



An Affordable Housing Policy for Canada

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1. DECLARATION

Canada's Affordable Housing Policy must support a housing system which can meet the housing needs of all Canadians.

2. BACKGROUND

The housing system in Canada provides housing for Canadians in several forms and tenures, including homeownership (more than 68% of households), private rental housing (more than 25% of households) and social housing (about 5% of households). When the housing system works well, it provides a range of appropriate housing solutions for a diverse population. Unfortunately, the system as a whole has not always functioned well.

As the cost of producing housing in most communities has increased, the income that low and moderate income households have available to pay for housing has not kept pace. Increasingly market rents do not meet the cost of providing rental housing. For several years various government programs were used to stimulate the development of private rental housing, but eventually this component of the market came to a virtual standstill. Now, Canada's purpose-built rental housing stock is aging, and rental housing is being lost due to demolition, upgrading and conversion to owner occupancy.

Beginning in the 1950's a series of social housing programs were funded by federal, provincial and municipal governments to create more than 600,000 homes across Canada. To some extent social housing compensated for the deficiencies in the ownership and private rental sectors and helped to prevent homelessness. It also created mixed income communities that continue to support residents to this day.

In the 1990's federal and provincial governments began to retreat from developing new social housing, including ending programs that require ongoing multi-year subsidy commitments. While there has been some social housing program activity in recent years, it has been smaller in scale and has been in the form of one time grants rather than ongoing support. And, while the existing social housing stock

is aging and requires more funding to maintain a state of good repair, federal funding for that inventory is actually declining due to expiring mortgages, rather than increasing.

The future status of this valuable pool of affordable housing is uncertain. As federal/provincial operating agreements expire, some non-profit operators will be unable to continue providing rent geared to income housing without a continuation of subsidies.

With deterioration in related social policy areas like income support, the social housing component of the housing system has become overburdened. Many Canadian communities continue to see large numbers of people living in unaffordable or inadequate housing (approximately 1.5 million households) and persistent homelessness (estimated at between 150,000 and 300,000 persons). Moderate-income households are having difficulty purchasing a home in some communities. While solutions to address inadequacies in the housing market can require significant investments, the costs of homelessness are much higher.

Some progress has been made. The federal Homelessness Partnering Strategy (HPS) and its predecessor the National Homelessness Initiative (NHI) have helped communities to address homelessness through homeless assistance services and transitional and supportive housing. UN Habitat praised this program as an international best practice. The Affordable Housing Initiative has assisted in creating 27,000 units of non-market housing since 2001.

In the current environment, municipalities, business, community groups and others have worked together to find new ways to meet their community's housing needs. Each has brought resources, tools and new ideas to the table to try to solve very pressing local needs. The pool of resources has expanded as new capacity has been developed at the local level.

THE CASE FOR A HOUSING POLICY

Why is affordable housing important and why is a national housing policy needed? Five rationales can be used to make the case for affordable housing: moral, legal, economic, social and environmental.

Moral: A society is judged by the way it treats its most vulnerable citizens. Housing is a basic human need and a key determinant of health and well-being. A recent poll revealed that the top priorities of Vancouver residents were the intertwined issues of homelessness, poverty and the lack of affordable housing.¹ They feel that in a society as rich as ours, no one should be without an adequate home.

¹ Neal Hall, Vancouver Sun Friday, September 12, 2008.

Legal: In some countries, access to adequate housing is seen as important enough to be enshrined in law as a fundamental human right. Canada has acknowledged this human right in signing various international covenants, including the *International Covenant on Economic, Social and Cultural Rights* which affirms the right of everyone to an adequate standard of living, including food, clothing and housing. By signing the covenant, Canada pledged to *take appropriate steps to ensure the realization of this right*. But this has not been enshrined in Canadian law. The UN Special Rapporteur recently urged the federal government to remedy this² and noted that Montreal has adopted the *Montreal Charter of Human Rights and Responsibilities*, which contains commitments to ensure access to affordable and appropriate housing.

