Housing first, but affordable housing last

The Harper government and homelessness

Carey Doberstein and Alison Smith

THE HARPER GOVERNMENT has a mixed record on homelessness and affordable housing. On one hand, the government came to support evidence-based policy innovations such as Housing First. On the other, and perhaps more importantly, it still refuses to acknowledge the federal role in addressing the affordable housing crisis in Canada. In other words, since taking the helm in 2006, Prime Minister Harper’s record on homelessness is characterized by incremental policy changes to existing programs launched by his predecessors, accompanied by scaled-back funding in critical areas such as the Homelessness Partnering Strategy (HPS). The government’s overall record on homelessness in Canada is, therefore, of a holding pattern, which serves to manage homelessness without making any meaningful progress toward ending it.

Two main programs constitute the Harper government’s policy on homelessness and affordable housing: the Investments in Affordable Housing (IAH) program and the HPS. Both share significant characteristics with predecessor programs introduced by the Liberal government in the late 1990s and early 2000s. All of the Harper government’s measures represent a limited re-entry by the federal government into the area of homelessness and affordable housing after the Chré-
The Harper government made drastic cuts to the construction of new social housing in the mid-1990s. Prior to these cuts, the federal government played a major role in the provision of affordable housing in Canada, partnering with provincial housing agencies to build tens of thousands of units of affordable housing annually across the country. Today, there are over 600,000 units of social housing across Canada, the vast majority of which were built between the end of the Second World War and the early 1990s.

Under the Liberals, annual construction of new social housing was reduced to nearly zero by 1996. But the expenditures cleared from the government’s balance sheet soon appeared at the local and provincial level in the form of exploding health and social services costs when the homelessness crisis appeared in the late 1990s. Indeed, leading researchers in Canada pinpoint the origins of the homelessness crisis in Canada to the massive federal government cuts to affordable housing provision in the 1990s and the welfare retrenchment that followed. Following this crisis, which was in large part the Liberal government’s creation, the federal government tiptoed back into the area of affordable housing with the Affordable Housing Initiative (AH1) from 2001–2011. Under this initiative, the government entered into bilateral agreements with all provinces to provide relatively modest contributions to affordable housing projects.

The AH1 directly invested in affordable housing in partnership with provincial governments. But the program was very modest, with $124 million invested annually by the federal Liberal government. The AH1 has since been renamed the Investment in Affordable Housing (IAH) program, and the available funds were doubled by the Harper government in 2011 to $250 million annually until 2019. Though a substantial increase from previous Liberal government commitments to affordable housing, this is still orders of magnitude less than what is required to address the problem. For example, the entire province of British Columbia receives $30 million annually from the Harper government to invest in affordable housing through the IAH. To put this in context, the provincial government’s contribution alone to affordable housing in B.C. in 2013 was $421 million, meaning the federal government commits less than 7% of the total expenditures related to housing. Experts and advocates argue that the expanded IAH under the Harper government is not even half of what is required to adequately address Canada’s vast affordability deficit.

The HPS, in contrast, is not an affordable housing program; rather, local investments typically include homelessness services such as drop-in centres, addictions programs, and other supportive measures. In fact, municipalities are not permitted to use HPS funds toward the construction of affordable housing, which the federal government (back to Chrétien’s days) maintains is the primary responsibility of the provinces. These HPS funds therefore may not be used by municipalities to...
make up for inadequate provincial government spending on affordable housing. In any case, the funds allocated to each municipality via HP$ are insufficient to actually construct housing, which costs from $150,000 to $200,000 per unit to build.7

The HP$ is likewise a manifestation of the Conservatives’ perspective on the role of the federal government as facilitator or catalyst, not the primary funder, with respect to homelessness and housing. In 2007, the HP$ replaced the National Homelessness Initiative (NH$I), created by the Liberal government in 2000, though this was initially little more than a name change. The fundamental features of the program remained the same: the federal government offers a small pot of money to 61 designated cities and communities across the country to assist them with devising homelessness plans, and funding projects and programs that respond to the unique conditions of homelessness at the local level. HP$ dollars must be matched by investment at the local level, either from provincial, local or community partners, and thus become a mechanism to spur further investment from other orders of government. Notably, the HP$ bypasses the provincial governments entirely (unlike the IAH), and the federal government engages directly with municipal governments and community organizations. As municipalities are the constitutional responsibility of the provinces, direct federal engagement with local governments has not been without controversy.8

