

WELLESLEY INSTITUTE

Precarious Housing in Canada

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PART 1

A review of the Canadian landscape and
the international context

Precarious Housing in Canada 2010 is the third instalment of the Wellesley Institute's "housing trilogy," which includes *The Blueprint to End Homelessness in Toronto* (2006) and the *Wellesley Institute National Housing Report Card* (2008).

This report is part of a series of research and policy reports that document the impact of precarious housing on health and develop policy alternatives to improve access to affordable housing and enhance overall health equity.

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TABLE OF CONTENTS

Executive summary	12	4. The current state of housing demand and supply	33
Preamble: Affordable housing as a contributor to better health	12	Key observations	33
Precarious housing recommendations	12	The affordable housing “iceberg”	32-33
The Wellesley Institute’s five-point plan to reduce precarious housing	13	Canada’s growing population means a growing need for homes	34
Introduction	15	How much new housing do Canadians need?.....	34
1. Framing the challenge: Precarious housing, population health, and a vibrant society	15	Measuring the brick-and-mortar dimensions of housing supply	35
Why housing is so important, and the challenge of scoping the data	15	Most new homes in Canada are built for owners	36
Assessing the impact of precarious housing on population health	16	Federally funded new housing starts under the National Housing Act	37
Health and homelessness: An important proxy for the social consequences of precarious housing	18	On the long list for affordable housing	38
Health and living conditions	20	Evictions from rental housing	38
The health outcomes of housing improvements	21	Canadian housing in a poor state of repair	38
Aboriginal housing and health	22	5. The current state of housing affordability	39
Precarious housing and tuberculosis	23	Key observations	39
Precarious housing and HIV/AIDS.....	23	A growing number priced out of private housing markets	39
Precarious housing: A truly national challenge	24	Affordability challenges	40
2. An historical perspective on Canadian housing policy	25	Gauging the affordability gap	42
The evolution of a powerful legacy	25	One-quarter of Canadians face barriers to private housing markets	43
Current policy initiatives: Progress has been slow.....	26	6. Government affordable housing investments	45
Fast forward to the present	27	Key observations	45
Ensuring housing investment over the long term requires innovative solutions	27	Government expenditure on housing: Shifting the burden downward	45
3. Canada and the world: International housing policy lessons ..	29	Territorial housing investments	50
Key observations	29	Challenges for funding policy	50
Canada’s international housing rights obligations	29	Conclusion	51
A Canadian judge rules that shelter is necessary for human life	30	Appendix	52
Canada’s compliance with its international housing rights obligations	30	Affordability review of the provinces and major municipalities	53
Selected international best, good, and promising practices	30		

EXECUTIVE SUMMARY

AFFORDABLE HOUSING AS A CONTRIBUTOR TO BETTER HEALTH

Precarious housing in Canada, whether defined by the level of inadequate or affordable housing, homelessness, or under-housing, can be solved in this decade; the mechanisms already exist, but the will to do so must be nurtured.

People’s ability to find, and afford, good quality housing is crucial to their overall health and well-being, and is a telling index of the state of a country’s social infrastructure. Lack of access to affordable and adequate housing is a pressing problem, and precarious housing contributes to poorer health for many, which leads to pervasive but avoidable health inequalities.

The lenses through which we consider precarious housing combine two concepts: *health equity* and *the social determinants of health*. Health equity suggests that the role of society is to reduce the health disparities gap between those who are advantaged and those who are marginalized or disadvantaged by shifting the equity gradient upward. The social determinants of health recognize the non-medical and socio-economic contributors to better health; for example, the greater a population’s income, education, and access to healthcare and affordable housing, the better its health will be.

This report demonstrates the link between the improvement of precarious housing and better population health (which leads to reduced health inequities). It also provides a strong vision for a national housing plan for rectifying the problem of precarious housing, which we hope will provide the framework for continued serious debate. Consequently, the report is presented in two parts: Part I reviews precarious housing in the national and international context, and part II addresses policy actions toward a national housing plan.

This report is meant to address a wide range of issues from which various stakeholders (e.g., governments, housing advocates, private and public sector housing providers) can draw information and action points.

Note: The Wellesley Institute defines *affordable* housing as housing where the household pays no more than 30% of their income on housing. This definition stands in contrast to the federal government’s, in which “affordable” means any rent or housing cost that is 80% or less of gross market rents. *Precarious housing* is housing that is not affordable, overcrowded or unfit for habitation.

PRECARIOUS HOUSING RECOMMENDATIONS

Vision 2020: Targets and timelines

We recommend the following targets and timelines to meet the housing needs of Canadians:

Years 2011/12/13	Annual target
New affordable homes	50,000 homes
Repairs to existing homes	20,000 homes
Affordability measures*	150,000 households
Years 2014/15/16/17	Annual target
New affordable homes	60,000 homes
Repairs to existing homes	20,000 homes
Affordability measures*	150,000 households
Years 2018/19/20	Annual target
New affordable homes	70,000 homes
Repairs to existing homes	20,000 homes
Affordability measures*	150,000 households

* For housing that costs 30% or less of income

Note: Governments must maintain their current housing expenditure commitments to meet these goals.

The companion report *Vision 2020: Toward a National Housing Plan* details how these goals can be achieved. Meeting these goals and ensuring access to affordable, decent housing for all will make an immense contribution not only to the immediate health conditions and prospects of so many vulnerable people but also to the overall health of Canadians.

THE WELLESLEY INSTITUTE'S FIVE-POINT PLAN TO REDUCE PRECARIOUS HOUSING

One: Accept the Wellesley Institute's Vision 2020 targets:

- Fund 600,000 new affordable homes – cost-shared among federal, provincial, territorial, and municipal governments, and the affordable housing sector. Supply targets would increase over the years as the capacity of the sector grows.
- Repair 200,000 low- and moderate-income homes (in addition to the current annual allocation of 20,000 homes).
- Provide affordable housing allowances (shelter subsidies) to up to 1.5 million low- and moderate-income households, based on determination of need.

Two: Maintain the current consolidated government housing investments at the \$6 billion level:

- Eliminate the automatic “step-out” in federal housing investments.
- Create a benchmark for federal housing investments at 1% of GDP.
- Develop more robust housing indicators at the national and community levels that measure all the dimensions of housing insecurity.

Three: Ensure a full range of adequate, innovative, and sustainable funding options:

- Establish direct grants as incentives for private capital.
- Create innovative financing options such as a housing financing facility at the federal level funded by issuance of “affordable housing bonds.”
- Establish a social housing investment fund.
- Amend the National Housing Act and the mandate of Canada Mortgage and Housing Corporation (CMHC) to strengthen their leadership role in affordable housing development; reinvest part of the annual surplus of CMHC in affordable housing initiatives.

Four: Identify and support innovative and successful community practices:

- Build national policies and programs that support local priorities as per the successful model of the National Homelessness Initiative.
- Initiate inclusionary housing legislation.
- Partner financially with community housing providers.
- Develop and implement the appropriate regulatory tools, mainly at the provincial and municipal levels, including land-use planning inclusionary housing policies.

Five: Build on the solid housing recommendations foundation of prior housing commissions:

- Complete the process that began with the federal-provincial-territorial affordable housing agreement of 2001 and the White Point Principles of 2005 to create a permanent federal-provincial-territorial affordable housing agreement.
- Pass Bill C-304 – draft legislation to create a comprehensive national housing strategy that has undergone a six-month consultative process – through the Parliamentary process
- Support the housing and homelessness recommendations in the Senate report *In from the Margins*, including the enhancement of existing federal housing and homelessness initiatives.



FRAMING THE CHALLENGE:

Precarious housing, population health, and a vibrant society

INTRODUCTION

Part I provides a socio-economic perspective on the linkages between population health, health equity and precarious housing. It also reviews the history of Canadian housing policy; Canadian housing policy in the international context; affordable housing practices from other countries; the demand-side and supply-side reasons for the current situation; government investments in affordable housing; as well as statistics on the state of precarious housing in Canada and the provinces/territories. The appendix of this document presents graphs on population growth, private rental vacancy rates, the number of households paying 30% or more on shelter, and the affordability gap of households across the country.

KEY OBSERVATIONS:

- Housing is one of the most fundamental determinants of health. Good health is a critical requirement for good health; and poor housing / homelessness is linked to increased illness and premature death.
- The links between housing and health are complex and dynamic, but a growing body of research demonstrates that the physical quality of housing, affordability and the provision of non-housing support services are all critical factors in both individual and population health.
- Investment in housing leads to improved health outcomes which, in turn, reduces health care utilization. Recent research demonstrates that people who are adequately housed require fewer, and less expensive, medical interventions.

WHY HOUSING MATTERS TO HEALTH, AND THE CHALLENGE OF SCOPING THE DATA

Safe, affordable, and healthy housing is not only a basic necessity for human health and human life but also a means to reducing systemic health inequities and lowering associated long-term healthcare costs. A good home is critical to allow people to fully participate in the economic, social, and cultural lives of their community and their country. Housing is an important part of the economic engine of local regions, and the country as a whole. Adequate housing is an internationally recognized human right,¹ and the Canadian government has acknowledged through its ratification of numerous

¹ Extensive documentation on the international right to adequate housing is set out by UN-HABITAT at <http://www.unhabitat.org/categories.asp?catid=282>, and the Habitat International Coalition's Housing and Land Rights Network's online housing rights toolkit at http://www.hlrn.org/old_hlrn/toolkit/index.html. The most recent international review of Canada's compliance with its housing rights obligations is available via <http://www2.ohchr.org/english/issues/housing/visits.htm>

international legal instruments that it has an obligation to ensure all Canadians are well-housed.²

A good home is important to all of us, for many reasons – physical, social, and economic. So, how is Canada doing when it comes to fulfilling its obligation to ensure affordable homes for all? In February 2009, Miloon Kothari, the United Nations' Special Rapporteur on the Right to Adequate Housing, tabled the final report of his fact-finding mission to Canada.³ In his report, Mr. Kothari noted that Canada is one of the few countries in the world without a national housing plan.⁴ We believe that a national, coherent, and coordinated housing plan will be a major contributor to the evolution of affordable housing over the next decade.

Affordable housing not only makes social and economic sense, it is a necessary and critical underpinning of a just society; it is, as Chief Commissioner of the Ontario Human Rights Commission Barbara Hall has stated, “a basic human right.”

Statistics Canada, the national statistical agency, and Canada Mortgage and Housing Corporation (CMHC), the federal government's housing agency (which also commissions a significant amount of housing research), publish a variety of statistical and research reports on a range of housing issues; yet there are critical gaps in basic housing data. For instance, there is no reliable national figure on the number of people who experience homelessness.⁵ Canada's main measure of housing insecurity – “core housing need” – is recognized as having significant shortcomings in assessing the full dimension of housing affordability (one of the most critical components of housing need in Canada).⁶ In addition, no accurate numbers exist on the physical and mental health issues that affect a person's ability to access and maintain a home.⁷

While federal statistics include a measure of the number of households in housing that exceeds occupancy standards, this number misses the “hidden” homeless (people who stay temporarily with family or friends – sometimes called “couch-surfing”⁸) and quite likely undercounts the number of people in overcrowded accommodation because it relies on voluntary disclosure by tenants.⁹ Many

tenants, including immigrants, are reluctant to disclose the real number of residents in a rental unit to landlords or government officials for fear that it might trigger an eviction.¹⁰

The lack of detailed numbers on the dimensions of housing insecurity is one barrier to creating a comprehensive national housing plan that sets out targets, timelines, tools, and resources. The combination of a lack of reliable and comprehensive data, along with a lack of inclusive strategies, makes it difficult to assess where we are as a nation when it comes to housing insecurity, and how effective and efficient are the program and funding responses of governments.

ASSESSING THE IMPACT OF PRECARIOUS HOUSING ON POPULATION HEALTH

Affordable housing is one of the most fundamental requirements for good health. In his annual report to Canadians in 2009, Canada's chief public health officer, Dr. David Butler-Jones, drew the connection between housing and health:

Shelter is a basic need for optimal health. Inadequate housing can result in numerous negative health outcomes, ranging from respiratory disease and asthma due to moulds and poor ventilation, to mental health impacts associated with overcrowding.¹¹

The Social Determinants of Health Commission of the World Health Organization (WHO) indicated the strong link between health and housing in its final report, released in 2008. According to the commission, the health impacts arise from the physical quality and the affordability of housing to urban planning and financing issues:

One of the biggest challenges facing cities is access to adequate shelter for all. Not only is the provision of shelter essential, but the quality of the shelter and the services associated with it, such as water and sanitation, are also vital contributors to health ... Many cities in rich and poor countries alike are facing a crisis in the availability of, and access to, affordable quality housing. This crisis will worsen social inequities in general, and in health in particular....

² On May 19, 1976, Canada acceded to the International Covenant on Economic, Social and Cultural Rights, which recognizes the right to adequate housing and imposes an obligation on governments to ensure a progressive realization of that right. Numerous other international legal instruments also set out the right to housing, many of which Canada has also ratified. For a full list of international treaties on housing and human rights, see <http://treaties.un.org/Pages/Treaties.aspx?id=4&subid=A&lang=en>

³ Available at <http://www2.ohchr.org/english/issues/housing/visits.htm>

⁴ For more on the international dimensions of housing rights, see chapter six.

⁵ See, for instance, Laura Buckland et al., *Structural and Systemic Factors Contributing to Homelessness in Canada* (Ottawa: Canadian Council on Social Development, 2001). <http://www.chra-achru.ca/CMFiles/documents/2001%20homelessness%20factors1ove-1282008-9555.pdf>

⁶ See, for instance, Jacqueline Luffman, “Measuring Housing Affordability,” *Perspectives on Labour and Income* 7, no. 11 (2006).

⁷ The Mental Health Commission of Canada, through a national pilot project, is testing certain models that link housing and supports. See <http://www.mentalhealthcommission.ca/English/Pages/default.aspx>

⁸ An unpublished report funded by the federal Homelessness Partnering Secretariat by Margaret Eberle et al. (2009) estimated that 23,543 people experience hidden homelessness in Vancouver annually.

⁹ The United Way of Toronto has completed surveys on a project that will, among other things, measure overcrowding in that city's high-rise tower neighbourhoods. The results are expected in 2010.

¹⁰ For a discussion of the challenges of measuring hidden homelessness among recent immigrants, see Rob Fiedler et al., “Hidden Homelessness,” *Cities* 23, no. 3 (2006): 205–16. <http://www.sfu.ca/gis/schuurman/cv/PDF/2006Cities.pdf>

¹¹ Available at <http://www.phac-aspc.gc.ca/publicat/2009/cphorsphc-respcacsp/index-eng.php>

It is important therefore that local government regulates land development for urban regeneration, ensuring reserved urban land for low-income housing. Creating more equitable housing development means reversing the effects of exclusionary zoning through regional fair-share housing programmes, inclusionary zoning, and enforcement of fair housing laws. Taking an integrated approach, local authorities could use criteria for distribution of affordable housing tax credits to stimulate production of new affordable housing in proximity to transit, schools, and commercial areas. There is a role for local government to monitor the health and health-equity impacts of housing, building, and infrastructure standards.¹²

Academic, government, and community-based experts have reported extensively on the links between poor housing, low incomes, and poor health. Dr. Stephen Hwang, an epidemiologist at Toronto's St. Michael's Hospital, has published extensively on housing and homelessness-related morbidity and premature mortality. His 11-year follow-up study on premature mortality among people who are homeless or precariously housed (e.g., living in shelters, rooming houses, hotels) found a "much higher mortality rate than expected on the basis of low-income alone."¹³ Hwang has dug deep into health and homeless, writing on issues including mental health, bed bugs, homeless immigrants, infectious diseases, harm reduction, and cardiovascular disease.¹⁴

The Street Health Report 2007,¹⁵ research supported by the Wellesley Institute, documents the physical and mental health status of homeless people, the way in which they use healthcare services, and the barriers homeless people face when using these services. It also explains how the health status of homeless people has deteriorated in the 15 years since the 1992 *Street Health Report* was published:

The health of homeless people in Toronto has gotten worse in the past fifteen years. Many serious physical health conditions have become even more common among homeless people and their access to health care has deteriorated. The worsening health of homeless people and the growth of homelessness itself are a reflection of social policy decisions that have been made over the past 15 years.

