal Year 2021–2022, the maximum assistance will be increased from \$80 to \$100.
- The Most Vulnerable Populations (as defined in the Agreement) and households (that is, whose monthly rent represents more than 50% of their income).
  - Starting in Fiscal Year 2022–2023, two maximum monthly subsidies will be introduced: \$130 for households with a rent-geared-to-income level of 80% or more (that is, the most vulnerable households), and \$100 for households with a rent-geared-to-income level between 50% and 79.9%.
  - Starting in Fiscal Year 2023–2024, the maximum subsidy amount for households with a rent-geared-to-income level of 80% or more will be increased to \$140 per month, and those whose rent-geared-to-income level is between 50% and 79.9% will be increased to \$120 per month.
  - No later than Fiscal Year 2024–2025, the maximum subsidy amount for households with a rent-geared-to-income level of more than 80% will be increased to \$150 per month, and those whose rent-geared-to-income level is between 50% and 79.9% will be increased to \$130 per month.

The Parties will share information annually on the readjustment of the Shelter Allowance Program.

***Financial projections on a fiscal year basis (April to March)***

Year	Program change	SHQ proposal					INCREMENTALITY					
		Program cost (M\$)	CMHC contribution under the agreement	SHQ contribution (M\$)	CMHC share (%)	SHQ share (%)	Program base 100% SHQ	Incrementality	CMHC contribution under the agreement	SHQ contribution (M\$)	CMHC share (%)	SHQ share (%)
<b>Phase 1</b>												
2021–22	\$80 to \$100 midway+32% part rate	66.46	30.5	35.96	46%	54%	32.5	33.96	30.5	3.46	90%	10%
2022–23	Modernization + \$100/\$130+65% part rate	108.57	39.24	69.33	36%	64%	32.5	76.07	39.24	36.83	52%	48%
<b>Phase 2</b>												
2023–24	\$120/\$140 assistance+75% part rate	155.59	50.88	104.71	33%	67%	32.5	123.09	50.88	72.21	41%	59%
2024–25	\$130/\$150 assistance+85% part rate	190.90	59.01	131.89	31%	69%	32.5	158.40	59.01	99.39	37%	63%
2025–26	None	207.03	78.75	128.28	38%	62%	32.5	174.53	78.75	95.78	45%	55%
2026–27	None	205.54	90.36	115.18	44%	56%	32.5	173.04	90.36	82.68	52%	48%
2027–28	None	204.27	105.58	98.69	52%	48%	32.5	171.77	105.58	66.19	61%	39%
2028–29	None	197.06	-						-			
<b>2020 to 2028</b>		<b>1,138.35</b>	<b>454.32</b>	<b>684.03</b>	<b>40%</b>	<b>60%</b>	<b>227.5</b>	<b>910.85</b>	<b>454.32</b>	<b>456.53</b>	<b>50%</b>	<b>50%</b>

	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	Total
CMHC Funding (\$)	30,498,858	39,235,401	50,874,518	59,003,638	78,745,788	90,357,888	105,581,251	454,297,342
Quebec Funding (\$)	35,960,000	69,330,000	104,710,000	131,890,000	128,280,000	115,180,000	98,690,000	684,040,000
Total funding available (\$)	66,458,858	108,565,401	155,584,518	190,893,638	207,025,788	205,537,888	204,271,251	1,138,337,342
Recipients receiving financial assistance under the Shelter Allowance Program*	58,529	22,602	35,965	9,045	10,544	4,835	4,019	145,270**

\* Increase in the number of Recipients based on new financing and annual turnover.

\*\* The proposed targets are based on the funding profile shown and the previously shared average annual financial assistance amounts. The assumptions include Administration Costs of 7% of the Total Available Contribution and a 3% annual turnover of Recipients.

**c) Community housing:** Recipients who live in Community Housing but who no longer receive housing assistance because of the expiry of Quebec or federal operating

agreements are eligible if they meet the eligibility criteria of the Shelter Allowance Program.

- d) **Vulnerable homeowners:** Where the applicant or, if applicable, the applicant’s spouse is the owner of the Housing, the eligible annual rent for that housing unit is calculated based on a basic lump sum amount for utilities (electricity, heating and maintenance), a proportion of the property taxes, interest on the loan and, if applicable, land rental costs for the dwelling. The SHQ will determine the maximum value limits for eligible properties and inform CMHC.
- e) **Inflationary effects:** The Parties will work together to monitor and mitigate potential inflationary effects. Without changing the priority objectives of the Shelter Allowance Program, the Parties may, jointly, review the determination of the minimum annual rents, the maximum annual rents and the maximum eligibility income based on the family type to which a person belongs; the type of dwelling they live in, or the maximum value of the eligible property in the case of homeowners.
- f) **Cost-Matched Funding:** Cost-Matched Funding will be in addition to the provincial share of the annual base amount of \$32.5 million and will be equal to or greater than the overall amount paid by CMHC between Fiscal Years 2020–2021 and 2027–2028.

**Schedule B**

**Table 1: Affordability Support Provided by the Shelter Allowance Program**

		TOTAL		Annually (in the year of the Report)					
		Number of Recipients between 2020–2021 and 2027–2028	Average number of months of assistance	Number of Recipients	Average number of months of assistance	Average monthly amount of assistance (\$)	Average monthly Housing cost (\$)	Average annual income (\$)	Average reduction in Housing Needs (\$)
Number of Recipients	Tenants								
Number of households in severe Housing Need benefiting from the Shelter Allowance Program	Tenants								
	Vulnerable homeowners								

**Table 2: Shelter Allowance Program Recipients for the Current Year**

	<b>Number of Recipients</b>
Recipients receiving financial assistance under the Shelter Allowance Program for the first time	
Recipients who continue to receive financial assistance from the Shelter Allowance Program (received financial assistance from the Shelter Allowance Program last year and this year)	
Recipients who received financial assistance from the Shelter Allowance Program in a previous year (received financial assistance from the Shelter Allowance Program in a year other than last year and are also receiving it this year)	
Total Recipients this year	
Recipients who received financial assistance from the Shelter Allowance Program last year, but who are not receiving it this year	