Through two phases of the HP$ (the first for two years and a renewed program for three years), the federal government transferred $135 million annually to the local level from 2009–2014. This is a slight reduction from the contribution of the preceding NH$I under Liberal governments. The HP$ was recently renewed by the Harper government until 2019, a five-year commitment, which represents the longest phase of guaranteed funding for local communities under this program, though at a further reduced annual investment of $119 million. The federal government divides these limited dollars among 61 cities, and there is a separate envelope for dozens of urban Aboriginal communities within the designated cities. The money does not go far: for example, Metro Vancouver receives just $8.2 million annually from HP$. To put this in context, just one of the affordable housing projects currently being constructed in Vancouver with 147 units required $45 million in capital expenditures and will cost nearly $1 million annually to operate. This project is funded by the province, the City of Vancouver and the Streetohome Foundation.

Not only is the investment from the Harper government’s HP$ lower than what experts estimate is required to address homelessness in a systematic way, but its value has in fact eroded considerably since the program was first introduced in 2000. Just to keep up with inflation, the HP$ should have been raised to $165 million per year. As a result, there is effectively a $45 million per year gap from what
the already paltry investments were under the homelessness initiatives of previous Liberal governments.

Though armed with precious few resources, a key strength of the Harper government’s early version of the HPS was that it preserved flexibility for cities to organize HPS governance and allocate investments (with the exception of maintaining the pre-existing “no affordable housing” restriction). The federal government deferred to the local level on how to prioritize investments (e.g., what share of funding should go to homelessness prevention efforts versus temporary shelters). This has since changed, as the Harper government became more prescriptive with respect to how cities prioritize and invest their HPS dollars since 2013. In particular, the government has shifted toward the Housing First philosophy. The new policy prescription demands that HPS cities and communities allocate at least 65% of their funds toward projects aligned with Housing First principles. Harper sacrificed the flexibility that once defined the program, and his own historical preference to not dictate social policy in provincial and local jurisdictions. This policy shift corresponds with the conclusions of a major cross-city study conducted by the Mental Health Commission of Canada called Chez-Soi/At-Home, described in greater detail below.

The Harper government also announced in 2015 it would be funding nationally co-ordinated point-in-time counts across countries. The government will be making new funding available to communities who wish to conduct a point-in-time count of the homeless population, though it is not mandatory. Point-in-time counts are a valuable source of information about the local homeless population, and while they are not well suited to understanding hidden forms of homelessness such as couch-surfing, they provide community groups and advocates with crucial data regarding the chronically homeless population. The Harper government should be applauded for this, and for recognizing the evidence behind Housing First.

**Housing First under the Harper government**

According to the Homeless Hub and the Canadian Observatory on Homelessness, Housing First is “a recovery-oriented approach to homelessness that involves moving people who experience homelessness into independent and permanent housing as quickly as possible, with no preconditions, and then providing them with additional services and supports as needed.” Many advocates and academics argue this move toward Housing First is a significant break with past responses to homelessness taken by the federal government. Tim Richter, head of the Canadian Al-
liance to End Homelessness, said “the policy shift...is going to radically overhaul Canada’s response to homelessness.”

Earlier policy and programmatic responses to homelessness are sometimes referred to as “treatment first” or the “staircase” model. These responses require that homeless individuals be “ready” for housing; they must first address any addictions or mental health issues they are living with. Individuals are expected to do this either in an emergency shelter or while in transitional supported housing. Once these issues are addressed, the person is deemed suitable to be admitted into social housing. Housing in this approach is often abstinence-based, meaning treatment for addictions must first be completed and the person must remain clean and sober to maintain their housing.