Beyond the moral and legal cases, there are economic and social rationales for investing in affordable housing. These arguments can be framed as benefits (the effect of action) or costs (the effect of inaction). Costs or benefits may be measurable or they may be intangible and they can have differential impacts depending on who the recipient is: the individual and family or the community and society.

Economic: Housing is a significant part of household and societal economies. For individuals and families that become homeowners, buying a home is often the single largest investment they will ever make and, for many, the asset can be the basis of their retirement income. Housing is often the largest single household expense. For a growing number of low and moderate income Canadians, the cost of housing has become a significant burden, consuming more than a third, and in many cases more than half, of all household income. Recent events in the US have underlined the major role of housing in the economy. At the societal level, social housing is a critical component of municipal infrastructure, with a multibillion-dollar value.

Benefits

New housing construction has a significant direct economic impact. For every new home built, approximately 1.2 person years of employment are generated on site, with an additional 1.8 person years off site in indirect employment.³ For this reason, governments can use investment in housing as a way to stimulate the economy during recessions. Government investment in rental housing has benefits over other forms of infrastructure spending in that it levers capital from other sources. While a dollar invested by government on building a bridge generates a dollar in construction activity, a dollar invested in affordable housing may generate three or four times that amount due to the additional contributions made by

2 Miloon Kothari Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non discrimination in the context. Mission to Canada. UN February 17, 2009

3 Steve Pomeroy, Focus Consulting *The Role of Affordable Housing in Economic Stimulus Plan* produced for the Federation of Canadian Municipalities, 2008

owners and municipalities in mortgage financing and equity. As well, the portion of the cost of rental housing that is paid for through rents increases the economic impact of government spending by 25% or more. The investment in rental housing construction also creates ongoing employment and economic benefits related to the management and maintenance of the housing.

Investing in the upgrading of older rental housing to extend its useful life and efficiency also has the potential to advance climate change goals. Energy retrofits can benefit lower income households through reduced utility costs and the creation of green jobs.

Access to affordable housing benefits the business community. Areas with high relative housing costs can face difficulties in attracting and retaining service sector workers, as well as key workers like police and teachers. The resort municipality of Whistler is an example of a jurisdiction that has implemented an “essential worker” housing program in recognition of the critical role these employees play in the local economy.

Cost savings

Investments in affordable housing can reduce costs elsewhere in the service system. Households who are forced to live in overcrowded or inadequate housing or in marginalized neighbourhoods are more likely to experience health problems and risks to safety, and to require greater social service support.

At the extreme end of the spectrum, failure to invest in the housing system can result in people becoming homeless. Research shows that homeless people are more frequent users of costly emergency services, such as shelters, ambulances, hospitals and correctional services. While it is hard to measure the real cost of

...the “health, safety and dignity of homeless Albertans are compromised every night; and every day the cost to Albertans keeps rising.” The new 10 year plan promises to save taxpayers \$3.3 billion over ten years by investing \$3.3 billion (in the housing system), while ending homelessness in the province.

A Plan for Alberta: Ending Homelessness in 10 Years, 2008

homelessness, the cost to provide services to homeless people can be tens of thousands of dollars per person each year. The cost to Canadian taxpayers to support a Canada-wide homeless population of 150,000 people could be several

billion dollars annually. And, for this, homelessness is not eliminated, just managed.

The cost of inaction is higher than the cost of providing housing. A number of studies have shown that investment in providing housing for people who are homeless actually saves the government money in related costs. For example, the cost of providing a social housing unit is \$25 to \$31 per day compared to an emergency shelter bed at \$69 per day, a jail cell at \$143 per day and a psychiatric inpatient bed at \$665 per day.⁴

Social: Good housing is an important determinant of well being for individuals and communities. A home provides a foundation for healthy living, offering the stability that enables people to work, play, get educated, form relationships, nurture children and participate as citizens. These social functions all contribute to economic self-sufficiency. For example, it has been demonstrated that residential stability and good quality housing can have positive effects on academic performance, with subsequent impacts on earnings. And for chronically homeless people with complex needs, *Housing First* initiatives have demonstrated that stable housing is a pre-requisite to achieving positive outcomes in other areas of life, including physical and mental health, addiction and access to social services. A range of housing types, tenures and costs also ensures diversity and creates safe, healthy and inclusive neighbourhoods with a high quality of life for residents.

