



Federal government can take action on health challenges: housing, community innovation and equity

Submission to the Parliament of Canada Standing Committee on Finance
2011 pre-budget consultation process, August 13, 2010

The Wellesley Institute

The Wellesley Institute is a progressive-centre, independent, non-partisan, and pragmatic urban think tank that works at the national, provincial, and local levels to advance urban health issues. We conduct our work through rigorous research, pragmatic policy solutions, and community engagement and action.

Our recommendations for the 2011 federal budget:

- A) **\$1 billion for the federal share of a ten-year national affordable housing framework that would maintain federal housing investments at the 2009 level, including:**
- 50,000 new affordable homes, repairs to 20,000 substandard homes and affordability supports to 150,000 low-income households.
- B) **\$350 million for national community innovation / health equity initiatives, including:**
- \$150 million for a national social innovation fund (social purpose venture fund),
 - \$50 million for a new community innovation fund,
 - \$135 million to expand the federal homelessness initiative,
 - \$15 million for four national health equity demonstration projects.

Towards a national affordable housing framework

Rationale:

Canada continues to experience a nation-wide affordable housing crisis. The Wellesley Institute's *Precarious Housing in Canada* report¹, which is the most comprehensive and current review of housing and homelessness across Canada, offers four conclusions:

First, housing insecurity and homelessness remain deep and persistent throughout Canada.

- Of the 12 million household in Canada, 1.5 million households are in “core housing need” – Canada Mortgage and Housing Corporation’s definition of those in the greatest need.
- Almost 3.3 million households live in homes that require repairs; and 1.3 million of those are major repairs that affect the health and safety of the people living in the housing.

¹ Available at www.wellesleyinstitute.com

- Housing affordability continues to erode as both rents and ownership costs continue to rise and 1.5 million households are involuntarily paying 30% or more of their income on shelter.

Second, the nation-wide affordable housing crisis is costly to individuals, communities, the economy and the government,

- Poor housing is directly linked to poor health. Numerous research reports funded by the Wellesley Institute and others point to a good home as one of the most important determinants of health. Inadequate housing and homelessness leads to increased illness and premature death.
- Communities are disrupted by poverty and poor housing. Increasingly, Canada's urban areas are being divided by income, and this is leading to dramatic inequalities in housing and health. A good home is critical for individuals and households to effectively participate in the social and economic lives of their community.
- Increasingly, business organizations recognize that a good home is not only a social and health issue, but it is also important for the economy. The ability of employers to attract and retain a qualified workforce depends on good homes in good neighbourhoods.
- The costs of “doing nothing” in the face of deep and persistent housing insecurity and homelessness – as measured by increased health, justice, education and social services costs – far outweighs the cost of the solutions. A 2008 study found that poverty in Ontario cost the provincial and federal governments up to \$13.1 billion annually.

Third, federal housing and homelessness investments on an indexed basis have been eroding since 1989. By the year 2013:

- Federal housing program spending will drop by 18% from \$2.3 billion to \$1.9 billion.
- The federal Affordable Housing Initiative will be cut from \$164 million to \$1 million.
- Households receiving federal housing support will drop by 7% from 621,700 to 578,479.
- Funding will be cut to zero for the federal Homelessness Partnering Strategy and the federal Residential Rehabilitation Assistance Program.