These decisions have resulted in inadequate social assistance rates, a severe lack of affordable housing, and the loss of hundreds of emergency shelter beds.¹⁶

In a 2004 review of housing and population health, Dr. Brent Moloughney notes that the health impacts of housing go beyond the four walls of the immediate home, and include neighbourhood influences:

Housing is the central hub of everyday living. It is a multi-dimensional concept that encompasses the characteristics of the house (physical structure and design); home (social and psychological features); and neighbourhood (physical and social characteristics, and local services). The central influence of housing on people's lives raises the possibility that housing could act as a pathway through which social and economic determinants of health influence population health ... There is little doubt that shelter is a basic need for human life. However, beyond some specific population groups and settings in Canada, the relationships between housing and health that are currently being considered are focused on the potential impact of relative degrees of housing deprivation. Numerous studies have found that residents of poor neighbourhoods suffer a diverse set of poorer health outcomes than those in richer neighbourhoods ...

There are also a number of other housing characteristics that might influence health through a variety of psychosocial mechanisms. These include such factors as building type, floor level of apartment buildings, overcrowding, housing tenure (i.e. ownership), and housing satisfaction.¹⁷

A comprehensive picture of local housing and health issues can be developed by drawing on a variety of local sources. For example, a number of governmental and non-governmental agencies in Toronto are documenting housing and health concerns. Dr. David Hulchanski is recognized as Canada's leading academic expert on housing. His series *The Three Cities: Income Polarization in Toronto from 1970 to 2005* describes the neighbourhood-based impact of growing income inequality, poor housing, newcomer status, and related issues.¹⁸

Linking these data sets with Toronto's Community Health Profiles,¹⁹

¹² Available at http://whqlibdoc.who.int/publications/2008/9789241563703_eng.pdf

¹³ Available at http://www.ncbi.nlm.nih.gov/pubmed/19858533?itool=EntrezSystem2.PEntrez.Pubmed.Pubmed_ResultsPanel.Pubmed_RVDocSum&ordinalpos=1

¹⁴ A listing of Dr. Hwang's academic articles can be accessed at

http://www.ncbi.nlm.nih.gov/pubmed/19858533?itool=EntrezSystem2.PEntrez.Pubmed.Pubmed_ResultsPanel.Pubmed_RVDocSum&ordinalpos=1

¹⁵ Available at http://www.wellesleyinstitute.com/research/affordable_housing_research/the-street-health-report/

¹⁶ Eileen Ambrosio et al. *The Street Health Report*. Toronto: 1992. <http://streethealth.ca/Downloads/SHReportOriginal.pdf>

¹⁷ Available at <http://www.urbancentre.utoronto.ca/gtuo/>

¹⁸ Available at <http://www.urbancentre.utoronto.ca/gtuo/>

¹⁹ Available at <http://www.torontohealthprofiles.ca/>

The Unequal City,²⁰ health data issued by Local Health Integration Networks in Ontario and similar local health authorities in other parts of the country,²¹ and the series of reports from the United Way of Toronto on neighbourhood-based poverty²² produces a deep understanding of the dimensions and connections among housing, poverty, and health in local communities.

The Wellesley Institute's *Blueprint to End Homelessness in Toronto* includes a survey of more than 40 housing and health-related reports since 1918.²³ Toronto's Department of Public Health has long been involved in affordable housing issues, going back to the pioneering work of Medical Officer of Health Dr. Charles Hastings in establishing Toronto's first affordable housing initiatives before the First World War.

The legacy institution of the Wellesley Institute, the former Wellesley Hospital, was also deeply engaged in housing and health work from its founding in 1912. Wellesley Hospital founder Dr. Herbert Bruce was appointed Lieutenant-Governor of Ontario and in a 1934 speech, noted:

The health of Toronto must necessarily mean the health of its citizens. It must mean, too, the continued progress and development of Toronto along desirable lines. We have a great and beautiful city that has been blessed by honest and efficient government. It is a city enviably situated a city of fine residential areas, of beautiful buildings, of high standards of citizenship. That is how we see it; but I fear, in all candour one must confess that this city, in common with every large city, has acquired inevitable "slum districts." These areas of misery and degradation exert an unhappy environmental influence upon many of our citizens. You will probably say: "But Toronto has few such areas and they are not of great extent!" I say, and I think you will agree with me, that Toronto wants none of them, and that the Toronto of the future which we like to contemplate will have none of them.²⁴

His speech prompted the City of Toronto to appoint leading citizens, including Dr. Bruce, to a commission that produced a detailed report

in 1934 on replacing some of Toronto's most notorious slum neighbourhoods with healthy, affordable homes.²⁵ One concrete result of this work was the razing of the Moss Park slums in the east end of downtown Toronto – where many homes lacked proper heat or sanitation – and the creation of the then very innovative Regent Park housing development.

HEALTH AND HOMELESSNESS: THE HEALTH CONSEQUENCES OF PRECARIOUS HOUSING

Extensive literature exists on the powerful and adverse relationship between homelessness and poor mental and physical health.²⁶ The evidence, both at a national and international level, indicates that individuals that are homeless tend to have multiple, complex health needs that are often exacerbated by periods of homelessness and/or stays in marginal or temporary accommodation. Epidemiological studies point to elevated rates of poor health among individuals who are homeless, including mental illness,²⁷ infectious diseases (HIV and TB),²⁸ and substance-abuse related ailments and injuries.²⁹

Much of our knowledge of the mental health issues for the marginally housed relies upon research conducted with the homeless who represent some of the most extreme life circumstances and, as a consequence, are likely to experience the most extreme rate of morbidity and early mortality.

The health experiences of the "hidden" homeless have received little attention.³⁰ There may be "graduated" improvements in health associated with improvements in housing stability. What little health research does exist in this area seems to support this theory.³¹

Research on health and housing has brought to the forefront the complexities involved in offsetting unintended and adverse health effects of homelessness and poor housing. Efforts to offset the health impacts of homelessness and poor housing have had mixed results.³² Historically, significant public health measures to address the environmental context in which people lived, including situations of poor

²⁰ This 2008 report from Toronto's medical officer of health on neighbourhood-based health indicators is available at <http://www.toronto.ca/health/map/inequalities.htm>

²¹ For instance, information on the Toronto Central Local Health Integration Network is posted here <http://www.torontocentrallhin.on.ca/home.aspx>

²² Available at <http://www.unitedwaytoronto.com/whatWeDo/reports/losingGround.php>

²³ Available at <http://www.wellesleyinstitute.com/news/affordable-housing-news/the-blueprint-to-end-homelessness-in-toronto/>

²⁴ See <http://www.urbancentre.utoronto.ca/pdfs/policyarchives/1934HerbertBruce.pdf>

²⁵ Details of Dr. Bruce's call to action, and the resulting Bruce Commission, are available at <http://www.urbancentre.utoronto.ca/pdfs/policyarchives/1934HerbertBruce.pdf>

²⁶ Hwang SW, "Homelessness and Health," *Canadian Medical Association Journal* 164, no. 2 (2001): 229–33; CIHI. *Improving the Health of Canadians: Mental Health and Homelessness* (Ottawa: CIHI, 2007); N. Pleace, and D. Quilgars. *Health and Homelessness in London: A Review* (London: The King's Fund).

²⁷ W.H. Martens. "A Review of Physical and Mental Health in Homeless Persons." *Public Health Review* 29 (2001): 13–22.

²⁸ S. Goldfinger et al. *HIV, Homelessness and the Severely Mentally Ill*. The National Resource Center on Homelessness & Mental Illness, Policy Research Associates Inc., The Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services, 1998; E. Susser et al. "Injection Drug Use and Risk of HIV Transmission among Homeless Men with Mental Illness." *American Journal of Psychiatry* 153 (1996): 794–98.

²⁹ *Living in Fear* (London: Crisis and LSE Mannheim School, 2005); Angela Cheung, and Stephen Hwang. "Risk of Death among Homeless Women," *Canadian Medical Association Journal* 170, no. 8 (2004): 1251–52.

³⁰ P. Kenway, and G. Palmer. *How Many? How Much? Single Homelessness and the Question of Numbers and Cost* (London: Crisis and the New Policy Institute, 2003).

³¹ M. Shaw, D. Dorling, and N. Brimblecombe. "Life Chances in Britain by Housing Wealth, and for the Homeless and Vulnerably Housed," *Environment and Planning A* 31, no. 12 (1999): 2239–48.

³² H. Thomson et al. "Do Urban Regeneration Programmes Improve Public Health and Reduce Health Inequalities? A Synthesis of the Evidence from UK Policy and Practice (1980–2004)," *Journal of Epidemiology and Community Health* 60 (2006): 108–11.

housing, overcrowding, and poor sanitation, led to critical advancements in population health.³³ More recent efforts to improve the living conditions of individuals who are homeless or living in marginal situations have been less dramatic, although they continue to show promise. The complex health needs of homeless individuals represent a significant challenge for new housing programs and meaningful housing policy. However, there are promising efforts, locally, nationally, and internationally that are striving to meet those needs.

Mental health issues

Mental health issues are generally overrepresented among those experiencing precarious housing situations, including the homeless, compared with the general population, although prevalence rates vary considerably.³⁴ These figures include a substantial percentage of people who are struggling with the most severe and persistent psychiatric disorders, such as schizophrenia, and other major psychotic disorders. In addition, individuals who are homeless or marginally housed are also at risk for the onset of new mental health problems associated with the harsh and often traumatic life circumstances of homelessness. Self-reported mental health problems among homeless individuals suggest alarming rates of mental health issues overall, and depression and anxiety in particular.³⁵

Existing epidemiological data on the prevalence of psychiatric disorders among individuals who are homeless may not give a full sense of the extent of the issue. Definitions of homelessness have been challenged to incorporate the substantial “hidden” homeless population beyond the street-based population, and to incorporate more marginal and temporary living situations. Moreover, despite a strong body of international research examining the issue of psychiatric morbidity among homeless people,³⁶ much of this work is nearly a decade old. Significant changes may have taken place to the makeup of the homeless population, including the greater representation of newcomer or immigrant populations.

There may be substantial variations in the patterns of psychiatric morbidity over time,³⁷ as well as shifting patterns of drug and alco-

hol use, which may mimic mental illnesses or contribute to situations of extreme distress or psychological trauma.

We do know that the burden associated with mental disorders has increased substantially – making mental illness one of the leading causes of disease and disability worldwide.³⁸ For individuals who are homeless, this situation is likely to be amplified by the urgency of competing health and social needs. Many individuals experience considerable difficulties accessing appropriate care and treatment. Recent work on the “multiple health needs”³⁹ of homeless people indicates that many individuals are caught between systems of care, often struggling with considerable mental health and substance-abuse issues simultaneously. It is our opinion that this situation also directly affects those who are precariously housed.

Individuals who suffer from mental health problems are more likely to experience social exclusion to a profound degree. Mainstream goals – such as acquiring and maintaining a home or securing ongoing employment – are likely to be severely compromised by the compounding effects of homelessness, social exclusion, and poor mental health.

For some individuals, the risks associated with mental illness may be particularly profound. This is especially true for people with longstanding histories of homelessness – which makes those with the least amount of support in place the most vulnerable. Accessing appropriate mental health treatment may be quite difficult for someone struggling with the onset of or persistence of distressing symptoms of mental and/or physical illness. Individuals who are homeless face considerable barriers that further impede access to healthcare. In the United Kingdom, homeless people were 40 times more likely *not* to be registered with a general practitioner (GP) than members of the general population.⁴⁰ Barriers to primary care include lack of resources, lack of understanding by healthcare providers, and discriminatory practices in GP offices. Poor access to primary care services has a direct impact on other healthcare services, with an increased likelihood that people use an emergency room as a surrogate for a GP.

³³ M. Susser, and E. Susser. “Choosing a Future for Epidemiology: I. Eras and paradigms,” *American Journal of Public Health* 86 (1996): 668–73; H. Thomson, et al. “The Health Impacts of Housing Improvement: A Systematic Review of Intervention Studies From 1887 to 2007,” *American Journal of Public Health* 99 (2009): S681–S692.

³⁴ D.P. Folsom, et al. “Prevalence and Risk Factors for Homelessness and Utilization of Mental Health Services among 10,340 Patients with Serious Mental Illness in a Large Public Mental Health System,” *American Journal of Psychiatry* 162 (2005): 370–76; B. Gill et al. *Psychiatric Morbidity among Homeless People* [OPCS Surveys of Psychiatric Morbidity in Great Britain] (London: HMSO, 1996).

³⁵ Khandor E and Mason K; Wilson. *Hidden Homelessness and Health Care*, Cooper and Wilson, 2002.

³⁶ B. Gill et al. *Psychiatric Morbidity among Homeless People* [OPCS Surveys of Psychiatric Morbidity in Great Britain] (London: HMSO, 1996). Report 7; A. Kershaw, N. Singleton, and H. Meltzer. “Survey of the Health and Well-being of Homeless People in Glasgow,” *International Review of Psychiatry* 15 (2003):141–43.

³⁷ C.A. North et al. “Are Rates of Psychiatric Disorders in the Homeless Population Changing?” *American Journal of Public Health* 94 (2004): 103–8; Y.L. Wong. “Tracking Change in Psychological Distress among Homeless Adults: An Examination of the Effect of Housing Status,” *Health and Social Work* 27, no. 4 (2002): 262–73.

³⁸ WHO. World Mental Health Survey Consortium. “Prevalence, Severity and Unmet Needs for Treatment of Mental Disorders in the World Health Organization World Mental Health Surveys,” *Journal of the American Medical Association* 291, no. 21 (2004): 2581–90.

³⁹ C. Croft-White, and G. Parry-Crooke. *Lost Voices: The Invisibility of Homeless People with Multiple Health Needs* (London: Crisis, 2004).

⁴⁰ Crisis. *Critical Condition Vulnerable Single Homeless People and Access to GPs* (London: Crisis, 2002).

By the time a homeless person goes to an emergency room, his or her health problem has gone untreated for longer and is likely to be greater in severity. The delay in seeking treatment may translate into a higher incidence of disabling conditions or greater rates of mortality among the homeless.⁴¹

Physical health issues

A strong body of research both in Canada and internationally indicates the dramatic effect of homelessness on mortality.⁴²

In a comprehensive 11-year study across Canada that examined mortality rates of those marginally housed (e.g., in shelters, rooming houses, and hotels), the findings, while expected, are nonetheless shocking. Hwang et al. notes that living in shelters, rooming houses, and hotels is associated with a much higher mortality rate; the probability that a 25-year-old living in one of these settings would survive to age 75 is only 32% for men and 60% for women.⁴³

Increased morbidity may be related to a range of mental and physical health issues. Chronic diseases are widespread in homeless and marginally housed groups. Diabetes, asthma, cardiovascular disorders, and skin disorders are a cause for concern among this population⁴⁴; critical health issues, such as Hepatitis C,⁴⁵ tuberculosis, and HIV/AIDS have all emerged within the homeless and marginally housed populations at an alarming rate and remain difficult to medically manage effectively. Eclipsed by the high visibility of mental illness and substance-abuse issues, the chronic diseases of homeless people and the poorly housed often receive inadequate attention. Yet tackling the complex health problems associated with

homelessness and ensuring access to comprehensive primary health-care are essential steps toward the social reintegration and inclusion of homeless individuals and offer promise in resolving long-term housing stability issues.

People with chronic diseases, such as diabetes, can benefit greatly from early intervention and ongoing medical management. Research on diabetes among the poor and disadvantaged populations points to an earlier onset of the disease and to more severe symptomatology.⁴⁶ Studies examining diabetes among homeless people have identified significant obstacles to appropriate disease management.⁴⁷ Untreated, diabetes can lead to a myriad of extreme physical health problems including heart attack, stroke, blindness, and kidney failure. The effective management of the disease relies on the introduction of a number of health maintenance strategies, including the monitoring of blood glucose levels, the adoption of specific dietary protocols, and drug therapy or insulin injections on a daily basis. Homeless people who have diabetes face a number of challenges: from following appropriate dietary habits to accessing insulin in a regular, routine way.⁴⁸

HEALTH AND LIVING CONDITIONS

A rich body of history-based research shows the link between poor health and poor living conditions, both nationally and internationally.⁴⁹ Negative housing conditions can include poor ventilation and air quality, inadequate heat, damp and mould, and infestations.⁵⁰ The relationship between poor health and poor living conditions has led to numerous policies and regulations both nationally and internationally in areas such as carbon monoxide monitoring, lead poisoning, better construction and sanitation, and fire safety.⁵¹

Contextual factors such as the degree of individual or neighbourhood deprivation, and the characteristics of location (overcrowding, isolation, or high-crime areas) may also operate as confounders; they can exacerbate the impact of poor housing or minimize the potentially positive health outcomes of good housing. Recent research by the WHO brings together and examines the evidence on health factors and housing to determine the environ-

Homeless people have significantly worse health than the general population. They are:

- 29 times as likely to have hepatitis C
- 20 times as likely to have epilepsy
- 5 times as likely to have heart disease
- 4 times as likely to have cancer
- 3½ times as likely to have asthma
- 3 times as likely to have arthritis or rheumatism

⁴¹ D.S. Morrison. Death in Homeless Men in Glasgow, UK. *BMJ* (7 August, 2003, rapid response).

