

Housing and Neighbourhoods



ALTERNATIVE
FEDERAL BUDGET
2017

HOUSING AND
NEIGHBOURHOODS

HIGH STAKES

- Over the past 25 years, the federal government has played an increasingly limited role in creating affordable housing, and Canada's current proportion of social housing units is far below the OECD average.
- Hundreds of thousands of low-income families are on waiting lists for subsidized housing. Some become homeless while they wait.
- Vulnerable subpopulations are at risk because they lack supportive housing.
- Indigenous people who are in core housing need or homeless are overrepresented compared to the rest of Canada.

CLEAR CHOICES

- Invest \$1 billion annually to preserve existing social housing units.
- Permanently increase funding for the Investment in Affordable Housing program by an additional \$1 billion annually.
- Provide \$1 billion annually for supportive housing, focusing on the most vulnerable sections of the population.
- Invest in on-reserve housing.

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Background

A strong federal government role in creating affordable housing is vital for multiple reasons. First, low-income households (particularly households relying on social assistance) simply can't afford the monthly rent required of most types of housing on the private market. Second, high-growth areas of cities (especially new suburbs) can't rely on private developers to create apartment units needed by workers (who in turn are needed by those same communities, especially in the service sector). Third, it's important that non-profit entities own and

operate housing, as non-profit ownership keeps rent levels down over the long term and creates public assets in the process.¹ Finally, when it comes to vulnerable subpopulations (including persons with mental health problems, persons living with HIV/AIDS, and seniors), non-profit entities are effective at creating buildings that can foster community development.

From the 1960s until the late 1980s, Canada's federal government played a very active role in creating housing for both low-income and middle-income households.² Always in partnership with the private sector, the federal government typically cost-shared

the development of new housing units with provincial and territorial governments. Tenants were in turn charged an amount they were deemed able to afford – typically 30% of their gross monthly income. As a result, as many as 25,000 new subsidized housing units were created across Canada each year. Low-income households who sought subsidized housing often received it within months, and very few individuals were homeless compared to today.³

In the early 1990s, with the onset of neo-liberalism,⁴ the government withdrew from housing (with the exception of on-reserve housing). Although the government got back into the housing game in 2001 when it started to build some subsidized units through the Affordable Housing Initiative (now known as the Investment in Affordable Housing program), its role in creating new subsidized housing units remains much less pronounced today than it was in the 1970s and 1980s.

In recent years real estate speculation and the growing drive for investment has driven a perception, within both the public and government, that housing is a commodity. Today, wait lists for subsidized housing are growing and thousands of Canadians spend each night in emergency shelters.⁵

There is a strong push to base the National Housing Strategy on Canada's international human rights obligations through which the federal government will provide leadership on the right to housing. The National Housing Strategy should have specific targets, timelines, and reporting mechanisms to ensure accountability. Input from

those with a lived experience of poverty is also critical.

In the current federal government's first budget, housing made a comeback – although a modest one compared to the 1970s and 1980s. The Trudeau government announced \$1.3 billion in new federal funding for housing for 2016-17, and \$956 million for 2017-18. That's an average of just over \$1 billion in new federal funding per year over a two-year period. Although this is a respectable start, this year's AFB will go well beyond the current federal government's spending levels for housing. It will spend \$3 billion on new funding, creating jobs in the process and making those investments permanent annual funding. While \$3 billion in new spending may sound ambitious to some, it would merely bring us back to the levels of housing creation we had in the early 1980s. In relation to the rest of the OECD, Canada would move from being a laggard to a leader.