Environmental: Affordable housing can contribute to sustainable communities. Some affordable housing providers are leading the movement toward “green” living while improving affordability. For example, BC Housing and the BC Non-Profit Housing Association (BCNPHA) were joint recipients of BC Hydro’s Conservation Partner of the Year award. The award recognizes the energy-efficiency retrofits BC Housing has made and continues to make in partnership with BCNPHA members as well as the building standards adopted for all new building developments which make the public and non-profit housing stock significantly more energy efficient.

Summary

Markets left to their own devices are not the solution to the housing issues facing Canadians. As the demand for rent geared to income assisted housing in many communities continues to be far in excess of the supply, there is a growing gap between what people can afford and the cost of homeownership and market rental housing. A growing number of people are paying too much of their income for housing or living in housing that is overcrowded or in poor repair.

⁴ City of Toronto, Shelter Support and Housing Administration – Cost Savings Analysis of the Enhanced Streets to Homes Program, January 2009 <http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-18574.pdf>

Recognizing the compelling arguments for investment in adequate and affordable housing and the demonstrated costs of inaction, Canada should have a comprehensive national housing policy designed to facilitate each component of the housing system: homeownership, private rental housing and social housing, using a variety of measures to build healthy and sustainable communities.

Canada does not have a comprehensive policy. Some measures have been implemented to support parts of the housing system. Measures are in place to promote homeownership, including the Registered Home Ownership Savings Plan and the exemption of a principal residence from capital gains tax. The federal-provincial/territorial Affordable Housing Initiative stimulates the development of some “affordable housing” through a capital grant program, but it does not address the affordability problems of very low income households. This initiative has been supplemented by an economic stimulus spending program that is helpful, but is not intended to be ongoing.

An affordable housing policy will build on the range of benefits: moral, social and legal, as well as economic and environmental, and ensure the effective functioning of the housing system to provide adequate and affordable housing for all people. It will work both to end homelessness and to prevent future homelessness.

In a policy that is based on investment in the housing system, the role of governments is to invest the resources and provide the tools needed. This means building on and expanding the existing federal housing and homelessness initiatives like the Homelessness Partnering Strategy and the Affordable Housing Initiative.

4. WHAT IS THE NATIONAL AFFORDABLE HOUSING POLICY?

The National Affordable Housing Policy should support the housing system to meet the needs of all Canadians.

An affordable housing policy for Canada should ensure that the ownership, rental housing, social housing and emergency shelter components of the housing system all function well and contribute to a range of appropriate housing solutions for a diverse population, including very low income Canadians and people with special needs.

The healthy functioning of the housing system can be measured against parameters of adequacy, suitability, affordability and sustainability. As well, a healthy housing system should ensure a sufficient supply of each of the components of the housing system relative to identified needs.

The housing system exists independent of government, but governments at all levels can influence its healthy functioning. Many other players are involved,

including private citizens, the home building industry and the non-profit sector. The various levels of government can support the healthy functioning of the system through planning, regulation and resource allocation. Maintenance of the housing system will involve monitoring and identification of barriers to its healthy functioning and taking steps to address these barriers.

The housing system functions primarily at the local community level. The local community, including consumers or citizens, social agencies and civil society, business people, home builders and municipalities (including municipal planners), should work together to determine needs and to define the most appropriate ways to ensure that those needs are met.

In a housing system approach, all Canadians are the target population. If the housing system is not meeting the needs of a particular population, support is needed. Populations less well served by the present system include Aboriginal households, female-led single parent families, single persons, youth, people with disabilities, new immigrants and seniors. Priorities must be set locally, considering the range of needs and the types of housing solutions available.

The support mechanisms selected will depend on the needs of the particular population, including:

- People who are homeless or at risk of homelessness
- People who live in housing which is inadequate or unaffordable
- People who are unable to afford the step from rental to homeownership.