⁴² S.W. Hwang. "Mortality among Men Using Homeless Shelters in Toronto, Ontario," *Journal of the American Medical Association* 283, no. 16 (2000): 2152–57;

⁴³ S.W. Hwang et al. "Mortality among Residents of Shelters, Rooming Houses, and Hotels in Canada: 11 Year Follow-up Study," *BMJ* 339 (2009): b4036.

⁴⁴ Crowe and Hardill, 1993; Khandor and Mason, 2007.

⁴⁵ X.J. Chen et al. *Research Bulletin Homelessness and Hepatitis C* (Toronto: Street Health, 2008).

⁴⁶ M.B. Davidson, V.J. Karlan, and T.L. Hair. "Effects of a Pharmacist-Managed Diabetes Care Program in a Free Medical Clinic," *American Journal of Medical Quality* 15, no. 4 (2000): 137–42.

⁴⁷ N. Wright. *Homelessness: A Primary Care Response* (London: Royal College of General Practitioners, 2002).

⁴⁸ S.W. Hwang, and A.L. Bugeja. "Barriers to Appropriate Diabetes Management among Homeless People in Toronto," *Canadian Medical Association Journal* 163, no. 2 (2000): 161–65.

⁴⁹ Jacob A. Riis. *How the Other Half Lives: Studies among the Tenements of New York* (New York: Dover Publications, 1901; 1971); C. Whitzman. *Suburb, Slum, Urban Village Transformations in Toronto's Parkdale Neighbourhood, 1875–2002* (Vancouver: UBC Press, 2009).

⁵⁰ Shelter. *Chance of a Lifetime: The Impact of Bad Housing on Children's Lives* (London: Shelter, 2006); Centers for Disease Control and Prevention and U.S. Department of Housing and Urban Development. *Healthy Housing Reference Manual* (Atlanta: US Department of Health and Human Services, 2006).

⁵¹ Ontario Ministry of Municipal Affairs and Housing. *Building Code Compendium*, 2006. <http://www.obc.mah.gov.on.ca/site4.aspx>

mental burden of disease related to housing. The results point to a limited body of evidence for estimating the burden of disease linked to housing.⁵²

Homelessness and poor housing have a direct adverse impact on health: Crowded conditions can result in exposure to infectious diseases (e.g., TB), infestations (e.g., lice, bed bugs), and infections (e.g., fungus related to damp conditions).⁵³ The connection between living conditions and respiratory illnesses, including asthma and chronic obstructive pulmonary disease (COPD), is well established internationally.⁵⁴ Research from the United Kingdom indicates that poor housing conditions can increase the risk of severe health issues or disability by up to 25% in childhood or early adulthood.⁵⁵

THE HEALTH OUTCOMES OF HOUSING IMPROVEMENTS

Despite the abundant research on the connection between poor health and poor housing, the evidence that better housing leads to better health is harder to establish.⁵⁶

A strong body of evidence exists on a variety of housing interventions and their effects on health and the environment. Interventions have included reducing mould and moisture, improving sanitation, and reducing exposure to pests, pesticides, chemicals, and contaminated products (e.g., lead paint).⁵⁷ Less clear data are available on health outcomes for homeless and marginally housed people once they are placed in stable and secure accommodation.⁵⁸ This is due, in part, to the social and economic complexities that accompany the process. Thomson, Petticrew, and Morrison note that while housing

improvements can clearly improve residents' health, the secondary effects of improving housing can prove counterproductive.

For example, housing improvements can often lead to increasing housing costs, which could force the more marginalized individuals and families out of an area.⁵⁹ Moreover, many individuals with histories of homelessness or living in transitional accommodation may experience multiple health needs.⁶⁰ A stable housing environment may only address a portion of the health issues that these individuals face.⁶¹ Nonetheless, data suggest that housing improvements can lead to an important shift in health outcomes for individuals with histories of homelessness or marginal housing. A considerable body of work nationally and internationally considers the use of varying levels of support services in conjunction with housing services to promote housing stability. Intervention research exploring the provision of housing and support services for the homeless mentally ill and/or substance users has, perhaps, received the most attention in this area.⁶² Findings suggest that the combination of housing and services promotes stability for individuals with a history of homelessness and mental illness.⁶³

Considerable attention has been given to the feasibility of both maintaining individuals in housing and reducing healthcare costs in terms of the use of emergency rooms or periods of hospitalization (particularly for mental health issues or chronic health issues like HIV/AIDS).⁶⁴ The problem with such studies is that they view healthcare expenditures as a negative, considering rehospitalization as evidence of a support failure as opposed to evidence of a timely and effective intervention that may drive up short-term costs but

⁵² D.E. Jacobs et al. "The Relationship of Housing and Population Health: A 30-Year Retrospective Analysis," *Environmental Health Perspectives* 117, no. 4 (2009): 597–604.

⁵³ C.J. Frankish, S.W. Hwang, and D. Quantz. "Homelessness and Health in Canada. Research Lessons and Priorities," *Canadian Journal of Public Health* 96 (2005): S23–S29; *The Chief Public Health Officer's Report on The State of Public Health in Canada 2008* (Ottawa: Public Health Agency of Canada, 2008).

⁵⁴ Shelter. *Sick and Tired. The Impact of Temporary Accommodation on the Health of Homeless Families* (London: Shelter, 2004).

⁵⁵ Shelter. *Chance of a Lifetime: The Impact of Bad Housing on Children's Lives* (London: Shelter, 2006).

⁵⁶ H. Thomson, M. Petticrew, and J. Morrison. *Is Housing Improvement a Potential Health Improvement Strategy?* (Copenhagen: WHO Regional Office for Europe, 2005); Health Evidence Network report: <http://www.euro.who.int/Document/E85725.pdf>; H. Thomson, M. Petticrew, and J. Morrison. *Housing Improvement and Health Gain: A Summary and Systematic Review* (Geneva: World Health Organization, n.d.).

⁵⁷ National Center for Healthy Housing. *Housing Interventions and Health: A Review of the Evidence* (Columbia, MD: NCHH, 2009). <http://www.nchh.org/LinkClick.aspx?fileticket=21vaEDNBldU%3d&tabid=229>

⁵⁸ J. Lubell, R. Crain R, and R. Cohen. *Framing the Issues – The Positive Impacts of Affordable Housing on Health* (Washington DC: Center for Housing Policy, 2007).

⁵⁹ H. Thomson, M. Petticrew, and J. Morrison. *Housing Improvement and Health Gain: A Summary and Systematic Review* (Geneva: World Health Organization, n.d.).

⁶⁰ P. Bevan. *Multiple Needs Briefing* (London: Homeless Link, 2002); G. Croft-White, and G. Parry-Crooke. *Lost Voices: The Invisibility of Homeless People with Multiple Needs* (London: Crisis, 2004).

⁶¹ FEANSTA Policy Statement. *How Health Professionals can Work Towards Meeting the Health Needs of Homeless People*.

⁶² R. Chilvers, G. Macdonald, and A. Hayes. "Supported Housing for People with Severe Mental Disorders," *Cochrane Database of Systematic Reviews* no. 4 (2006). DOI: 0.1002/14651858.CD000453.pub2; T. Kyle, and J.R. Dunn. "Effects of Housing Circumstances on Health, Quality of Life and Health Care Use for People with Severe Mental Illness: A Review," *Health and Social Care in the Community* 16, no. 1 (2008): 1–15; G. Nelson, T. Aubry, and A. Lafrance. "A Review of the Literature on the Effectiveness of Housing and Support, Assertive Community Treatment, and Intensive Case Management Interventions for persons with Mental Illness Who Have Been Homeless," *American Journal of Orthopsychiatry* 77, no. 3 (2007): 350–61.

⁶³ G. Nelson, T. Aubry, and A. Lafrance. "A Review of the Literature on the Effectiveness of Housing and Support, Assertive Community Treatment, and Intensive Case Management Interventions for persons with Mental Illness Who Have Been Homeless," *American Journal of Orthopsychiatry* 77, no. 3 (2007): 350–61.

⁶⁴ S.G. Kertesz, and S.J. Weiner. "Housing the Chronically Homeless: High Hopes, Complex Realities," *Journal of the American Medical Association* 301 (2009): 1822–24; Gulcur, L., Stefancic, A., Shinn, M., Tsemberis, S., & Fischer, S. (2003). Housing, hospitalization and cost outcomes for homeless individuals with psychiatric disabilities participating in continuum of care and housing first programmes. *Journal of Community and Applied Social Psychology*, Vol. 13, 171–186; L.S. Sadowski et al. "Effect of a Housing and Case Management Program on Emergency Department Visits and Hospitalizations among Chronically Ill Homeless Adults: A Randomized Trial," *Journal of the American Medical Association* 301, no. 17 (2009): 1771–78.

prove cost-effective in the long term.⁶⁵ Moreover, establishing the costs of community care is seldom clear or straightforward.⁶⁶

This literature raises important questions about the degree of support services needed, onsite or in conjunction with off-site services, whether congregate or mixed-income accommodation approaches work best, or perhaps most pointedly, whether accommodation should be contingent on the use of or linkage to support services. Housing First, a model of supported accommodation that places primary emphasis on housing needs and secondary emphasis on mental health and social care needs, has grown in popularity both in the United States and Canada as a way to balance the needs for stable accommodation and care on an individualized basis over time.⁶⁷

The success of the Housing First model is well documented in the United States.⁶⁸ Nonetheless, such innovative models tend to be critiqued on the limits of small-scale initiative evaluations, the potential for generalizing outcomes to different settings, and the stability of findings over time. A recent study by the Mental Health Commission of Canada (MHCC) on mental health and homelessness provides evidence on a large scale, across five cities, accounting for regional variations in population and their identified health and social needs.⁶⁹

ABORIGINAL HOUSING AND HEALTH

A number of studies indicate that Aboriginal people living across Canada experience poorer outcomes on most measurements of well-being than the general Canadian population.⁷⁰ Research has found that these disparities are due to the economic, cultural, and social interference brought about by forced acculturation and assimilation. While many Canadians experience poverty, certain characteristics that are specific to the Aboriginal population make their experience unique.

The prevalence of Aboriginal people in precarious housing conditions

Obtaining an accurate count of the number of Aboriginal people precariously housed, especially those who are homeless, is a difficult task. However, statistics show that poor housing and homelessness is more prevalent among the Aboriginal population than the general Canadian population. In 2006, CMHC reported that 20% of Canada's First Nations, Inuit, and Métis populations were in core housing need, significantly higher than the 12.7% of non-Aboriginal Canadians in core housing need.⁷¹

According to the Native Counseling Services of Alberta, "the Aboriginal homeless rate is at about 40% Canada wide."⁷² Moreover, 15% of Canada's homeless population is Aboriginal, meaning that Aboriginals are overrepresented in the homeless population by more than a factor of four, considering they comprise only 3.3% of the Canadian population.

Toronto Aboriginal housing and homelessness consultation

The Wellesley Institute worked with a steering committee of Aboriginal housing and service providers in the Toronto area in 2008 (including Miziwe Biik Aboriginal Employment and Training, Nishnawbe Homes, and Toronto Council Fire) for a wide-ranging consultation on housing needs in the metropolitan region.⁷³ A very powerful picture emerged from this work:

- **Hard working, but trapped in poverty:** Aboriginal people work hard and many are highly educated, yet one in three households has an annual income below the poverty line; and less than one in five Aboriginal households has an annual income that would qualify for a conventional mortgage to purchase a low-end-of-market condominium.
- **Strong values excluded from culture:** Aboriginal people value their culture and understand that it has practical and important value in all aspects of their lives, but they often have little or no access to Aboriginal-controlled and Aboriginal-delivered housing and related services.

⁶⁵ Rosenheck, Robert. "Cost-Effectiveness of Services for Mentally Ill Homeless People: The Application of Research to Policy and Practice," *American Journal of Psychiatry* 157 (2000): 1563–70.

⁶⁶ Evan Roberts, Jacqueline Cumming, and Katherine Nelson. "A Review of Economic Evaluations of Community Mental Health Care," *Medical Care Research and Review* 62 (2005): 503–43.

⁶⁷ S. Tsemberis, L. Gulcur, and M. Nakae. "Housing First, Consumer Choice, and Harm Reduction for Homeless Individuals with a Dual Diagnosis," *American Journal of Public Health* 94, no. 4 (2004): 651–56; S.G. Kertesz et al. "Housing First for Homeless Persons with Active Addiction: Are We Overreaching?" *Milbank Quarterly* 87, no. 2 (2009): 495–534; M. Piat, J. Barker, and P. Goering. "A Major Canadian Initiative to Address Mental Health and Homelessness," *Canadian Journal of Nursing Research* 41, no. 2 (2009): 79–82.

⁶⁸ A. Stefancic, and S. Tsemberis. "Housing First for Long-Term Shelter Dwellers with Psychiatric Disabilities in a Suburban County: a Four-Year Study of Housing Access and Retention," *Journal of Primary Prevention* 28, no. 3–4 (2007): 265–79.

⁶⁹ M. Piat, J. Barker, and P. Goering. "A Major Canadian Initiative to Address Mental Health and Homelessness," *Canadian Journal of Nursing Research* 41, no. 2 (2009): 79–82.

⁷⁰ U. George, and R. Doyle. *Socioeconomic Integration of Visible Minorities and Aboriginal Peoples in Toronto*, 2005; Y. Iwasaki, J. Bartlett, and J. O'Neil. "Coping with Stress among Aboriginal Women and Men with Diabetes in Winnipeg, Canada," *Social Science and Medicine* 60, no. 5 (2002): 977–88.

⁷¹ http://www.hrsdc.gc.ca/en/lp/lp/lsw/we/special_projects/RacismFreeInitiative/George-Doyle.shtml; Statistics Canada. *Canada's Performance 2004* (Ottawa: Statistics Canada, 2004). http://www.tbs-sct.gc.ca/report/govrev/04/cp-rc5_e.asp

⁷² Canada Mortgage and Housing Corporation. *Housing in Canada Online* data table.

⁷³ Native Counseling Services of Alberta [NCSA]. *Community Consultation on Homelessness Report* (Edmonton: NCSA, 2000). <http://www.edmonton-homelessness.ca/aboriginal/consultation.doc>

⁷⁴ GTA Aboriginal Housing Consultation. *Greater Toronto Area Aboriginal Housing Consultation: Final Report* (Toronto: Author, 2008). <http://www.mhdc.ca/acrobat/abconsultfinal.pdf>

- **Big dollars spent on housing, but poor housing delivered:** Aboriginal people contribute tens of millions of dollars annually to the GTA economy in the form of rent, mortgage payments and utility costs, even though almost half of all households report that they pay 50% or more of their income on housing (well above the accepted threshold of 30%). Many Aboriginal households report that their current housing is overcrowded, unsafe, substandard – or a combination of all three.
- **Poor housing with a big cost:** Aboriginal people are suffering the costs of unaffordable and inadequate housing in a variety of ways: Half of Aboriginal households report that poor housing has led to mental health concerns, and almost the same number say that they cannot afford decent food; one in three Aboriginal households cannot afford a telephone; one in three Aboriginal households reports that inadequate housing has led to violence and breakdowns in marriage; children are doing poorly in school, and adults report that they have significant troubles getting and keeping jobs.
- **Successful Aboriginal organizations often neglected or excluded:** Aboriginal housing and service providers in the GTA have a long and successful history of delivering good housing, services, and programs in an effective and cost-efficient way, but Aboriginal organizations are often excluded from funding programs or left to compete with non-Aboriginal groups for a small amount of financial and program resources. There are practical and effective models for delivering Aboriginal housing and services efficiently.

PRECARIOUS HOUSING AND TUBERCULOSIS

The links between housing and specific conditions, such as tuberculosis, are set out in various research reports, including an Advisory Committee Statement from the Canadian Tuberculosis Committee in 2007, which notes:

Housing conditions are used as socio-economic indicators of health and well-being. Poor housing quality and overcrowding are associated with poverty, specific ethnic groups and increased susceptibility to disease. Crowding, poor air quality within homes as a result of inadequate ventilation, and the presence of mold and smoke contribute to poor respiratory health in general and have been implicated in the spread and/or outcome of tuberculosis (TB).