Housing First, in contrast, puts safe, secure, affordable housing at the beginning rather than at the end of an individual’s transition out of homelessness. Barriers to accessing and keeping housing, such as sobriety, are eliminated. Intensive wraparound services are then offered by service providers with the aim of helping the person become more stable and ultimately to re-integrate into the community. Individuals are offered several types of social support — all recover-oriented — and choose which among them they feel they need. Where possible, people are also able to choose the neighbourhood and apartment where they want to live. This is, of course, very much dependent on the local housing market and availability of adequate and affordable housing.

Because individuals have choice in where they live, Housing First programs tend to use a “scatter site” model of housing. Rather than congregate housing, which places many high-needs or low-income people in a single purpose-built social housing complex, Housing First typically places individuals in private market apartment buildings. To ensure people are not evicted due to an inability to pay their rent, Housing First programs often rely heavily on rent supplements, which ensure that a person will only pay approximately 30% of their monthly income on rent.

This approach was first broadly implemented in New York City through the Pathways to Housing program in 1992. As is the case with other Housing First programs across Canada and the U.S. that have built on the New York model, Pathways prioritizes chronically homeless individuals living with serious mental health issues and/or addictions. In Canada, the first Housing First program to be broadly developed and implemented is Toronto’s Streets to Homes program. Implemented under Mayor David Miller in 2005 following the eviction of a number of people from Tent City, Streets to Homes has been a Canadian and worldwide leader not just on how to house people, but also how to provide them with appropriate support. Though the program has demonstrated success in helping many chronically homeless people access and maintain housing, the severe lack of safe, adequate,
affordable housing in Canada’s largest city makes it difficult for the program to do more than manage homelessness.

Despite the recent rhetoric from political leaders about the novelty of Housing First, many long-time advocates for the homeless in Canada argue that the idea of putting housing at the centre of the solution to homelessness is not such a new idea. Advocates in Toronto ran projects that guaranteed safe and permanent housing to homeless individuals in the 1980s, a notable example being Homes First.20 Likewise, the Federation of Non-Profit Housing Providers of Montréal (Fohm)21 has long believed in the importance of putting housing at the beginning of an individual’s transition out of homelessness, and has conducted studies and reports regarding the success of the approach of permanent (social) housing with support since the 1990s.

That safe, permanent housing is important to ending homelessness is thus neither a revolutionary idea nor is it, in principle, terribly controversial. But, as is often the case with social policy, the devil (for some) is in the details of implementation. Because Housing First promises to “rapidly rehouse” people experiencing chronic homelessness, there is a significant, if not exclusive, dependence on the for-profit private sector for housing. The reality in Canada is that social housing waiting lists are extremely long in many large urban centres, and the application process can be confusing or overwhelming. In Toronto, for example, there are more than 90,000 people on the wait list for affordable housing. It so large that Michael Shapcott of the Wellesley Institute observes, “if the affordable housing wait-list [in Toronto] was a separate community, it would be the 24th biggest city in Canada.”22 Much of this public housing is also in terrible repair, with some units literally falling apart from years of neglect.23 In Montreal, the wait time for housing is estimated to be approximately 11 years. According to the Municipal Housing Office of Montreal, there are 22,000 households waiting for access to low-income housing, but only 2,000 units become available per year (due to people moving out, for example).24

Housing First programs in Canada and the U.S. build strong relationships with local landlords of private market apartment buildings. The programs often pay the first and last month’s rent or damage deposits for the individual, and sometimes guarantee to cover the costs of any damages that might be incurred to the unit. These strong relationships, and a promise to deliver rent and damage costs in a timely and reliable way, ensure that formerly street-involved people have rapid access to whatever private market housing is available, as opposed to long applications and wait times for social housing.