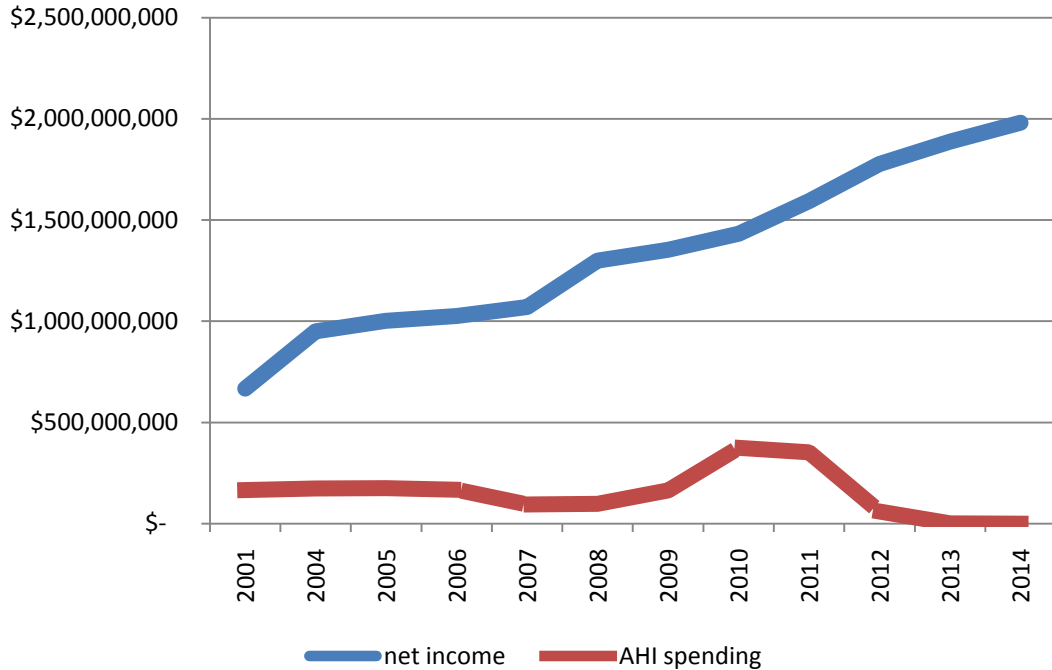
In recent years:

- Adjusting for inflation and a growing population, federal housing investments in 2009 were \$680 million less than the amount required to stay even with the spending in 1989.
- The provinces, and increasingly municipal governments, have been picking up the federal housing tab in recent years. Within the next two years, municipalities will be investing more in affordable housing than the federal government.

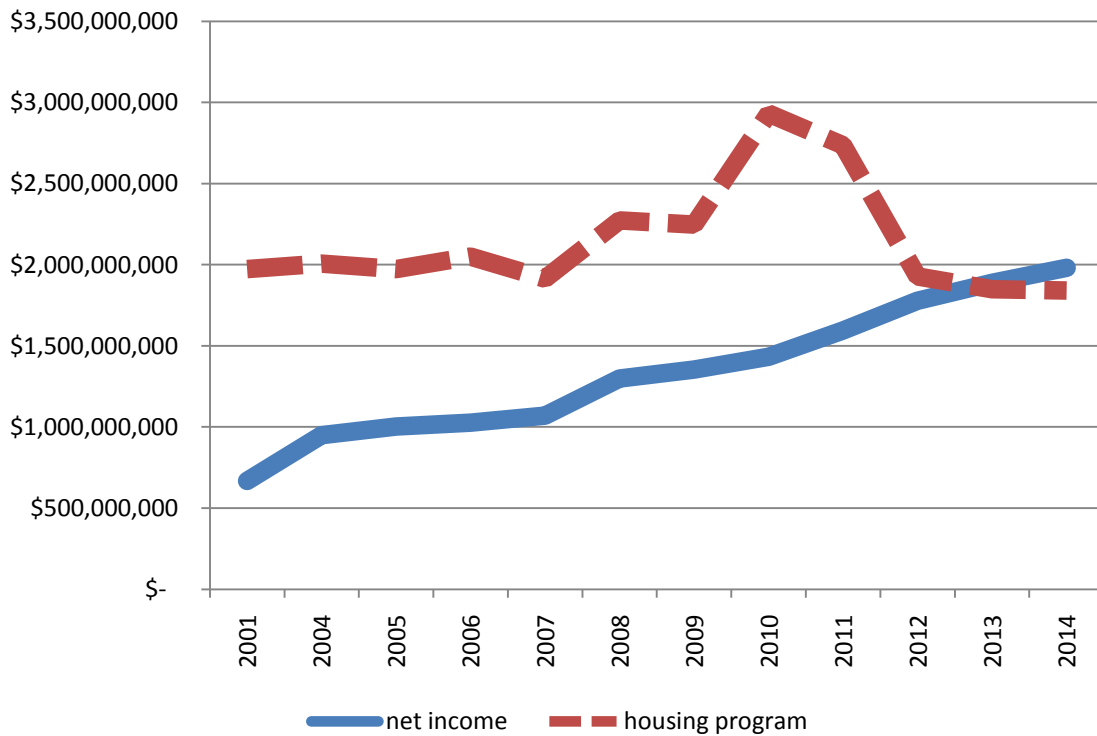
Fourth, Canada does not have a cohesive and recognized national housing plan