According to the 2001 Canadian Census, First Nations, Inuit and recent immigrants (foreign-born) have a disproportionately higher share of housing needs than other Canadian. They have the highest risk of living in houses that are overcrowded and in disrepair, and/or they live in houses that cost more than 30% of their before-tax household income....

TB rates continue to be a major public health problem in Canada in First Nations, Métis, Inuit and foreign-born populations. First Nations people living on reserves have an 8-10 times higher TB notification rate than do non-Aboriginal Canadians; they also have a higher than average household occupancy density and a poorer quality of housing than other Canadians. It is not surprising, therefore, that TB rates are higher in Canada's First Nations populations than among Canadian-born, non-Aboriginal people. Factors contributing to the high rates of TB among First Nations are the prevalence of latent infection, co-morbidities (including diabetes), substance abuse, genetic factors and socio-economic factors. Socio-economic factors that have been implicated in health outcome include ethnicity, income, employment status, education, poverty and housing conditions. Overcrowded houses and poor ventilation increase both the likelihood of exposure to *Mycobacterium tuberculosis* and progression to disease.⁷⁴

PRECARIOUS HOUSING AND HIV/AIDS

The Ontario HIV Treatment Network (OHTN) is a group of research partners that is collaborating in the Positive Spaces, Healthy Places⁷⁵ community-based research initiative. Its research draws the links among HIV, housing, and health – both the negative links (insecure housing and poor health) and the positive impact of good, healthy housing.

Research findings indicate that people with HIV/AIDS who experience housing instability are more likely to

- have addiction issues
- have substance use issues
- experience a higher prevalence of depression and higher stress levels
- have lower health status (lower CD4 counts, higher viral loads)
- have higher mortality rates
- have greater difficulty accessing good health care⁷⁶

⁷⁴ Public Health Agency of Canada. "Housing Conditions That Serve as Risk Factors for Tuberculosis Infection and Disease," *Canadian Communicable Disease Report* 33, ACS-9, (October 2007). <http://www.phac-aspc.gc.ca/publicat/ccdr-rmtc/07vol33/acs-09/index-eng.php>

⁷⁵ Current research material is posted at <http://www.pshp.ca/>

⁷⁶ The latest research materials are posted at <http://www.healthyhousing.ca/>

In the words of the OHTN researchers: “Good housing policy is an effective intervention for people living with HIV and AIDS and a cost-effective HIV prevention strategy.”

PRECARIOUS HOUSING: A TRULY NATIONAL CHALLENGE

Deep and persistent housing insecurity and homelessness are truly nationwide issues – from Iqaluit in the north to St. John’s in the east to Victoria in the west.

- Slightly more than one in four households is living in a home that needs significant repairs, and almost 225,000 Canadians live in substandard housing.
- About one in eight households involuntarily pays 30% or more of their income on housing.
- About one in eight households is in core housing need.

Several provincial governments across Canada have reduced funding to successful housing initiatives and downloaded the funding and administration of housing to municipalities. Government financing of housing investments has shifted dramatically over the past two decades. In 1989, a total of 43% of all government housing investments were from the federal government, with 47% from the provinces and territories, and 10% from municipalities.

By fiscal 2009, the federal contribution had shrunk to 29%, with the provincial/territorial share falling to 44%, and Canada’s municipalities more than doubling their contribution to 27% of the overall housing investments.⁷⁷ If the trend continues, municipalities will outspend the federal government within two years, even though the municipal tax base is less robust, with fewer “levers” to pull, than the federal tax base.

Canada is a big country, and Canadians have a complex set of housing needs. While two-thirds of Canadians are able to find a home in the private ownership or rental markets, this report shows that a large and growing number of Canadians are excluded from private housing markets. Official federal estimates put the number of Canadians who experience homelessness at between 150,000 to 300,000 (or almost 5% to 10% of the overall adult population).⁷⁸ Moreover, the number of Canadian households in desperate housing conditions is 1.5 million (or 12% of the total number of households).⁷⁹ This large and growing group of Canadians expects that governments at the local, provincial, territorial, and federal levels will provide practical and effective housing support.

But it doesn’t end with the 1.5 million Canadians that the government acknowledges are in acute housing distress. This report – the most comprehensive effort to date to measure housing needs and assess the housing responses of all levels of government – shows that there are hidden dimensions to housing and homelessness not captured in official categories of federal estimates. The combination of “official” and “hidden” housing insecurity adds up to a pressing and immediate socio-economic challenge.

⁷⁷ Statistics Canada, Survey of Government Revenues and Expenditures database

⁷⁸ See the federal government’s Homelessness Partnering Strategy at <http://www.hrsdc.gc.ca/eng/homelessness/index.shtml>

⁷⁹ Core housing need, and other statistical measures of housing need, are available from Canada Mortgage and Housing Corporation at <http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/index.cfm>



AN HISTORICAL PERSPECTIVE ON CANADIAN HOUSING POLICY

THE EVOLUTION OF A POWERFUL LEGACY

The Great Depression was in its fifth year, housing insecurity and homelessness were on the rise, and urban slums in Toronto and elsewhere were attracting official attention. A parliamentary committee recommended that the federal government respond to the profound housing distress with new spending and targeted programs. The Dominion Housing Act of 1935 was the government's response, but it was dismissed by leading experts, including McGill University's dean of architecture, Percy Nobbs, as a "comedy of errors."⁸⁰

The dollars, such as they were, went mostly to middle- and upper-income households, while lower-income households, including the jobless, were not getting the housing help that they required. After issuing his devastating critique, Nobbs called on the federal government to finance the construction of housing for people excluded from the private ownership and rental markets.

A year earlier, in 1934, the Bruce Commission released its final report on housing conditions in Toronto. The report detailed the appalling state of the city's "slum districts" and their terrible impact on the physical and mental health of residents:

Our survey of Toronto housing conditions reveals that there are thousands of families living in houses which are insanitary, verminous, and grossly overcrowded. The Committee confidently estimates that the number of dwellings which for these and other reasons constitute a definite menace to the health and decency of the occupants is certainly not less than 2,000 and may be more than 3,000. In addition there are probably half as many houses again which, while not in the same sense menacing, nevertheless lack the elementary amenities of life.⁸¹

The private markets for rental and ownership housing had clearly failed to meet the housing needs of low- and moderate-income Torontonians, according to Bruce. And, while he recommended tough new building standards and a major enforcement effort to improve the slum districts, his core recommendations centred on a new housing plan that included government funding to build new affordable homes:

The community is responsible, we believe, for the provision of satisfactory dwellings for those who are too poor to afford them. This principle is widely if not universally accepted by European countries; and has been the basis of low-cost housing development in Great Britain since before the war. Toronto must follow the example of the leading British cities. The responsibility must be shouldered. The time for reconstruction is here.⁸²

Bruce also noted that there were a variety of social and economic benefits that flow from a properly constructed affordable housing plan:

From both the Provincial and Federal governments financial assistance for projects of reconstruction should be sought. Both governments have in the past given aid to public works as a means of unemployment relief; and further expenditures may be forthcoming under the Dominion Relief Act, 1933, and similar legislation. Both governments stand to gain from the decreased burden of unemployment relief and from the increased prosperity and public revenues which all such expenditures promote; and they stand to gain more especially from the works which we recommend because better housing increases health and happiness and diminishes delinquency and crime.

⁸⁰ See <http://www.urbancentre.utoronto.ca/pdfs/policyarchives/1935PercyNobbs.pdf>

⁸¹ See <http://www.urbancentre.utoronto.ca/pdfs/policyarchives/1934HerbertBruce.pdf>

⁸² Ibid.

It should be urged on the Dominion government particularly that no public works grants are so urgently needed as those for the rehousing of the poorest members of the community; further, that in order to make such grants most effective, a National Housing Commission should be appointed to assist Provincial and municipal housing authorities in the formulation of plans, in the choice of materials, and possibly, if a nationwide housing scheme can be initiated, in securing economies by the large-scale purchase of such materials.⁸³

The call to action from Bruce and Nobbs would be repeated a decade later, when leading Canadian housing scholar Humphrey Carver called for a post-war national housing plan targeted to low- and moderate-income households excluded from private ownership and rental markets. However, it was not until the National Housing Act amendments of 1973 that the federal government committed to a national housing plan that would support the development, over the following two decades, of more than half a million good quality, affordable homes. By the mid-1990s, the federal government had stopped its financial support for new affordable homes, and the other parts of the national housing plan were also dismantled by the end of that decade. Those policy decisions led to growing housing insecurity and homelessness across the country.

CURRENT POLICY INITIATIVES: PROGRESS HAS BEEN SLOW

Canada's Affordable Housing Framework Agreement, 2001

In 2001, the federal government, along with all the provinces and territories, took an important step toward developing a comprehensive national housing plan when the two orders of government unanimously adopted the Affordable Housing Framework Agreement, 2001 (see appendix two of part II). But the agreement was intended to be short term (initially only five years, although it has been extended for specific periods since then). Each province and territory signed a bilateral housing agreement with the federal government to implement the terms of the national framework. Federal, provincial, and territorial housing ministers hailed the 2001 deal as an important step toward creating a national housing plan.

Overcoming obstacles to ensure every Canadian has a place to call home

In September 2004, the University of Toronto's Centre for Urban and Community Studies released an important book on Canadian housing policy co-edited by Dr. David Hulchanski, Canada's leading academic housing expert, and Michael Shapcott, then a community-based housing policy expert.⁸⁴ *Finding Room* drew together contributions from leading academic, community, government, and private sector experts on housing policy.⁸⁵

The foreword by Toronto Mayor David Miller included this call to action:

When it comes down to it, we have no option but to overcome the obstacles to a sound affordable housing policy. With apologies to Robert Frost, when a Canadian has to go home, we have to be there to take them in.

The White Point Principles for a new national housing framework, 2005

As work under the 2001 national housing framework was nearing its conclusion, the provincial and territorial housing ministers met in 2005 to draft a permanent national housing plan that would replace the temporary deal reached four years earlier. The provincial and territorial housing ministers released a set of principles that they proposed should guide the development of a comprehensive national housing plan (see appendix three of part II). The federal housing minister met with his provincial counterparts, and in the final communiqué of their meeting, the ministers greeted the principles as a useful foundation on which to continue discussions toward a new national housing plan. Yet progress has been slow.

In 2009, the federal government pledges to work with provinces and territories on housing

In February 2009, Canada's compliance with its international housing obligations was reviewed by the United Nations Human Rights Council (UNHRC). The council raised concerns about housing and homelessness issues in Canada, and called on the federal government to take more action to ensure Canadians are properly housed.⁸⁶ In June 2009, the federal government released its formal response to the UN review.⁸⁷ It accepted several recommendations on poverty and homelessness, and made a specific pledge:

⁸³ Ibid.

⁸⁴ Michael Shapcott is the principal author of *The State of the Nation's Housing 2009* and Director of Affordable Housing and Social Innovation at the Wellesley Institute.

⁸⁵ Available at <http://www.urbancentre.utoronto.ca/findingroom/>

⁸⁶ The 68 formal recommendations are posted here: http://www.pch.gc.ca/pgm/pdp-hrp/inter/wrk_grp-eng.pdf

⁸⁷ The bill is available at <http://www.pch.gc.ca/pgm/pdp-hrp/inter/101-eng.cfm>

Canada acknowledges that there are challenges and the Government of Canada commits to continuing to explore ways to enhance efforts to address poverty and housing issues, in collaboration with provinces and territories.⁸⁸

In early December 2009, the federal, provincial, and territorial housing ministers met for the first time in four years. The bland news release issued at the end of the half-day session spoke of “significant progress” and “momentum,” but there was no commitment to finalizing work on a national housing framework that was promised in 2005, nor was there even reference to a timetable for creating this framework.⁸⁹

Bill C-304: An act to create a national housing strategy

Bill C-304 was introduced in Parliament in the fall of 2009.⁹⁰ This bill requires the federal government to consult with the provinces, territories, municipalities, Aboriginal groups, the non-profit sector, and the private sector to create a national housing strategy (see the full text of the draft legislation, before amendments, in appendix five of part II). Under parliamentary rules, a private member’s bill cannot compel the government to spend money (that is known as “royal prerogative”), so Bill C-304 requires the federal housing minister to follow a process to create a national housing strategy – without specifying details of that strategy (any specifics in a private member’s bill would be ruled out of order by the Speaker). The draft legislation has drawn the support of a majority of MPs in first and second reading. At the time that this report was being prepared, the bill was before a parliamentary committee for review.

FAST FORWARD TO THE PRESENT ...

When the current recession hit in 2008, Canada faced many familiar issues: rising housing insecurity, deep and persistent homelessness, poverty and income inequality that was worse than in other leading economies, and a package of government housing responses that – like Nobbs’ critique of the 1935 Dominion Housing Act – channelled most of the public subsidies to households that didn’t need the help. Meanwhile, waiting lists for affordable housing grew longer, and precariously housed Canadians were left without substantial help.

Canada’s current recession rivals that of the 1930s: British Columbia’s Auditor General John Doyle released a powerful review of the effectiveness of that province’s homelessness programs. He concluded that the provincial government

has not been successful in reducing homelessness. Clear goals and objectives for homelessness and adequate accountability for results remain outstanding. Government lacks adequate information about the homeless and about the services already available to them – this hampers effective decision making ... government has not yet established appropriate indicators of success to improve public accountability for results.⁹¹

Ontario’s Auditor General, Jim McCarter, issued a detailed review of housing programs in that province in December 2009. He found that the Ontario government couldn’t properly account for over \$300 million in federal housing dollars; that the province was building “affordable housing” that was much too expensive for people on affordable housing waiting lists; and that cuts in the province’s housing staff meant that provincial programs were poorly designed or slow to be implemented.⁹² He also noted that automatic cuts in federal social housing grants to provinces – which were set in place when the federal government decided to transfer administration of most of its housing programs to provinces and territories in 1996 – will lead to a sharp decline in housing funding in the coming years. What links Nobbs in the Great Depression of the 1930s with Doyle and McCarter in the current recession is the recognition that governments have a responsibility to ensure that they effectively and adequately respond to the critical housing issues of the day. Programs and spending need to be evaluated against clear criteria: For example, Are housing initiatives, and housing dollars, reaching the people needing them most? The answer to this question is found not in the stream of news releases from politicians but in the program records and accounts of the federal government and other governments across Canada.

ENSURING HOUSING INVESTMENT OVER THE LONG TERM REQUIRES INNOVATIVE SOLUTIONS

Canadian housing investments at the federal level, and in most provinces and territories, have been sporadic, and this inconsistent funding has created multiple problems for the affordable housing sector. For instance, since the federal budget of January 2009, the call has gone out from governments for “planning approved, shovel-ready affordable housing projects” to meet the political imperative for “announceable” projects. But the capacity of the sector in most parts of Canada to create viable housing projects is limited. The long periods of waiting for housing investments punctuated by the need to respond quickly to local housing demands have not necessarily generated the best housing projects for the long term.

⁸⁸ Ibid.

⁸⁹ The news release for the meeting is available at http://www.scics.gc.ca/cinfo09/830975004_e.html

⁹⁰ Available at <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=3660878&file=4>

⁹¹ Available at <http://www.bcauditor.com/pubs/2009/report16/homelessness-clear-focus-needed>

⁹² Available at http://www.auditor.on.ca/en/reports_en/en09/312en09.pdf

The financial requirements for ongoing housing investments need to be aligned with housing needs. A number of investment models can serve as promising practices. The Canadian Housing Renewal Association has long called for a national housing trust fund/foundation that would take some of the politics out of housing investment decisions.⁹³ At the local level, a housing loan has been created in Ottawa in an alliance between the Ottawa Community Loan Fund, Alterna Savings (a credit union), and the Public Service Alliance of Canada (which provided \$2 million in funding).⁹⁴ The Canadian Alternative Investment Co-operative provides a loan program for new affordable homes.⁹⁵ Infrastructure Ontario (an agency of the Ontario government) has approved \$119.3 million in loans out of a \$500 million envelope.⁹⁶ All of these are good initiatives that provide valuable insights into the structure of a national alternative financing mechanism for affordable housing development across Canada.