The idea that public money is channelled to for-profit private market landlords in Housing First programs has resulted in opposition across Canada, notably in Vancouver, Toronto, and Montreal. Many housing workers and analysts advocate
the use of social housing instead, arguing that it is a better long-term investment in ending homelessness. They argue rent supplements, while cost-effective in the short term, can add up to more than the capital and operating costs of developing new social housing in the long term. Advocates also worry there is no guarantee that private landlords will continue to agree to house previously homeless individuals, some of whom are dismissively referred to as “hard to house.” They argue that the best way to guarantee permanent, low-income housing for homeless individuals is for the government to invest heavily in more dedicated non-profit social or affordable housing.

The Conservative government, however, was not much interested in investing heavily in the construction of new social housing. And Prime Minister Harper now has powerful evidence that Housing First, including the use of private market apartments, can be an effective antidote to chronic homelessness. In 2007, in response to a landmark Senate report regarding mental health, the federal government established the Mental Health Commission of Canada (MHCC). The MHCC was allotted a budget of $150 million, of which $110 million would go to a cross-country study of Housing First. This study, the At Home/Chez Soi pilot project (AHCS), tested the Housing First approach in a variety of environments and with different populations, including youth and Aboriginal people, through a randomized controlled experiment in five Canadian cities: Vancouver, Winnipeg, Toronto, Montreal, and Moncton.

Over 2,000 participants were recruited from shelters and from the streets in these cities to participate in the study. There were general eligibility requirements such as age and citizenship, but it was also required that participants were diagnosed with a severe mental illness. Just over half of the 2,000 participants from the five cities were randomly selected to receive the Housing First “treatment.” Depending on their needs (classified as high, moderate, or particularly high), study participants in the treatment group were given varying degrees of social support. For the researchers to fully test the independent effect of Housing First as a response to homelessness, the remaining participants in AHCS were in the control group, or the “treatment as usual” group. For these homeless individuals, nothing changed — they still had access to all the services and supports that were available in their home community, such as shelters, detox, and counselling — but they were left to navigate the system and try to find housing on their own. The progress of the two groups was tracked closely with interviews every three months for a four-year period from 2009–2013. Interviews of the participants continue today to monitor the success of the Housing First intervention.

AHCS relied almost exclusively on private market apartments and rent supplements, though the Portland Housing Society (PHS) in Vancouver was able to nego-
tiate for a portion of the Vancouver participants to be housed according to Housing First principles in social housing. PHS housed 107 individuals in a congregate social housing building, and the results of congregate versus scatter-site housing are compared in Vancouver’s final report of the study. The results of these two groups were similar for many indicators measured by the study, such as quality of life and housing stability. This points to the potential of congregate social housing, combined with the Housing First philosophy, for ending homelessness.29

The results of the overall study indicate that for the “high needs” Housing First group, there was a net savings of $9.60 for every $10 of public spending. These savings came from a number of sources, including correctional facilities and emergency medical services, all of which were tracked closely over the four-year study. For the moderate needs individuals, the savings were $3.42 for every $10 of public spending. The AHCS final report also notes that 10% of the Housing First treatment group was comprised of people with particularly high needs and barriers; for that population, the savings associated with the Housing First intervention were $21.72 for every $10 of public spending.

These scientific findings have directly shaped the federal government’s abrupt policy shift toward Housing First in the HPS in 2013. Indeed, this move is well supported by research, notably as an effective intervention for the most chronic homelessness. As a result of the shift, the 10 biggest Canadian cities supported by HPS funding must now dedicate at least 65% of their HPS funding dollars to Housing First programs. Many big cities, such as Toronto and Calgary, have long been doing Housing First and are thus not overly affected by this change. But groups in other big cities, such as the RAPSIM30 in Montreal or the PHS in Vancouver, prefer to offer a broader array of housing options to homeless individuals.

Analysis of the Harper government’s reforms

The Harper record on homelessness and affordable housing is decidedly mixed. In policy terms, the shift toward Housing First principles for especially vulnerable populations is supported by leading research (and many community groups across the country). But the policy is woefully under-resourced, which likely fatally undermines its effectiveness.