5. PRINCIPLES OF A NATIONAL HOUSING POLICY

- Adequate housing is a basic necessity of life and a fundamental human right. Ensuring that all Canadians have access to adequate housing must be a national priority.
- Housing is a key determinant of health, a driver of the economy, a necessary part of any solution to homelessness, the foundation for individual functioning in society, and an important element of a sustainable community.
- All levels of government must commit to ensuring a healthy housing system.
- Federal and provincial governments must provide stable long-term financial investments and support mechanisms based on the needs identified in local communities.
- Federal and provincial government investments must be provided in a flexible manner that is responsive to unique community needs, including the needs of aboriginal communities, and that is accountable to broad

system goals. They must respect the differences in the way housing is delivered in different provinces and territories.

- Local decision-makers must determine the range of needs in the community and identify the range of housing types and tenures appropriate to meet that need. The local community should also identify the social supports that are needed to help people to maintain housing and to support healthy community development. The mix of investments and tools needed to address local needs and individual circumstances should be determined locally.
- Solutions should be evidence based and outcome focused; local system maintenance needs to include mechanisms for monitoring and evaluation of outcomes relative to the goals and intentions of the various government investments.

Where the local community lacks the capacity to organize for housing system maintenance, the provincial or territorial government (or other entity) can play a facilitative role – providing expertise and resources as available to support local system maintenance.

6. TYPES OF GOVERNMENT SUPPORTS

Supporting effective system functioning will require a broad range of mechanisms provided by various levels of government. The mechanisms can include legislation, regulation and financial investment.

Mechanisms can include:

- Improvements in income maintenance systems to enhance the resources that households have available to meet housing costs
- Eviction prevention measures
- Measures to ensure the sustainability of existing affordable and social housing
- Investment in repair and maintenance of existing housing
- Planning measures to enhance affordable housing development including increased density, inclusionary zoning, planning policy statements, streamlining of approval processes, etc.
- Tax measures designed to encourage development of particular forms of housing or retain/maintain existing housing
- Reduction or waiver of fees and charges normally levied on residential construction, and accelerated approval processes

- Investment in development of new housing through capital grants or ongoing operating subsidies
- Addressing affordability through subsidization of existing housing or provision of allowances to low income individuals
- Investment in research and development of innovative and creative solutions

For some people, including some people who are experiencing homelessness, the adequacy of the housing may need to be addressed by providing support services to address special needs or to enable the person to live independently in the community. Such supports, which may be provided through partnerships, can include health, education, employment or legal services.

7. ROLES AND RESPONSIBILITIES

- To avoid getting bogged down in jurisdictional finger pointing between governments, federal and provincial /territorial responses to local community needs can be unilateral.
 - Matching funding should not be a precondition of funding by either level of government, unless joint objectives are articulated.
 - Ideally governments will not duplicate or work at cross purposes with one another – they can be independent and complementary.
 - Where collaboration between the levels of government happens it can enhance the effectiveness of planning and interventions and increase the resources available.
- The planning and implementation roles in system maintenance are undertaken at the local level. Development of local community plans (identifying needs, prescribing solutions and defining outcomes) occurs in the context of housing investment by provincial and federal governments.
- Where the federal and provincial/territorial governments attach conditions to their investment of resources – negotiation of these conditions needs to happen both at the local community and at the national and provincial level.
- The private sector, the non-profit sector and civil society should be active partners in local community plan development and in sector level negotiation of government investments and interventions.
- Ongoing evaluation and outcome measurement needs to be built into community plans and into federal and provincial resource allocations.

- The Canadian Housing and Renewal Association, in partnership with provincial, territorial and local housing sector organizations, will provide support. This will include policy advice and advocacy with all levels of government, particularly the federal government. CHRA will continue to provide a range of forums and mechanisms for information sharing, identification of best practices and creative and collaborative problem solving.

8. CONCLUSION

Ensuring that all citizens have a decent and secure place to live and can contribute to the social and economic life of their community is a responsibility shared between all levels of government and local communities. By working together we can improve the functioning of the housing system for the benefit of all.



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