While the federal government has developed a number of housing initiatives these do not integrate into a comprehensive national housing plan that engages all levels of government, along with the community and private sectors.

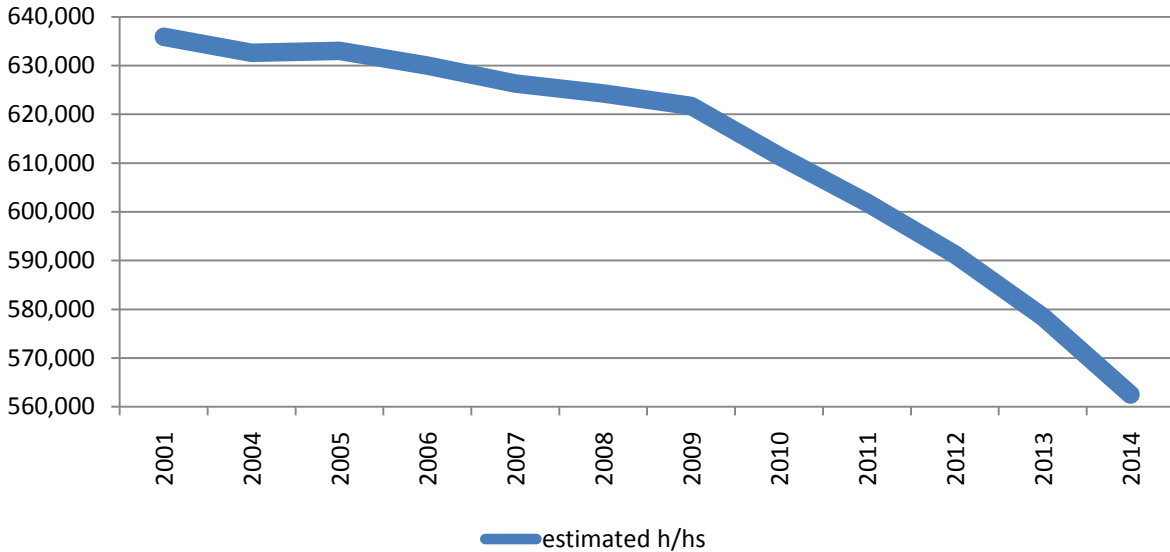
A few charts illustrate important trends in federal housing funding. The first chart shows the net income of Canada Mortgage and Housing Corporation (blue line) growing rapidly as spending on the federal government's Affordable Housing Initiative (red line) shrinks to near zero by 2014 (source: Canada Mortgage and Housing Corporation).