⁹³ See <http://www.chra-achru.ca/CMFiles/documents/1999%20Housing%20Works1OAH-1282008-5035.pdf>

⁹⁴ See <http://www.chra-achru.ca/CMFiles/psac-alterna1LID-242008-7427.pdf>

⁹⁵ See <http://www.caic.ca/>

⁹⁶ See <http://www.infrastructureontario.ca/en/loan/housing/index.asp>



CANADA AND THE WORLD:

International housing policy lessons

KEY OBSERVATIONS

- The United Nations has been increasingly critical of Canada's failure to meet its international housing obligations.
- There is a growing movement in Canada to seek recognition of the right to housing within domestic law.
- Canada is falling behind other advanced economies in key housing-related measures, including poverty, income inequality, and public expenditures on housing.
- Successful models of housing initiatives exist that Canada can adopt, including the Australian Commonwealth-State Housing Agreement.
- Housing initiatives in a number of countries, including Britain and the United States, can be effectively integrated into a national housing plan for Canada.

CANADA'S INTERNATIONAL HOUSING RIGHTS OBLIGATIONS

The right to adequate housing has long been recognized in international law. The Universal Declaration of Human Rights (the global charter of human rights) sets out the right to housing in Article 25.⁹⁷ Canadian legal scholar John Peters Humphreys was the principal drafter of the Universal Declaration.⁹⁸ The International Covenant on

Economic, Social and Cultural Rights sets out the right to adequate housing in Article 11, which also imposes an obligation on governments to ensure that the right to housing is realized.⁹⁹

Numerous other international legal instruments also recognize the right to housing. General Comment #4 of the United Nations' Committee on Economic, Social and Cultural Rights provides a more detailed legal rendering of the right to housing, including the various components of the right to housing.¹⁰⁰

The United Nations' global centre for housing and human settlements, UN-HABITAT, maintains an active housing rights campaign.¹⁰¹ Habitat International Coalition, a global non-governmental organization that includes community-based housing partners, maintains an online housing rights toolkit through its Housing and Land Rights Network.¹⁰² The Special Rapporteur on the Right to Adequate Housing, appointed by the UNHRC, is the global expert on housing rights.¹⁰³

Canadian housing scholar David Hulchanski has noted that more than 60 national constitutions specifically include housing rights, although he cautions that in some countries, while housing rights may be the law, they are not necessarily the reality.¹⁰⁴

Canada was host to the first UN global conference on housing and human settlements in Vancouver in 1986. Arising from this conference is the historic Vancouver Declaration on Human Settlements, which states:

⁹⁷ Available at <http://www.un.org/en/documents/udhr/>

⁹⁸ See <http://www.jhcentre.org/dnn/AboutUs/JohnPetersHumphrey/tabid/70/Default.aspx>

⁹⁹ See <http://www2.ohchr.org/english/law/cescr.htm>

¹⁰⁰ See <http://www.unhcr.ch/tbs/doc.nsf/0/469f4d91a9378221c12563ed0053547e?Opendocument>

¹⁰¹ Available at <http://www.unhabitat.org/unhrp>

¹⁰² Available at http://www.hlrn.org/old_hlrn/toolkit/index.html

¹⁰³ See <http://www2.ohchr.org/english/issues/housing/index.htm>

¹⁰⁴ Research note posted at <http://action.web.ca/home/housing/resources.shtml?x=67191>

Adequate shelter and services are a basic human right which places an obligation on Governments to ensure their attainment by all people, beginning with direct assistance to the least advantaged through guided programmes of self-help and community action. Governments should endeavour to remove all impediments hindering attainments of these goals, or special importance is the elimination of social and racial segregation, inter alia, through the creation of better balanced communities, which blend different social groups, occupation, housing and amenities.¹⁰⁵

Canada also hosted the WHO's first international conference on health promotion in Ottawa in 1986, which adopted a global declaration known as the Ottawa Charter for Health Promotion. This declaration recognizes that housing is one of the "fundamental conditions and resources" and a necessary prerequisite for good health.¹⁰⁶

RIGHT TO HOUSING AS A SUBSET TO RIGHT TO LIFE

Housing is not specifically mentioned in either Canada's Constitution or the Canadian Charter of Rights and Freedoms. In international law, the right to housing is a subset of the right to an adequate standard of living, and this right is, in turn, a subset of the right to life. The right to life is recognized in the Charter, and there is a growing interest among public interest and human rights lawyers to seek to have international housing rights "read into" the Constitution and its laws.

CANADA'S COMPLIANCE WITH ITS INTERNATIONAL HOUSING RIGHTS OBLIGATIONS

The federal government has ratified or otherwise acceded to a wide variety of international legal instruments that recognize the right to housing and impose an obligation on the state that ratifies the covenant to ensure that it is realized. However, in Canada, international legal obligations are not automatically incorporated into domestic law and global human rights bodies, such as the UNHRC, mainly have the power to "review" national compliance with international rights and to "name and shame" countries that fall below internationally accepted standards.

In October 2007, the UN Special Rapporteur, who is the leading global expert on housing rights, undertook a cross-Canada mission. Mr. Kothari offered this preliminary observation at the end of his mission: "There has been a significant erosion of housing rights over the past two decades."¹⁰⁷ His final mission report was tabled at the UNHRC in February 2009 and includes 27 pages of detailed observations, plus 111 specific recommendations.¹⁰⁸ Many of Mr. Kothari's recommendations have been incorporated into the Wellesley Institute's *Precarious housing in Canada 2010* report. The full list of recommendations is set out in appendix four of part II.

The strong language used by Mr. Kothari is echoed in other recent reviews of Canada's compliance with its international housing rights obligations.¹⁰⁹ In 1998, the United Nations' Committee on Economic, Social and Cultural Rights called homelessness and inadequate housing in Canada a "national emergency" – strong language for an international organization. It also pressed for "a national strategy for the reduction of homelessness and poverty."¹¹⁰

In 2009, Canada came under the scrutiny of the UNHRC (the highest human rights' body within the UN system) during its first ever Universal Periodic Review of Canada's human rights' obligations, including the international right to adequate housing. The "jury" in this international tribunal included all the nations that are part of the Human Rights Council.¹¹¹ Their preliminary verdict was a 24-page document that lists 68 specific recommendations to bring Canada into compliance with international rights standards, including a series of recommendations on housing and homelessness.¹¹²

SELECTED INTERNATIONAL BEST, GOOD, AND PROMISING PRACTICES

Australia's long-term federal-state housing agreement

Australia, like Canada, has a federal system of government with different levels of jurisdiction. Canada's federal system, with a national government and provinces that are sometimes engaged in political competition over funding and constitutional jurisdiction, is similar to the Australian system that comprises a national government and states. While Canada's national housing strategy of 1973 has been

¹⁰⁵ Available at <http://habitat.igc.org/vancouver/van-decl.htm>

¹⁰⁶ Available at http://www.who.int/hpr/NPH/docs/ottawa_charter_hp.pdf

¹⁰⁷ Available at <http://intrspec.ca/G0811092.pdf>

¹⁰⁸ Ibid.

¹⁰⁹ In 1997 and 1998, for instance, Canada's housing rights' record was reviewed by the United Nations' Committee on Economic, Social and Cultural Rights, and the committee (in 1999 and 1998), identified a number of "concerns."

¹¹⁰ United Nations. Economic and Social Council. *Consideration of Reports Submitted by States Parties Under Articles 16 and 17 of the Covenant. Concluding Observations of the Committee on Economic, Social and Cultural Rights: Canada* (Geneva: UNHCHR, 2006).

¹¹¹ The Human Rights Council includes almost every nation in the world, including – most recently – the United States, which joined after Canada's formal review in February 2009.

¹¹² The full document is at http://www.pch.gc.ca/pgm/pdp-hrp/inter/wrk_grp-eng.pdf

dismantled, and the existing national-provincial affordable housing initiative is a short-term initiative, Australia's Commonwealth-State Housing Agreement was first written in 1945 and has been updated over time.¹¹³

On January 1, 2009, the federal and state governments in Australia launched the National Affordable Housing Agreement – which brings the bilateral housing deal into the 21st century.¹¹⁴ In its 2009 economic stimulus budget, the Australian federal government announced plans for a three-year housing fund of \$5.238 million to build new social housing, and \$400 million over two years for housing repairs.¹¹⁵ Adjusted for our population (Canada has 50% more people than Australia), the equivalent amount in Canadian dollars would be \$7.8 million – almost four times higher than the housing investment set out in Canada's economic stimulus budget.

Norway's Housing Bank (Husbanken)

Norway's housing bank (Husbanken) is an agency of the national government that provides loans for new homes and housing repairs, plus education and policy work on housing and homelessness.¹¹⁶ In addition, it provides grants to cover housing allowances and special needs housing, as well as start-up loans.

The United States' National Housing Trust Fund and inclusionary housing policies

US President Barack Obama has allocated \$1 billion for a National Housing Trust Fund in his upcoming budget plans. Legislation to support the fund is also working its way through the US Congress.¹¹⁷ Hundreds of US cities, and a growing number of states, have adopted inclusionary housing policies that require a mix of housing in all new developments.¹¹⁸ There are many different mechanisms used throughout the United States – a number of which can be used in Canada, as long as there is appropriate enabling legislation at the provincial level. The Wellesley Institute has sponsored research on inclusionary housing, organized a major conference on the matter in 2008, and is launching a new micro site to act as a clearinghouse and forum for developing inclusionary zoning policy and practice in Canada.

Scotland's commitment to improve housing precariousness: Build more housing

In 2006, the Scottish government announced plans to eliminate homelessness by 2012 by making every homeless person eligible for affordable housing; and also by ramping up the development of a wide range of affordable housing options.¹¹⁹ In its progress report, Shelter Scotland, a leading housing policy group, reports: "Scotland has experienced a great deal of political change in Scotland [sic] in 2007 but the stated commitment of central government to meeting the 2012 target remains."¹²⁰ The group continues by noting: "It is clear that there is still some way to go to ensure that the vision of everyone in Scotland having the right to a home becomes a reality. It is also clear, however, that this goal is achievable."

¹¹³ See <http://www.aph.gov.au/library/intguide/sp/statehouseagree.htm>

¹¹⁴ See http://www.housing.qld.gov.au/about/pub/nsha/nah_agreement.htm

¹¹⁵ See <http://www.economicstimulusplan.gov.au/housing/pages/default.aspx>

¹¹⁶ The English language version of the Husbanken's annual report is available at http://www.husbanken.no/Toppmeny/English/~/_media/ABD1C18320204F85904C7EF4D562BAF6.ashx

¹¹⁷ For more information, see <http://www.nlihc.org/template/page.cfm?id=40>

¹¹⁸ For promising practices in the United States, go to http://www.wellesleyinstitute.com/news/affordable-housing-news/planning_for_inclusive_neighbourhoods/

¹¹⁹ Details of the 2006 plan, and a commentary by Shelter Scotland – a leading housing policy group – is available at http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/scottish_housing_green_paper_initial_response_from_shelter

¹²⁰ Available at http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/halfway_to_2012_delivering_on_scotlands_homelessness_commitments

THE LAYERS OF THE AFFORDABLE HOUSING “ICEBERG”

Visible homeless: 150,000 - 300,000

Hidden homeless: 450,000 - 900,000

Overcrowded: 705,165 h/hs

Substandard housing:
1.3 million h/hs

Core housing need:
1.5 million h/hs

Inadequate housing: 2 million h/hs
(minor repairs)

Annual housing supply deficit:
220,000 h/hs

Unaffordable housing: 3.1 million h/hs
(paying > 30%)



THE CURRENT STATE OF HOUSING DEMAND AND SUPPLY

KEY OBSERVATIONS

- The physical dimensions of Canada's housing challenges are immense. Add the current shortfall in housing to the number of Canadians living in inadequate housing, plus those who are living below basic occupancy standards, then factor in the increase in the need for housing due to population and household growth, and the numbers can be staggering.
- Nationwide, the need for housing is rising faster than new homes can be built. Population projections by Statistics Canada point to an increase of at least 3 million people over the next decade, primarily through immigration.
- Along with population growth is an increase in the number of family households and the number of single people – all of whom need a place to call home. Despite near-record construction of 795,805 new homes from 2001 to 2006, the need for new households stood at over 1.1 million during that period – creating a housing supply deficit of 317,000 homes.
- The largest provinces (Ontario, Quebec, British Columbia, and Alberta) had the biggest housing supply deficits.
- Private rental vacancy rates have been below 3% in Canada since the late 1990s – a key indicator of a major shortage of rental homes. Rental vacancy rates in the largest provinces and Canada's four major metropolitan regions have all been critically low.
- Less than 13% of new homes in Canada in the most recent quarter were rental, even though almost one-third of Canadians are renters. The percentage of rental housing – which is the housing generally affordable to low- and moderate-income households (including many recent immigrants) – as a portion of overall rental starts has been very low since 1990.
- The federal government made major cuts to the number of new homes funded under s. 95 of the National Housing Act in the early

1990s, and the current number is less than 1,000 for the entire country. Of the 623,750 homes that are assisted by federal funding, most are administered by the provinces and territories.

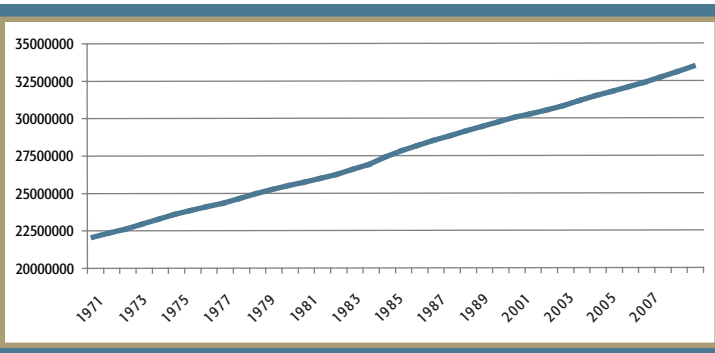
- The federal government currently estimates that the number of people who experience homelessness ranges from 150,000 to 300,000. The federal government estimates that another 705,165 households are living in overcrowded housing (sometimes called “couch-surfing”). Other estimates put the number of “hidden” homeless at 450,000 to 900,000.
- While the federal government estimates that over 3 million homes need repair, they also estimate that 224,000 are relegated to substandard housing.
 - Regarding the number of homeless people, the following data have been documented:
 - Vancouver, 2008: 2,660 street homeless people – up 373% since 2002
 - Calgary, 2008: 4,060 homeless people – up 18.2% since 2006
 - Ottawa, 2008: 7,045 people in emergency shelters – up 7% since 2007
 - Toronto, 2009: 4,358 people nightly in shelters in April 2009 – up 4% in one year

THE AFFORDABLE HOUSING “ICEBERG”

Housing insecurity and homelessness in Canada is like an iceberg – the biggest part of the problem is largely hidden from view. “Unsheltered” people sleeping on benches in urban parks may be the most common image of Canada's housing troubles, but they represent just a fraction of the overall numbers. While the housing and service needs of people who are absolutely without a home are urgent, the needs of the millions of other Canadians who are inadequately housed deserve serious attention and an effective response.

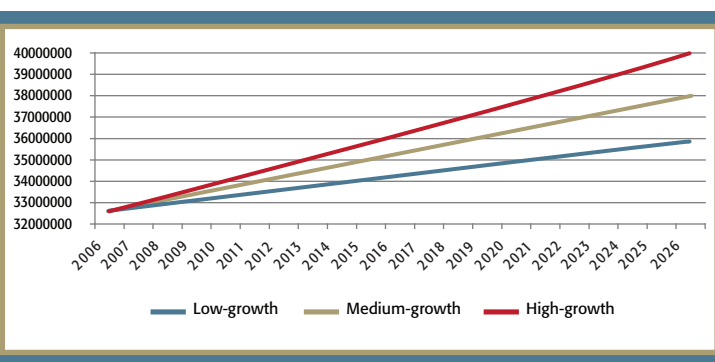
CANADA'S GROWING POPULATION MEANS A GROWING NEED FOR HOMES

Population growth in Canada



Since 1971, Canada's population has grown significantly to more than 33 million people in 2007 – up by more than 50% over the past three decades. (Source: Statistics Canada)

Projected population growth in Canada



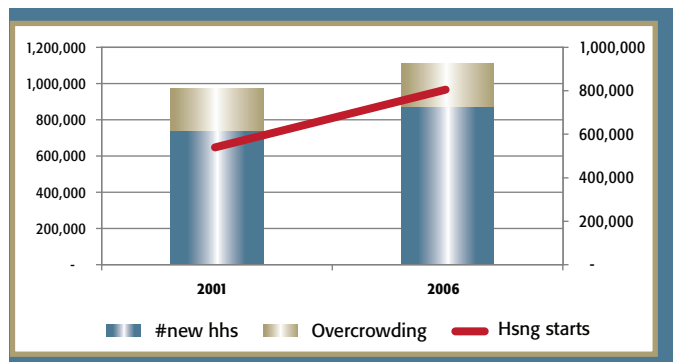
Canada's population is projected to grow to 36 million by 2020 (an increase of 3 million people – or 9% – over 2008) under the mid-range growth forecast. (Source: Statistics Canada)

HOW MUCH NEW HOUSING DO CANADIANS NEED?