How a Shortage of Affordable Housing Affects Canadians

Research on affordable housing and homelessness tell us four important things. First, inadequate housing has a profound impact on the lives of children: a considerable number of babies are born to women experiencing homelessness in Canada each year⁶ and a family's housing situation has a major impact on whether children are taken into the care of child welfare officials.⁷ Second, people experiencing homelessness have considerably more physical and mental health problems than the general popula-

tion.⁸ Third, it is typically cheaper for governments to keep a person in subsidized housing than it is for that person to remain homeless.⁹ Fourth, most homeless people, once provided with adequate housing, will remain housed.¹⁰

Housing for Indigenous Peoples

The Department of Indian and Northern Affairs Canada¹¹ first developed its on-reserve housing subsidy program in the 1960s, providing capital grants for both the construction of new units and the renovation of existing units. However, it provided no funding for maintenance once new units were built. In the 1970s, the Canada Mortgage and Housing Corporation initiated a new on-reserve housing program called the Non-Profit Rental Housing Program, which provided band councils with loan financing and subsidies to build and operate housing.¹²

Most of the units designated as off-reserve housing for Indigenous households were built via one of two programs between 1973 and 1993.¹³ Housing in communities of fewer than 2,500 fell under the Rural and Native Housing Program,¹⁴ while housing in communities of more than 2,500 fell under the Urban Native Non-Profit Housing Program. The former was not exclusively targeted to Indigenous peoples, while the latter was. The federal funding provided under the Urban Native program is to help operate the units each year and to help pay mortgages. Most of the funding agreements spanned between 25 and 50 years. When the funding agreements end (some have already started to expire), most of these units will be non-

viable — the ongoing costs to operate them will be more than the rent that tenants currently residing in them are able to pay. While the issue of expiring operating agreements is a concern for Canada’s social housing sector in general, it is an especially serious concern for units created under the Urban Native program because these units typically house lower-income tenants (and therefore require a deeper ongoing subsidy).¹⁵

As of 2011, 19% of Indigenous households living off-reserve and almost 34% of Inuit households were in what is called “core housing need”.¹⁶ In contrast, the figure for Canada as a whole was just over 12%.¹⁷ When it comes to absolute homelessness (i.e., people staying either in emergency shelters or outside), Indigenous peoples are vastly overrepresented in Canada’s cities.¹⁸

AFB Actions

Preserve existing social housing stock.

Action: The AFB will provide \$1 billion to provinces and territories to help maintain existing social housing units.

Result: On average, \$100,000 will preserve an existing unit over a 25-year period. Put differently, this investment will preserve 10,000 units and give them 25 years of additional life. Three types of units are especially vulnerable to expiring agreements: units created under the Urban Native program, public housing units, and units in northern areas of Canada. We assume no cost-matching from provincial/territorial governments.

Expand and redesign the Investment in Affordable Housing Program.

Action: The AFB will invest \$1 billion in the IAH program, over and above current spending levels. The program will be redesigned so that all units created under it remain affordable over at least a 25-year period (rather than the current 10-year requirement).

Result: Between 10,000 and 15,000 new units of housing will be created annually. A \$100,000 capital grant from the federal government combined with \$100,000 in matching funds from the provincial/territorial government will create one unit of affordable housing for a very low-income person. Some of the housing created in this program will involve “income mix” (i.e., housing for both low- and mid-income households in the same building). A unit for a mid-income household would require just a \$50,000 capital subsidy from the federal government (assuming a matching provincial/territorial contribution). Priority will be given to northern regions of Canada, especially Nunavut, where building costs are higher.

Invest in supportive housing.

Action: The AFB will invest \$1 billion in new spending specifically on supportive housing (including professional support staff) for vulnerable populations.

Result: 5,000 new units of housing will be created annually. The federal government would provide capital grants of \$200,000 per unit. A strong focus should be placed on Indigenous peoples living off-reserve, women, LGBTQ2S populations, people with physical

disabilities, and seniors. Provincial and territorial governments would be expected to pay for ongoing professional support staff.

Renew investment in on-reserve housing.

Action: The AFB will make substantial investments in on-reserve housing and will direct Indigenous Affairs and Northern Development Canada to consult on a nation-to-nation basis in discussing the details. Strong emphasis will be placed on cultural appropriateness and environmental sustainability. See the First Nations chapter for further details.