It is thus important to distinguish between Housing First principles and the criticisms of the Harper government’s approach to homelessness. Many of those who are critical of the HPS policy shift by Harper continue to support Housing First principles given the strength of the evidence regarding its effectiveness when properly resourced. The At Home/Chez Soi project adhered to the gold standard of research:
it was a randomized controlled experiment in terms of isolating the effects of rapid re-housing and support on individual outcomes. The results are unequivocal. It is far more effective and less expensive in the long run to rapidly re-house a chronically homeless individual with support services than it is to let them cycle through the shelter system or live on the streets. Such approaches bring additional costs associated with police and bylaw enforcement and increased emergency room visits, all without offering a path out of homelessness. As the minister of state (social development), MP Candice Bergen, was eager to expound the achievements of this major pilot study and the adoption of Housing First principles under the HPS, but she failed to acknowledge that the resources the federal government is offering to support and implement the policy are inadequate. At the same time that the Harper government announced the new policy, it simultaneously reduced the expenditures associated with the program. How are communities supposed to do more to end homelessness with fewer resources?

The Harper government reforms that institutionalize Housing First policies at the federal level are also consistent with a conservative vision of those who are deemed to be “worthy” of social investment and the (many more) who are not. The At Home/Chez Soi project had a great influence on the subsequent policy change, so it is revealing to notice that the study focused on chronically homeless individuals with mental illness. This clientele is privileged in the Housing First model. Indeed, these are very vulnerable people, yet other individuals and families who are homeless or precariously housed due to poverty, abuse or victimization, or discrimination (especially among Aboriginals and the LGBTQ population) derive little benefit from the typical Housing First model. Many of these individuals do not need elaborate wraparound supports. What they need is simply a safe, affordable place to call home. The Harper government policy framework does not seem concerned with them. The merely “poor” folks are essentially responsible for themselves.

While Housing First models work well for some very vulnerable populations, particularly those suffering from mental illness, they are inadequate as a comprehensive housing and homelessness strategy. Implemented on its own, without accompanying investments in health, social assistance and, most importantly, housing, the Housing First model has a harder edge: it looks like very narrowly circumscribed, hyper-targeted social policy, which is consistent with a neoliberal vision that carves out a small set of “deserving” poor and excludes a much larger segment of the “non-deserving” poor. If, however, Housing First programs were adequately funded and accompanied by adequate investments in social or affordable housing, we might then begin to make meaningful progress toward eliminating homelessness in Canada.
Provinces and municipalities are not waiting around idly; they are a key source of policy experimentation. Metro Vancouver is a leader in producing an innovative regional response to homelessness, Toronto is lauded for its “system of care” approach and use of sophisticated real-time data on service users. In September 2014, Montreal Mayor Denis Coderre unveiled an innovative plan on homelessness, which includes establishing a watchdog position to protect the rights of homeless people. Likewise at the provincial level, BC Housing is investing in building more affordable and supportive housing units than ever before. The Alberta Interagency Council on Homelessness brings provincial agencies associated with homelessness under one decision-making body geared toward coherent policy across policy systems. The Quebec government recently brought over one dozen ministries together to develop an innovative and inclusive multi-sectoral policy to end homelessness.

Municipalities, in partnership with their provincial governments, have responded to homelessness differently, reflecting the unique circumstances and conditions on the ground. While substantially greater federal government resources are essential, a national policy or program that encourages homogeneity in response is not ideal. For example, rental vacancy rates in the private housing market vary between cities. This will affect the cost-effectiveness of rental supplement programs versus purpose-built non-profit social housing. The vacancy rate in the City of Vancouver in 2014 was 0.5%. In an extremely tight real estate market such as this, individual rental supplements for expensive and privately owned rental units are not the most cost-effective way to end homelessness. Beyond contextual differences of local real estate economics, there are continuing differences in opinion across the country on what is the “best” investment: rent supplements or purpose-built social housing. Many in the Montreal policy community, for example, prefer social housing, despite having a higher vacancy rate (2.8%) than most other big cities in Canada.