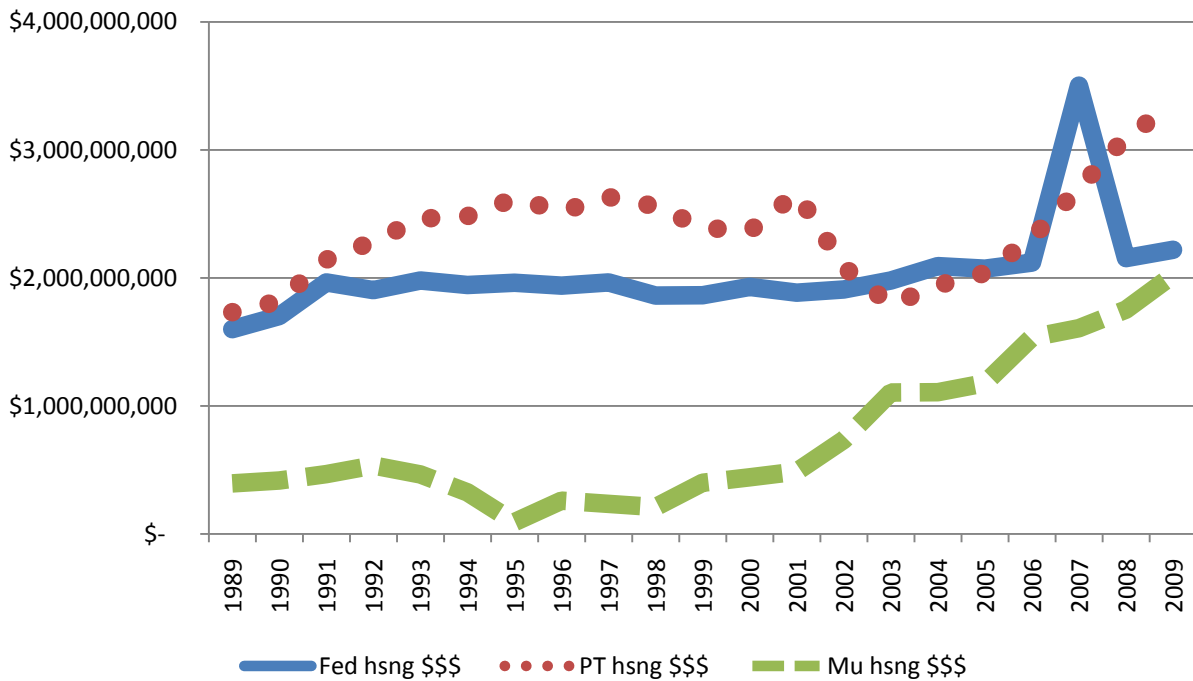
The second chart shows net income for CMHC (blue line) rising (same as in the first chart), while overall housing program expenses (including new homes, support for existing affordable homes and housing repairs – red line) drops sharply in 2010 (source: CMHC).



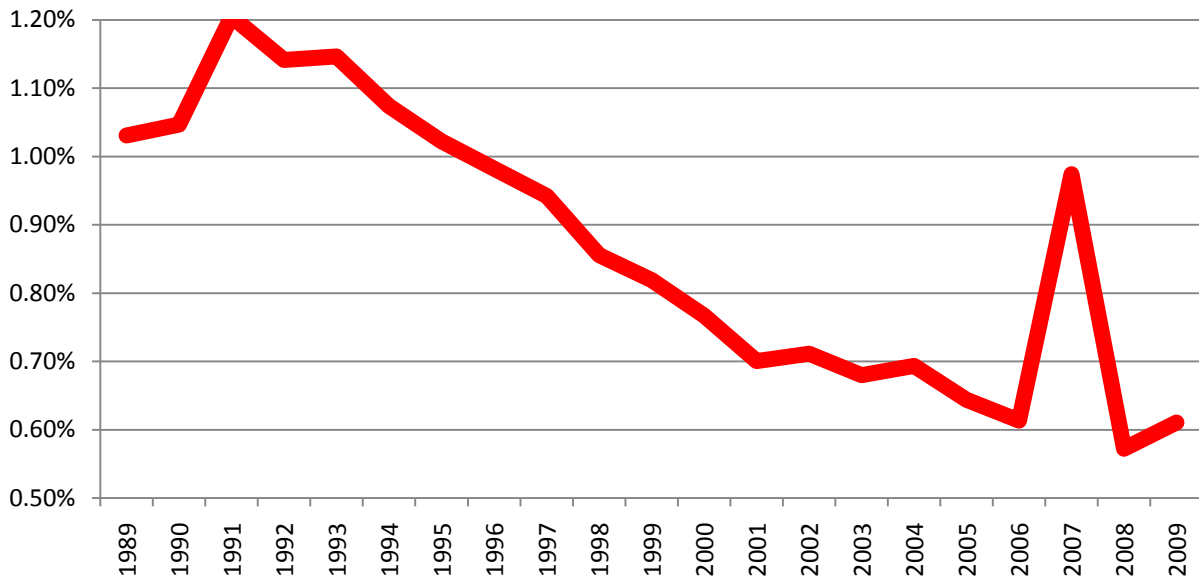
The fourth chart shows that the number of low and moderate-income households that are assisted by federal housing programs has been dropping steadily since 2001, and will drop even more sharply in future years due to the “step-out” of affordable housing funding (source: CMHC).