A growing number of households in need of homes

As Canada's population has grown, the number of households that need a home has also increased significantly. The blue bar measures family households, and the red bar measures non-family households. The number of households in overcrowded housing is the purple bar. In all three categories, the number of new households has increased. (Source: Canada Mortgage and Housing Corporation)

Canada's housing supply deficit is large



From 2001 to 2006, Canada needed over 1.1 million homes to house new households and those living in overcrowded housing. Despite near-record construction starts, only 795,805 new homes were started, leaving a supply deficit of more than 317,000 homes. (Source: Canada Mortgage and Housing Corporation)

MEASURING THE BRICK-AND-MORTAR DIMENSIONS OF HOUSING SUPPLY

Even as government spending on housing has stagnated, there has been a rise in homelessness in many Canadian cities, as measured in local counts.¹²¹ Government spending on emergency relief – hostels and other short-term shelter, services, and supports for the homeless – has grown considerably. Canadian taxpayers spent an estimated \$49.5 billion from 1993 to 2004 on homelessness supports and services.¹²²

Affordable housing spending – by the numbers

As the signs of visible precarious housing including homelessness grew more pronounced in recent years, governments created a patchwork of housing funding and initiatives. During fiscal 2009, for instance, the federal government made substantial investments, including the following.

Federal investments targeted to low-, moderate-, and middle-income households:	
Housing program expenses ¹²³	\$2,247,000,000
Affordable housing initiative ¹²⁴	\$164,000,000
Homelessness Partnering Strategy ¹²⁵	\$134,800,000
Renovation of social housing ¹²⁶	\$500,000,000
Housing for low-income seniors ¹²⁷	\$200,000,000
Housing for persons with disabilities ¹²⁸	\$25,000,000
First Nations' housing ¹²⁹	\$200,000,000
Northern housing ¹³⁰	\$100,000,000
TOTAL	\$3,570,800,000
Federal investments not targeted:	
Home Renovation Tax Credit ¹³¹	\$2,500,000,000
Various home buyers' tax subsidies ¹³²	\$190,000,000
Capital gains exemption for principal residence – full inclusion rate ¹³³	\$6,230,000,000
TOTAL	\$8,920,000,000
Other federal housing-related investments:	
Insured Mortgage Purchase Program¹³⁴	\$66,000,000,000

Provinces, territories, municipalities, and the non-profit and private sectors have also made substantial investments in housing-related initiatives (see chapter 5) – projected spending for 2009 added up to billions of dollars. However, only the smallest portion was targeted to those with the greatest need. For instance, \$128 million was allocated to housing repairs – which provided support for about 20,000 households out of an estimated 3.3 million that live in substandard or inadequate housing. Meanwhile, almost 20 times as much – \$2.5 billion – flowed into the Home Renovation Tax Credit under the national stimulus package to provide a financial subsidy to homeowners who spent up to \$10,000 of their own funds.

The single biggest housing-related expenditure in the federal budget is the Insured Mortgage Purchase Program (IMPP). Canadian financial institutions have banked \$66 billion of the \$125 billion on offer, according to the latest federal economic update. In return for that money, banks are not required to offer affordable mortgages, nor are they required to modify the terms on existing mortgages that may be proving financially challenging for lower-income households. It's a major public investment without any affordable housing policy objective.

We have also noted the significant housing dollars that are reflected in capital gains exemptions. While we recognize that these historically sacrosanct exemptions have been viewed as a major savings for Canadian homeowners, we also believe (as with the capital gains on stocks, and interest on bank accounts and RRSP future income) that we need to engage in a real debate about the definition of earned income. It is not within the scope of the Wellesley Institute's mandate or within our expertise to propose taxation measures. However, as Hugh Mackenzie, research associate at the Canadian Centre for Policy Alternatives, has said, perhaps "it's time we had an adult conversation" about taxes. The capital gains exemption for principal residence is a tax benefit available only to relatively wealthier homeowners and not to relatively poorer renters (who bear a much higher burden of housing insecurity), and raises questions about equity and fairness in the tax system.

¹²¹ See, for instance, Gordon Laird, *Shelter: Homelessness in a Growth Economy* (Calgary: Sheldon Shumir Foundation, 2007).

¹²² *Ibid.*, p. 5.

¹²³ Canada Mortgage and Housing Corporation corporate plan 2009.

¹²⁴ Available at <http://www.wellesleyinstitute.com/files/weareneighbours.pdf>

¹²⁵ Consultation paper, Federal Housing and Homelessness Consultation, August 2009.

¹²⁶ Government of Canada, Federal Budget 2009.

¹²⁷ Available at <http://www2.parl.gc.ca/housebills/BillVotes.aspx?Language=e&Mode=1&Parl=40&Ses=2&Bill=C304>

¹²⁸ *Ibid.*

¹²⁹ *Ibid.*

¹³⁰ *Ibid.*

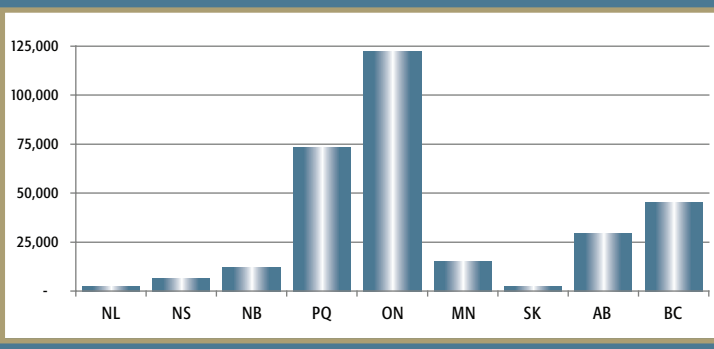
¹³¹ *Ibid.*

¹³² *Ibid.*

¹³³ Federal Department of Finance, *Tax Expenditures Report*, 2009.

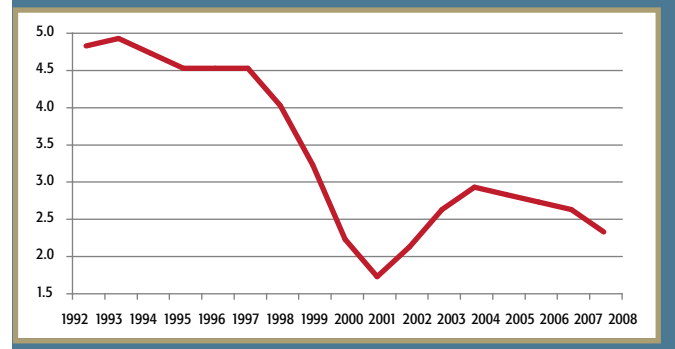
¹³⁴ Government of Canada. *Canada's Economic Action Plan: A Fourth Report to Canadians* (Ottawa: author, 2009).

Housing supply deficit by province, 2006



The shortfall between the growing need for new homes and construction starts was greatest in Ontario. Data are not available for Prince Edward Island. (Source: Canada Mortgage and Housing Corporation)

Private rental vacancy rates: Canada



A rental vacancy rate of 3% is considered by some experts to be the minimum level for a healthy private market. Canada's private rental vacancy rate has been below 3% since the end of the 1990s. Nationally, another 3,000 rental homes are needed to raise the vacancy rate to a healthier level. (Source: Canada Mortgage and Housing Corporation)

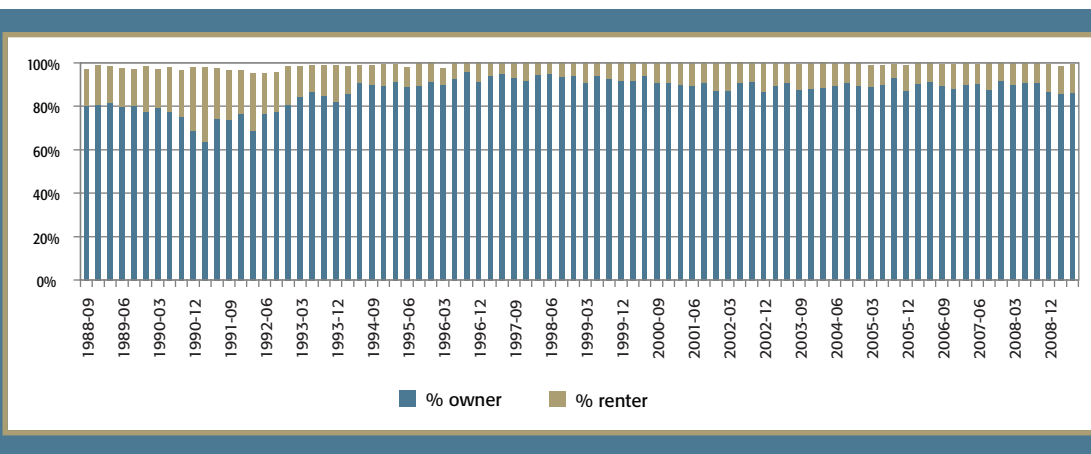
MOST NEW HOMES IN CANADA ARE BUILT FOR OWNERS

Quarterly private market housing starts: Ownership and rental

Overall, the trend over the past two decades has been a steady increase in new ownership housing (including condominiums) until 2005. The recession has caused a slight further drop in housing starts. Construction of new rental housing has remained stagnant over most of the past two decades, compared with ownership housing. About 68% of Canadians are in owned dwellings and 32% in rented dwellings – but the most recent numbers show that less than 13% of new homes were rental.

Percentage of new housing starts: Ownership versus rental

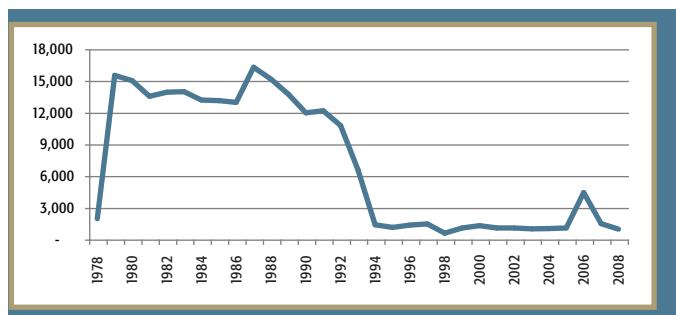
Over the past two decades, almost all the new housing starts have been ownership, even though about one-third of Canadians (mostly among the lower-income population) live in rental housing.



(Source: Canada Mortgage and Housing Corporation)

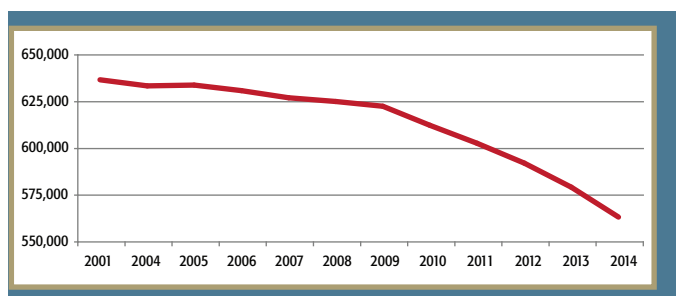
FEDERALLY FUNDED NEW HOUSING STARTS UNDER THE NATIONAL HOUSING ACT

New homes funded under s. 95 of the National Housing Act



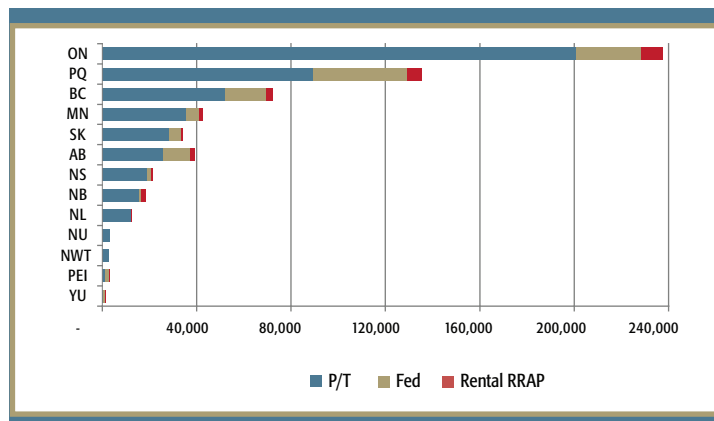
The number of new affordable homes funded by the federal government under s. 95 of the National Housing Act has slipped to fewer than 1,000 after a high of more than 16,000 in the mid-1980s. (Source: Canada Mortgage and Housing Corporation)

Administration of federally funded housing initiatives

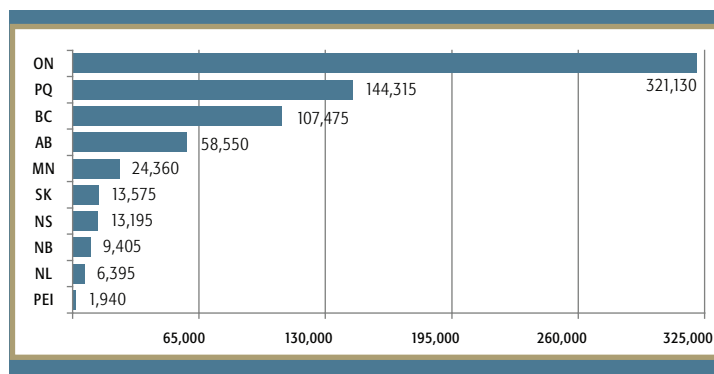


In 2008, federal funding reached 623,750 households across Canada. The biggest share was for housing downloaded from the federal government to the provinces and territories starting in 1996. The federal government retains administration of a small portfolio of housing and services, about half of which are non-profit housing co-operatives that successfully fought to avoid being downloaded to provincial administration. (Source: Canada Mortgage and Housing Corporation)

Provincial distribution of federally funded housing initiatives



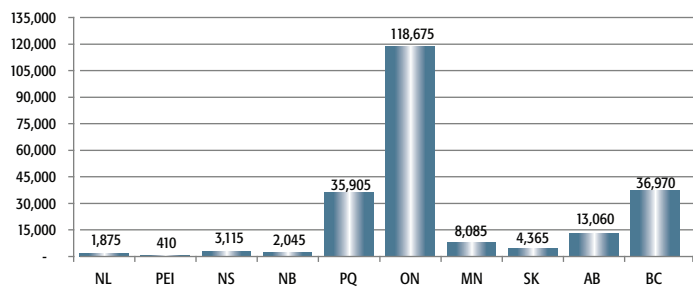
Ontario has the largest share of federally funded affordable housing initiatives in Canada. Several provinces and a number of municipalities have other housing initiatives that may or may not be linked to federal programs and services. (Source: Canada Mortgage and Housing Corporation)



Canadians living in overcrowded housing

A total of 705,165 households report that they are living in overcrowded housing. Not surprisingly, the biggest share is in the three most populous provinces. (Source: Statistics Canada)

Households in core housing need in overcrowded housing



About one-third of the households that report living in overcrowded homes are also in CMHC's "core housing need" category. Overall, 227,400 households across Canada live in unsuitable housing (housing below the minimum occupancy standards) – and slightly more than half (52%) are in Ontario. (*Canada Mortgage and Housing Corporation*)

ON THE LONG LIST FOR AFFORDABLE HOUSING

There is no standardized practice across Canada for measuring the waiting lists for affordable housing, and therefore no reliable national numbers. When the Ontario government decided to download affordable housing to municipalities starting in 1998, it also required them to maintain central waiting lists for most (though not all) types of affordable housing.

The Ontario Non-Profit Housing Association (ONPHA) produces an annual survey of waiting lists. At the beginning of 2009, ONPHA reported that 129,253 households were on the municipal waiting lists. The number of households looking for housing across Ontario grew by 5,221 over the previous year – an increase of 4.2%.¹³⁵

A rough extrapolation to the national level (Ontario has about 38% of Canada's population) suggests that a nationwide waiting list could reach as long as 3.4 million households.