At current federal investment levels, local resources are so few that the rent supplement model is the only choice, despite its limitations. Non-profit purpose-built social housing, in contrast, has high up-front capital costs, but provides benefits over a long period provided governments maintain the buildings appropriately. Rent supplements to an individual in the private market are lower up front, but are continual and may actually inflate prices at the low end of the real estate market. Falvo finds that purpose-built social housing is more cost-effective in the long run than other approaches: an investment of $100 million toward non-profit purpose-built social housing would create 24,000 “affordable housing years” versus 17,000 with rent supplements, and 14,000 with an affordable housing tax credit given to individuals.
Conclusion

Despite notable efforts at the subnational level, our major cities are not any closer to reducing the scale of homelessness in Canada. The most recent homeless counts in Vancouver, Toronto and Calgary, for example, show the numbers of individuals and families in temporary shelters and on the streets are stubbornly consistent since 2008. Many cities have used ingenuity and partnership to stop the hemorrhaging, but the fundamental trauma, so to speak, remains untreated.

While all governments have a role in ending homelessness, it is the federal government, with its broad revenue base and redistributive capacity, that is best equipped to address the problem. As the Harper government engages with the provinces on its Investment in Affordable Housing plan (Iah), and municipalities through the Homeless Partnering Strategy (hps), both interventions are so under-funded that they cannot possibly be considered a “National Housing Strategy.” The $250 million per year the Iah receives, for example, represents 0.09% of the $279-billion federal budget in 2014.

Worse yet, the Harper government allocates more money annually to its communications staff ($268 million) than to its hps ($119 million). These communication professionals are indeed hard at work: with the strong rhetorical backing of evidenced-based Housing First policy, the Harper government and its ministers expound Canada as a “global leader on homelessness.” While effective for a small portion of the homeless population, Harper’s version of Housing First as a policy response to homelessness is little more than an enormous, unfunded mandate. Adopting an innovative policy without the commensurate financial resources simply will not work.

Bibliography


Endnotes


4 It is important to note that this is not the total contribution by the federal government to affordable housing in the provinces. CMHC also transfers monies to B.C. and other provinces under the Social Housing Agreements (SNA) – similar ones have been negotiated with all provinces and territories except PEI, Quebec and Alberta – which transfer the administration of existing social housing to the province. The B.C. SNA transferred $135M to the province in 2013, which according to the agreement is incrementally reduced annually to arrive at zero in 2035. Note as well that this transfer is to maintain existing stock previously under federal ownership, not expand the stock of affordable housing (CMHC, 2013).


8 R Smith, “Policy Development and Implementation in Complex Files: Lessons from the National Homelessness Initiative” (Ottawa: Canada School of Public Service, n.d.).


13 Nick Falvo, “Homelessness, Program Responses, and an Assessment of Toronto’s Streets to Homes Program” (CPRN research report, 2009).


15 Falvo, “Homelessness, Program Responses, and an Assessment of Toronto’s Streets to Homes Program.”

Note that Housing First therefore implicitly applies a “harm reduction” approach, which is certainly at odds with the Harper government’s approach to other issues like the recent criminal justice reforms and sex work legislation that explicitly reject harm reduction philosophies.


Falvo, “Homelessness, Program Responses, and an Assessment of Toronto’s Streets to Homes Program.”

Homes First: Everyone needs a home, “History: Homes First,” 2015.

La Fédération des organisations sans but lucratif d’habitation de Montréal or the federation of non-profit housing providers in Montreal.

Michael Shapcott, “Toronto Housing Wait List Passes 90,000 Households, Wellesley Institute.” (Wellesley Institute, September 2013).


Nick Falvo, “Canada’s Lack of Affordable Housing” (CCPA Monitor, 2007).


The Standing Senate Committee on Social Affairs, Science and Technology, “Out of the Shadows at Last: Transforming Mental Health, Mental Illness and Addiction Services in Canada” (The Senate of Canada, 2006).

The MHCC was endorsed by all provincial and territorial governments, with the exception of Québec, which sees it as a federal incursion into health policy.


Réseau d’aide aux personnes seules et itinérantes de Montréal, or the Network of help for single and homeless people in Montreal.


Falvo, “Canada’s Lack of Affordable Housing."