The fifth chart shows that over the past two decades, federal investments in affordable housing have been mostly stagnant, while provincial and municipal governments have had to ramp up their share. Housing spending by Canada’s municipalities will outpace the federal government within the next year or two (source: Statistics Canada Government Revenues and Expenditures).



While Canada’s economy has grown substantially over the past two decades (as measured by the Gross Domestic Product), the share of the economy devoted to federal housing investments has been steadily shrinking (source: Statistics Canada).



The 2009 federal budget included a \$1 billion commitment annually for selected housing initiatives over two years. The short-term stimulus spending was welcome, but the withdrawal of that housing support, combined with the impact of the ongoing federal step-out of housing financing, leaves a major financial shortfall at a time of growing housing need. Our housing recommendation does not require an increase in housing investments over the 2009 level, but a commitment to maintain funding and reverse the planned cuts to federal housing funding.

Towards a national social/community innovation/equity framework

Rationale:

Non-profits play a vital role in Canadian communities and in our economy. They provide important health and community services, housing, sports and recreation, culture, education, faith and other critical supports. Non-profits contribute about \$90 billion annually to Canada’s GDP (including about \$75 billion in wages), more than seven times greater than the contribution from the auto manufacturing sector². Research by the Wellesley Institute, Ontario Trillium Foundation and others shows that non-profits are facing a double bind: the demand for programs and services rises as the recession takes its toll, yet the recession and post-recession era has cut into the revenues of the non-profit sector (including grants, donations and fees).

Canada was once at the forefront of voluntary sector initiatives. We now lag behind the United States, Great Britain and Australia. Great Britain has a cabinet-level Office for Civil Society, the Obama administration has an Office of Social Innovation in the White House, and the Australian government is negotiating a new national compact for non-profits. We recommend that Canada

² Statistics Canada

create a ministry or senior-level secretariat for the third sector.

While Canada has a variety of programs and practices at the federal level, there is no coherent or comprehensive framework or effective way for non-profits to navigate the confusing and often contradictory rules and procedures, and far too few dedicated programs. Some federal initiatives to assist non-profits are “add-ons” to other programs. For instance, the federal government had a short-term capital programs fund for non-profits that was embedded within the federal infrastructure program. There were tight restrictions and significant red tape attached to the dollars – and non-profits were required to compete with municipalities and others for the funds.

Wellesley Institute research demonstrates that a great deal of innovative front-line service delivery can effectively address the needs of health disadvantaged communities, including: community health centres, other community-based agencies, hospitals, social services, cross-sectoral collaborations, enhanced interpretation, and peer-based health ambassadors. These and others provide services in innovative and integrated ways, such as hub-type community centres providing primary health care, health promotion, employment and skills training, literacy and adult education, settlement support, and other related social services.

However, little systematic research has been done on the outcomes of such equity-driven service provision, the key ‘success factors’ that underlie the most dynamic programmes, and the policy and institutional frameworks needed to enable local front-line innovation and equity-focused initiatives. More community-based needs assessments, service evaluation and outcomes research should be funded to focus on local equity interventions and innovation.

We recommend that the federal government increase funding to the Public Health Agency of Canada by \$15 million annually to enable it to:

- invest in applied research designed to identify effective intervention and policy/program directions to reduce health disparities;
- develop forums and infrastructure to exchange research and program information, identify and assess promising practices, and elaborate the success conditions and defining features of effective equity-driven interventions and innovation;
- invest in demonstration and evaluation projects of social determinant–directed service interventions and hub-type integrated service models across the country, building on the model being successfully used by the Mental Health Commission of Canada in its national homelessness pilot project.

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