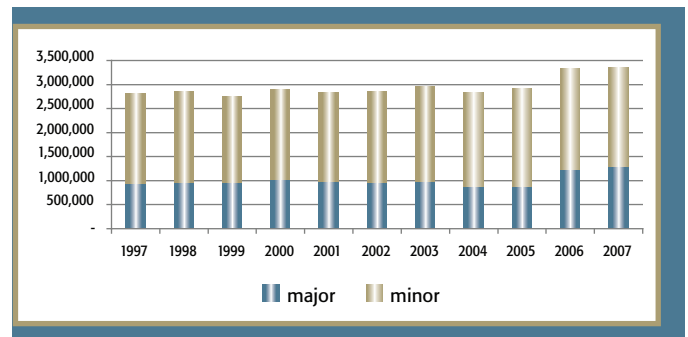
EVICCTIONS FROM RENTAL HOUSING

Tenants who are evicted from their housing because they cannot pay their rent face a stark choice: either find another available unit at a lower price (often of lower quality) or move in with family or friends (and join the ranks of the "hidden" homeless). Either route is part of the downward spiral to increased housing insecurity and homelessness. The exact number of tenant households that are evicted in Canada is not measured. Each province has its own tenant protection laws, including practices governing evictions, and there is no national measure of the number of households that are evicted. Ontario officials report that in the year ending January 2008, a total of 54,701 households faced eviction for non-payment of rent (an increase of 11.5% over the previous year).

CANADIAN HOUSING IN A POOR STATE OF REPAIR

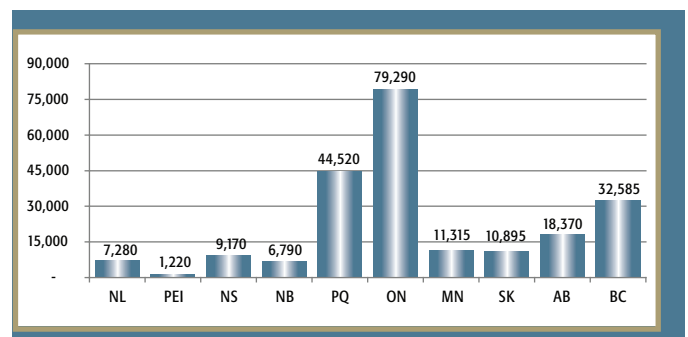
Another key concern is the need to increase the quality of existing housing. Without ongoing adequate maintenance and repair, most dwellings deteriorate over time. Unless we take action now, the future cost will be exponentially greater; it really is a situation of "pay me now or pay me much more later."

Canadian households reporting the need for major/minor repairs



According to the latest data, about 3.3 million households report that their homes need repairs: 1.3 million households report the need for major repairs, and 2 million households report the need for minor repairs. (*Source: Statistics Canada*)

Households in core housing need in inadequate housing (major repairs)



Among the households in core housing need, a total of 221,435 households need major repairs. (*Source: Canada Mortgage and Housing Corporation*)

¹³⁵ Available at http://www.onpha.on.ca/Content/ONPHA/About/ResearchReports/WaitingLists2009/2009_waiting_list_report.pdf



THE CURRENT STATE OF HOUSING AFFORDABILITY

KEY OBSERVATIONS

- Housing costs for both renters and owners are rising much faster than household incomes (except for the wealthiest Canadians), which means that an increasing number of low- and moderate-income households are facing an affordability squeeze. Nationally, slightly more than 3 million households (about one in four) are paying 30% or more of their annual income on housing – the commonly accepted threshold for being precariously housed. Using this measure, renters in Nova Scotia face the biggest affordability burden in Canada, followed closely by those in Ontario.
- CMHC estimates that half of the households in the affordability danger zone – about 1.5 million households – are in core housing need. This means that they are living in homes that are unaffordable, overcrowded, or substandard – or all three.
- Affordability challenges are most severe for households in the first two income quintiles (the 20% of Canadian households that are low income, and the next 20% that are moderate income). A new affordability index¹³⁶ has been developed by the Wellesley Institute that compares average incomes for low-income households with incomes required to pay average private market rents, and average incomes for moderate-income households with incomes required to qualify for an entry-level condominium.

A GROWING NUMBER PRICED OUT OF PRIVATE HOUSING MARKETS

Shelter is the biggest expenditure most households make and its affordability can have an impact on wellbeing. For this reason,

housing affordability is closely watched by a wide range of stakeholders – from housing advocates to policy analysts – interested in housing and the broader welfare of Canadians.

—Willia Rea et al., *The Dynamics of Housing Affordability*, Statistics Canada, January 2008

Renters in Vancouver face the biggest affordability barriers in Canada – with a stunning gap of \$18,660 between average incomes for low-income households and the income required to pay an average private market rent in that city. Not surprisingly, British Columbia has the worst affordability record among Canadian provinces. On the ownership side, the affordability challenges are equally intense for both Vancouver and British Columbia.

Are Canadians able to access ownership or rental housing delivered by private markets? This is a critical question because Canada relies on private ownership and rental housing markets more than most other countries in the world. Fully 94% of Canadians live in housing supplied by private markets, compared with 90% in Australia, 80% in Britain, and 65% in the Netherlands.¹³⁷ Almost three out of every ten Canadian households are paying 30% or more of their annual income on housing (the commonly accepted threshold for being precariously housed), and the deepest and most persistent affordability problems are experienced by households in the bottom two income quintiles (the bottom one-fifth of Canadians in terms of income and the next one-fifth of Canadians).¹³⁸ Overall, the affordability story over the past decade is clear: Housing costs for both renters and owners have risen much faster than the incomes for most households, except for the wealthiest Canadians.

¹³⁶ Copyright of the Wellesley Institute.

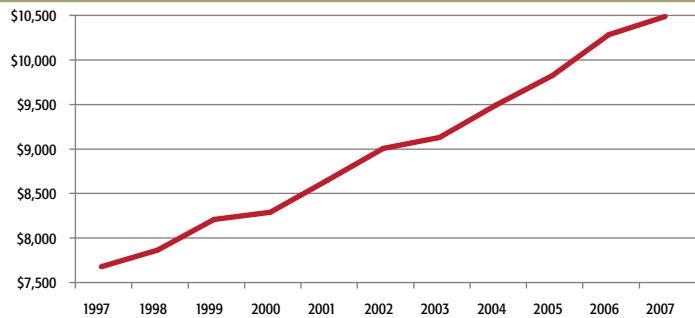
¹³⁷ Kathleen Scanlon and Christine Whitehead, *International Trends in Housing Tenure and Mortgage Finance* (London: Council of Mortgage Lenders, 2004). <http://www.cml.org.uk>

¹³⁸ Willia Rea, Jennifer Yuen, and Roberto Figueroa, *The Dynamics of Housing Affordability* (Ottawa: Statistics Canada, 2008). <http://www.statcan.gc.ca/daily-quotidien/080125/dq080125c-eng.htm>

AFFORDABILITY CHALLENGES

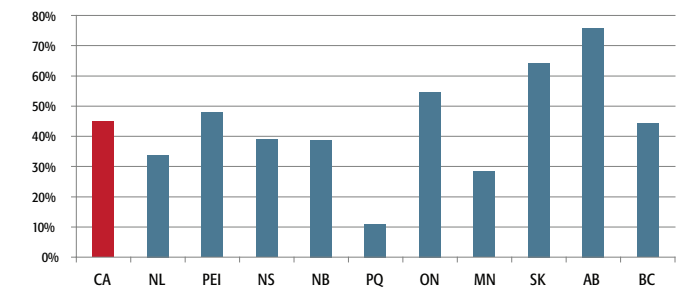
Data underscores the affordability issue for renters and “average” homeowners.

Housing costs are rising rapidly in Canada



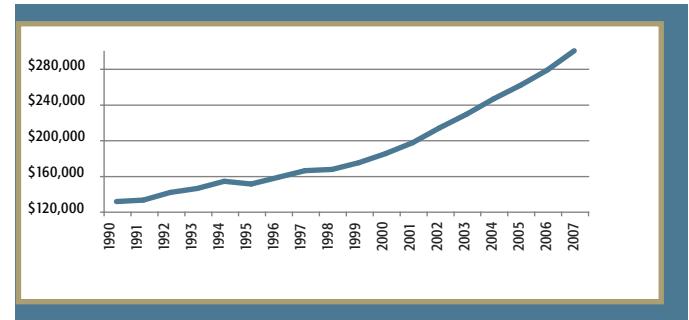
Total annual housing costs grew by 37% in the decade leading up to 2007, much faster than the overall rate of inflation of 24%. One of the biggest components of rapidly rising housing costs is the cost of water, fuel, and electricity (WFE) – which jumped by 45% (almost double the rate of inflation). (Source: Statistics Canada Survey of Housing Spending)

Energy costs have risen in Canada over the past decade, contributing to higher housing costs



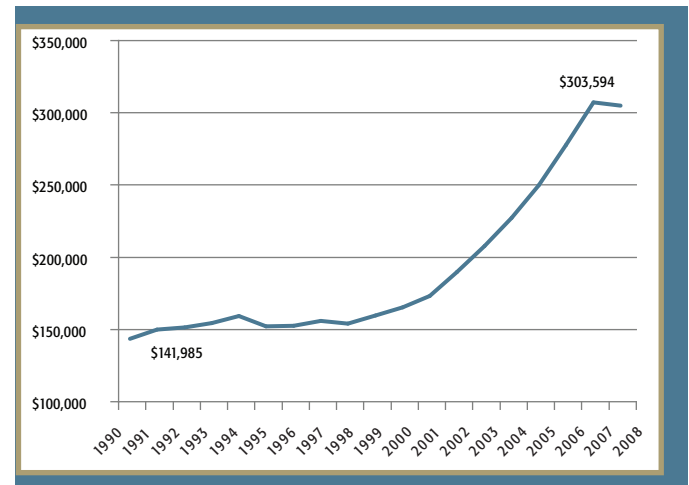
Energy costs rose most rapidly over the past decade in Alberta and Saskatchewan, creating an even bigger affordability challenge in those provinces. The chart presents the increase in water, fuel, and electricity costs over the past decade. (Source: Statistics Canada Survey of Housing Spending)

Average market rents have been increasing rapidly in recent years, widening the housing gap



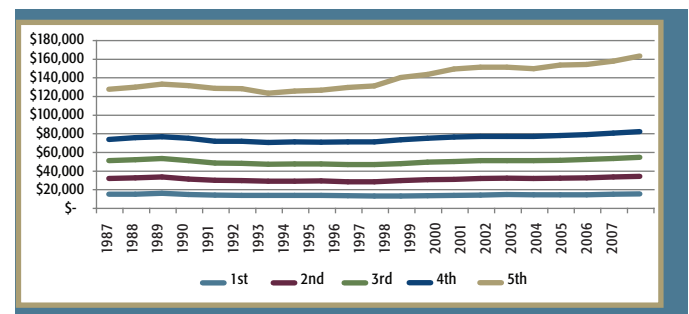
Average market rents for a typical two-bedroom apartment rose by 39% in the 12 years up to 2009, well above the inflation rate of 27% over the same period. (Source: Canada Mortgage and Housing Corporation)

Ownership prices have also increased rapidly, outpacing inflation

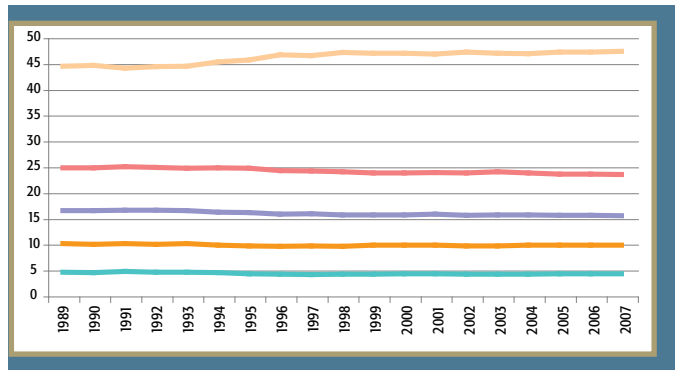


From 1985 to 2003, the average price of a new home in Canada (using MLS figures) rose by 114% – also well above the rise in inflation of 63%. (Source: Canada Mortgage and Housing Corporation)

Household incomes have been mostly stagnant (except for the wealthiest Canadians)

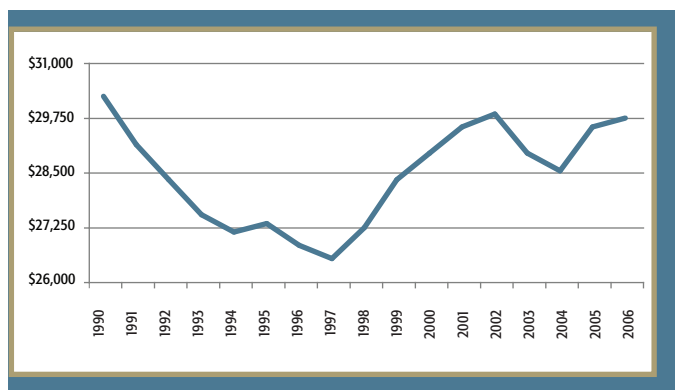


The average income for the 80% of Canadians in the first four quintiles was mostly stagnant over the past two decades. The average income for the poorest one-fifth of Canadians rose by less than 3%, while the average income for the wealthiest one-fifth of Canadians jumped almost 10 times faster at more than 28%. (Source: Statistics Canada)



Share of income among Canada's five income quintiles

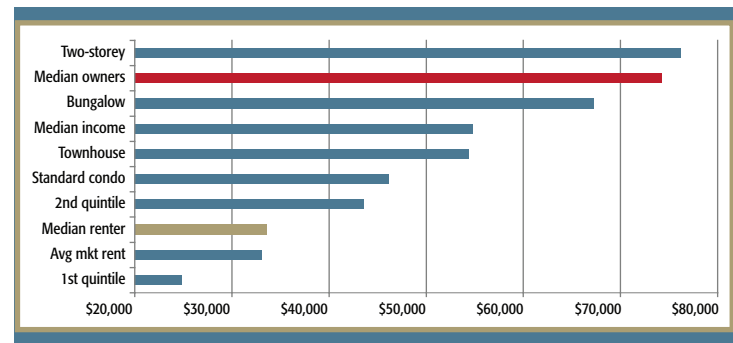
Only the wealthiest Canadians saw their share of overall income increase over two decades to 2007. Low-, moderate-, middle-, and upper-middle income Canadians all saw their share of overall income remain stagnant or decline. (Source: Statistics Canada)



Median renter household incomes have declined (constant dollars)

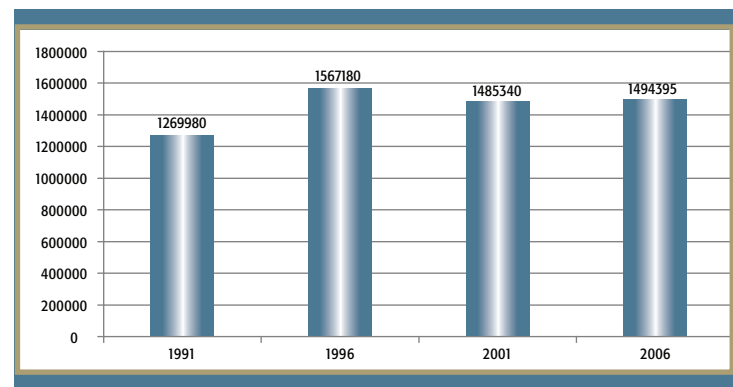
Renter households have annual incomes that are, on average, about half those of owners. From 1990 to 2006, the median renter household income (statistical middle of renter households) actually decreased, while owner incomes increased only slightly. Incomes are measured in constant dollars (corrected for inflation). (Sources: Canada Mortgage and Housing Corporation, Statistics Canada)

Annual income required for housing in Canada, 2009



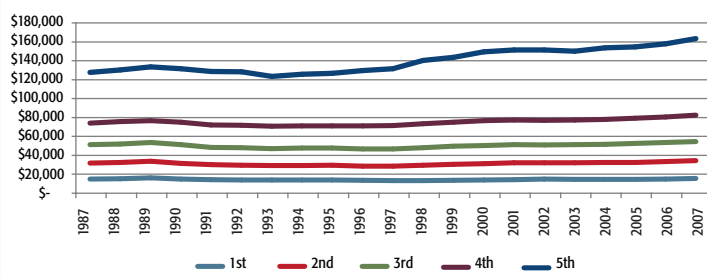
Renters face a much bigger affordability hurdle than owners: While more than half of all renter households cannot afford the cost of a basic two-bedroom apartment, more than half of all owner households (median owners) are able to afford an entry-level condominium, a standard townhouse, or a detached bungalow. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Households in CMHC's definition of "core housing need"