Notes

1 Falvo, N. (2016, November 5). *The privatization of social housing* [web log post]. Retrieved from Progressive Economics Forum website: <http://www.progressive-economics.ca/2011/11/05/the-privatization-of-social-housing/>

2 Pomeroy, S., & Falvo, N. (2013). *Housing policy in Canada under the Harper regime*. Retrieved from Focus Consulting website: <http://www.focus-consult.com/wp-content/uploads/2014/07/PomeroyFalvoThe-Harper-Years-ENHR-with-table.pdf>

3 Falvo, N. (2009). *Homelessness, program responses and an assessment of Toronto's Streets to Homes program*. Retrieved from Canadian Policy Research Network's website: <http://www.cprn.org/doc.cfm?l=en&doc=1979>

4 Stanford, J. (2014). Canada's transformation under neoliberalism. Retrieved from *Canadian Dimension* website: <https://canadiandimension.com/articles/view/canadas>

5 Adamo, A., Klodawsky, F., Aubry, T., & Hwang, S. (2016). *Ending homelessness in Canada: A study of 10-year plans in 4 Canadian cities*. Retrieved from St. Michael's Hospital website: <http://www.stmichaelshospital.com/pdf/news/20161010.pdf>

- 6** Bernstein, J. (2013). Creating a system to record the number of children born to under-housed mothers in Toronto. Retrieved from Homeless Hub website: http://www.homelesshub.ca/resource/creating-system-record-number-children-born-under-housed-mothers-toronto?_ga=1.32319800.766122723.1470164260
- 7** Chau, S., Fitzpatrick, A., Hulchanski, J. D., Leslie, B., & Schatla, D. (2009). Chapter 1.3: One in five...Housing as a factor in the admission of children to care. In J. David Hulchanski, Philippa Campsie, Shirley Chau, Stephen Hwang and Emily Paradis (eds.) *Finding Home: Policy Options for Addressing Homelessness in Canada*. Toronto: Cities Centre, University of Toronto.
- 8** Khandor, E., Mason, K., & Cowan, L. (2007). *The street health report 2007*. Retrieved from Street Health website: <http://www.streethhealth.ca/downloads/the-street-health-report-2007.pdf>
- 9** Gaetz, S. (2012). *The real cost of homelessness: Can we save money by doing the right thing?* Retrieved from Homeless Hub website: http://homelesshub.ca/sites/default/files/costofhomelessness_paper21092012.pdf
- 10** Falvo, N. (2014, April 24). 10 'take aways' from the final report of the At Home/Chez Soi study [Web log post]. Retrieved from Homeless Hub website: <http://www.homelesshub.ca/blog/10-%E2%80%99take-aways%E2%80%99-final-report-homechez-soi-study>
- 11** This department has gone through multiple name changes in the past several decades. Today, it is known as Indigenous and Northern Affairs Canada.
- 12** Devine, G. (2004). Chapter 23: Aboriginal Housing in Canada. In J. D. Hulchanski, & M. Shapcott (Eds.), *Finding room: Policy options for a Canadian rental housing strategy* (pp. 343–356). Toronto: Centre for Urban and Community Studies, University of Toronto.
- 13** National Aboriginal Housing Association. (2009). *A time for action: A national plan to address aboriginal housing*. Retrieved from National Aboriginal Housing Association website: <http://www.aboriginalhousing.org>
- 14** Approximately two-thirds of units created under the Rural and Native Housing Program are now home ownership units (National Aboriginal Housing Association. [2009]. *A time for action: A national plan to address aboriginal housing*. Retrieved from National Aboriginal Housing Association website: <http://www.aboriginalhousing.org>).
- 15** National Aboriginal Housing Association. (2009). *A time for action: A national plan to address aboriginal housing*. Retrieved from National Aboriginal Housing Association website: <http://www.aboriginalhousing.org>
- 16** A household is said to be in “core housing need” in Canada when it is either forced to pay more than 30% of income on housing, lives in housing requiring major repairs, or lives in housing with too few bedrooms given the size of the household.
- 17** Canada Mortgage and Housing Corporation. (2014). *Canadian housing observer 2014*. Retrieved from <http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/>
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