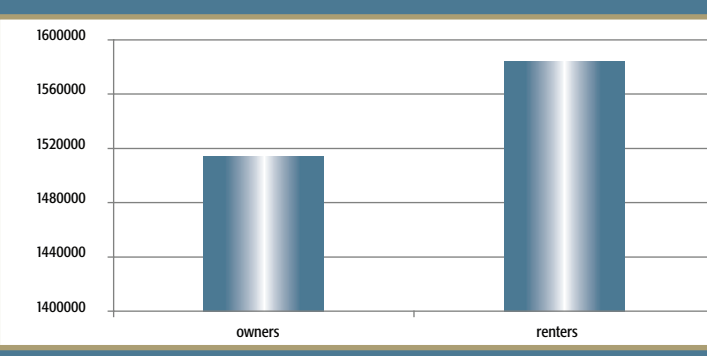
The number of households that are precariously housed has risen in recent years after falling in the late 1990s as the country pulled out of the previous recession. The official government measure of "core housing need" includes housing that is unaffordable (more than 30% of household income on housing) and/or inadequate (poor state of repair) and/or unsuitable (overcrowded). While the concept of core housing need is widely used, many housing analysts question whether it properly estimates the scale of housing insecurity. For instance, Statistics Canada reports that more than 3 million households pay 30% or more of their income on housing (one of the primary components of core housing need), yet CMHC reports that less than half that number is actually in core housing need. (Source: Canada Mortgage and Housing Corporation)

Incomes for most Canadians stagnant over past two decades



Only the wealthiest Canadians saw their share of overall income increase over two decades to 2007. Low-, moderate-, middle-, and upper-middle income Canadians all saw their share of overall income remain stagnant or decline. (Source: Statistics Canada)

Number of owner/renter households paying 30% or more on shelter

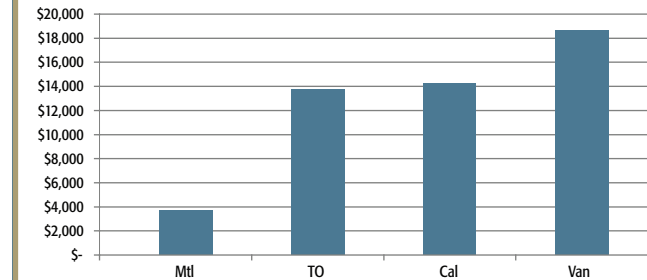


Over 3 million Canadian household pay more than 30% of gross income on housing costs.

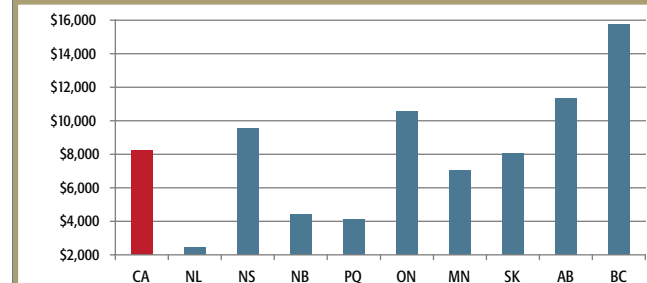
GAUGING THE AFFORDABILITY GAP

We can measure, using a cross-tabulation of our analysis, an affordability index that indicates the gap between the average income of a particular city and the average cost of housing. Clearly, as the gap widens, the ability to support adequate shelter declines dramatically.

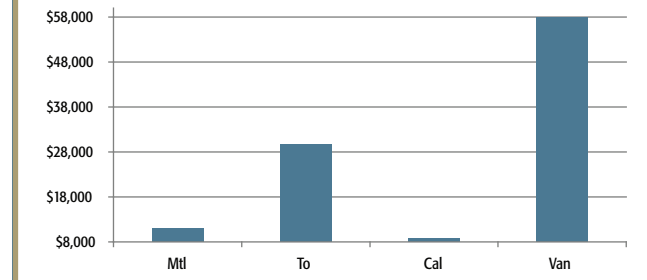
Vancouver tops the rental affordability gap for Canada, 2009



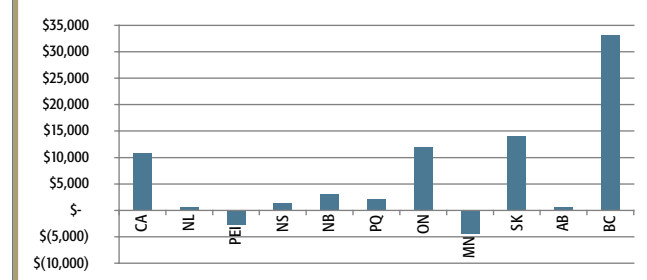
Measuring the rental affordability gap across the country, 2009



Vancouver tops the ownership affordability gap, 2009



Measuring the ownership affordability gap across the country, 2009



ONE-QUARTER OF CANADIANS FACE BARRIERS TO PRIVATE HOUSING MARKETS

Most Canadians find a home in the private ownership or rental housing markets. However, as previously noted, while private housing markets have delivered a near-record amount of new homes in recent years, the overall supply fell short of the growing housing needs of lower-income Canadians – creating a housing supply deficit. This deficit was partially bridged by federal and provincial support for new affordable homes, but the housing funding cuts of the 1980s and 1990s have significantly eroded the government role in easing the supply deficit.

On the affordability side, as noted previously in this report, stagnant or declining incomes for low-, moderate-, and middle-income Canadians set against rapidly rising costs for both private ownership and private rental housing created an affordability deficit. Individual households have responded to the housing affordability squeeze by devoting a larger share of their household income to shelter, and then lining up at food banks in increasing numbers to get the other necessities of life.

More than 3 million Canadian households – about one in every four households across the country – are having difficulty accessing or maintaining adequate, affordable housing in private ownership and rental markets. While the overall numbers have grown in recent years, the phenomenon is not new. In 1948, Canadian housing scholar Humphrey Carver noted:

Obviously the most convenient and economical way of providing the community with an adequate supply of decent accommodation is through the economic [private] market for new housing. If those who can afford to own or to rent new housing could maintain such a volume of production that every family could be well-housed and obsolete housing could be successively removed, then in the process of time there would be no housing problem ... Unhappily, any study of the economic factors involved seems to lead inevitably to the conclusion that a balance of incomes and housing costs is most unlikely to be established at a level which would produce an adequate supply of housing. This has certainly been the experience of all other industrialized nations and there are no factors peculiar to our economy which indicates that Canada is likely to be an exception to this experience. In fact, the requirements of shelter in our stern climate are likely to make the economics of housing in Canada especially intractable. If this conclusion is well founded it will be necessary to devise a means whereby a larger proportion of the national income may be directed into the production of housing. It will be necessary to supplement the supply of housing created by the private market.¹³⁹

Carver's view that public resources needed to be applied to ensure that all Canadians were able to find a good home won favour among governments in the 1970s, but by the 1980s, governments at the federal level – and in a number of provinces and territories – sought to reduce the government role in housing and rely on private housing markets to deliver homes.

Perhaps no government was more unapologetic in pushing the private market agenda than the Harris government, elected in 1995 in Ontario. It cancelled 17,000 units of affordable housing that had been approved for development, gutted tenant protection laws, downloaded housing programs to municipalities, and eroded rent regulation rules. The explicit goal of the Harris government was to get the government out of the way, and allow private markets to meet the housing needs of Ontarians. In fact, the government solemnly promised that its actions would spur the private development sector to build 10,000 new rental units in Toronto alone in two years. The actual number of new rental housing starts in Toronto during the first two years of the Harris government was 732.¹⁴⁰

Despite all its efforts on behalf of private housing markets, Ontario's affordable housing woes continued to grow. Few new affordable homes were being built. Ontario housing minister Tony Clement was clearly exasperated in April 2000 when he told a reporter:

They [private housing developers] are running out of excuses. I am now calling upon the industry to put their money where their mouth is. We've removed the impediments and we've got to see activity in this area. It's time to fish or cut bait.¹⁴¹

¹³⁹ Humphrey Carver. *Housing for Canadians* (Toronto: University of Toronto Press, 1948).

¹⁴⁰ Canada Mortgage and Housing Corporation, Canadian housing statistics

¹⁴¹ Interview with Tony Clement. *Toronto Star*, April 17, 2000.



GOVERNMENT AFFORDABLE HOUSING INVESTMENTS

KEY OBSERVATIONS

- Federal investments in affordable housing in fiscal 2009, adjusted for inflation and population growth, are down \$620 million when compared with 1989. In real terms, this decrease means that 22% fewer dollars are available to meet the deep and persistent housing needs of Canadians.
- Over the past two decades, municipalities have been required to pick up a bigger share of the country's affordable housing tab. If current trends continue, municipalities will outspend the federal government in affordable housing investments by fiscal 2011.
- The provinces have an uneven record on per capita housing investment. Saskatchewan is in the lead at \$214 per capita, whereas Ontario is dead last at a mere \$64 per capita.
- The federal government has had a greater capacity to invest in affordable housing over the past two decades (the GDP is up, which generates more room in the economy and greater federal revenues, and overall federal spending has risen), but federal housing investments as a percentage of GDP and as a percentage of overall federal spending are down sharply.

GOVERNMENT EXPENDITURE ON HOUSING: SHIFTING THE BURDEN DOWNWARD

Overall government investments in affordable housing have been sluggish for the past two decades, barely keeping pace with the major growth in population and scarcely offsetting the impact of inflation.

Buried in the aggregates is a dramatic shift in housing expenditures – mainly over the last decade – as federal, provincial, and territorial governments have downloaded a huge amount of the funding responsibility for housing to local governments.

Two key trends in government affordable housing investments have emerged over the past 20 years:

1. The federal share of affordable housing spending has been mostly stagnant over two decades – and has not even kept pace with inflation and population growth. Simply to keep pace with Canada's growing population and rising inflation, federal housing investment in affordable housing should have been \$2.8 billion in fiscal 2009 – just to remain on par with the level the federal government spent in 1989. In fact, federal housing spending was \$2.2 billion in fiscal 2009 – leaving a federal housing investment gap of \$620 million.
2. As federal investment in affordable housing has been sluggish since 1989, other orders of government have been required to take up the slack. There has been no debate in Parliament, provincial legislatures, or municipal halls on this fundamental shift in funding responsibility. There has been no research or policy debate on whether subnational governments have the financial ability to pick up the hundreds of millions in extra costs annually. The provincial/territorial share of affordable housing spending is rising, and the biggest increase has been at the municipal level. Our numbers show that if the current trend continues, Canadian municipalities will outspend the federal government in affordable housing investments by fiscal 2011.¹⁴²

¹⁴² Available at <http://wellesleyinstitute.com/national-housing-report-card-2008-reveals-government-funding-failures>. The most current data are based on the government's fiscal calendar – which runs from April 1 to March 31; therefore, the numbers end at March 31, 2009. There are some estimates of current year spending (the numbers set out in the Introduction of this report include a listing of housing investments for fiscal 2009/10), and some estimates of future year spending (including projections from Canada Mortgage and Housing Corporation, which are also included in this report). However, the Statistics Canada government revenues and expenditures database is the most comprehensive and current survey of spending on housing by federal, provincial, and municipal governments across Canada, and its 2009 data are used in this report.

Federal funding of affordable housing

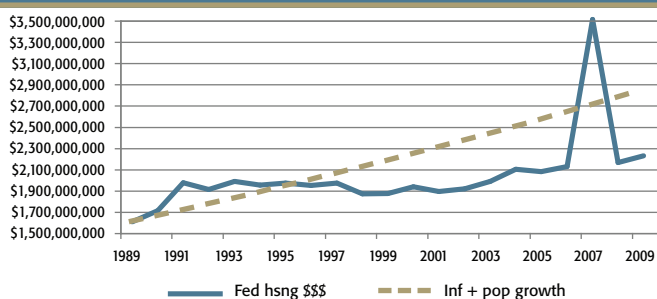
The unadjusted numbers show that the federal government has increased housing investments by a modest 39% in the two decades leading up to 2009, but that increase is offset by a 53.75% increase in inflation (which erodes the value of money) and a 24% increase in Canada's population (more people means more homes).

The federal government made three major affordable housing investments in the past two decades: \$1 billion initially announced in 2001, \$1.4 billion in 2006,¹⁴³ and \$2 billion in 2009. We congratulate the federal government for making these investments.

In addition, over the decade starting in 1999, the federal government has allocated approximately \$1.3 billion to its national housing repair program (Residential Rehabilitation Assistance Program, which includes a component dedicated to affordable housing) and approximately \$1.4 billion to its national homelessness initiative (the Homelessness Partnering Strategy, which includes a component for transitional housing). However, federal government announcements (and, often, re-announcements) of more than \$5 billion in new affordable housing investments over the past decade seem at odds with the fiscal record, which shows a much more modest \$292 million increase (unadjusted) in federal housing investments since the year 2000. Since 1984, successive federal governments have been cutting existing funding. In 1996, the federal government started a plan to transfer administration of virtually all federal housing programs to the provinces and territories.

As part of the transfer agreements, the federal government locked into place an annual financial "step-out" that will accelerate in the coming years. CMHC has estimated that the number of lower-income households assisted under its programs would drop by 9% over a decade – from 635,900 in 2003 to 578,479 in 2013. In addition, CMHC has estimated that the annual number of new units under its repair programs would fall from 18,647 in 2003 to 719 in 2013 – a drop of 96%.

Adjusted federal housing spending down by \$620 million over two decades



The federal government spent \$1.6 billion on affordable housing in 1989. Adjusting for inflation (53.75%) and population growth (24%) over the past two decades, it should have spent more than \$2.8 billion in fiscal 2008 just to be on par with the level of investment made in 1989. In fact, the federal government spent \$2.2 billion in 2008 – which effectively is a cut of \$620 million in 2008 alone. (Sources: Statistics Canada, Bank of Canada)

The bottom line: Adjusting for rising inflation and population growth, the federal government should have spent more than \$2.8 billion in fiscal 2008 just to keep even with the dollars spent in 1989. In fact, the federal government spent \$2.2 billion – which effectively is a cut of \$620 million last year alone. That shortfall of hundreds of millions of dollars could have been used to build new affordable homes and to effectively maintain existing homes.

Not enough federal funding for new affordable housing

Canada's housing supply deficit was 317,000 homes in 2006 – that's the difference between the over 1.1 million households that needed a home in the previous five years and the 795,805 new construction starts during that time.¹⁴⁴

Add the other indicators of growing housing need, and the urgent requirement for new supply of affordable homes is acute. Yet the federal government's affordable housing initiative (the main funding for low-, moderate-, and middle-income homes) is projected to slip from \$374 million in 2010 to a mere \$1 million by 2013.¹⁴⁵

In fiscal 2009, for every dollar invested in affordable housing targeted to lower-income households, the federal government was projected to spend \$2.83 in subsidies to homeowners (with the biggest amounts going to higher-income households). It is a widely accepted fact that most of the population growth in Canada in future years will come from immigration. Yet current trends show that new immigrants are arriving in Canada poorer than resident Canadians,¹⁴⁶ and this has an impact on their ability to buy or rent adequate housing. Newcomers are more than three times more likely to live in overcrowded housing compared with resident Canadians.¹⁴⁷ Considering the growing supply deficit, is the best policy option to wind down the federal affordable housing program while, at the same time, allowing tax subsidies to people, many of whom are already well-housed, to rise dramatically?

The expensive reality of developing affordable housing means that housing sponsors need a mix of funding, including access to private investment funds. When the federal government had a national housing program, it

¹⁴³ The federal government announced an additional \$2 billion in affordable housing investments in January 2009 that are to be made in fiscal years 2009 and 2010.

¹⁴⁴ Canadian housing statistics are available at <http://www.cmhc-schl.gc.ca/en/hoficlincl/homair/stda/index.cfm>

¹⁴⁵ Projected federal spending is set out in the Canada Mortgage and Housing Corporation's corporate plan at http://www.cmhc-schl.gc.ca/en/corp/about/anrecopl/anrecopl_010.cfm

¹⁴⁶ See, for instance, Statistics Canada's analysis of immigrants in their study of incomes and earnings over the past quarter century at <http://www12.statcan.ca/census-recensement/2006/as-sa/97-563/p12-eng.cfm>

¹⁴⁷ See http://www.rhdcc-hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2007/sp_680_05_07_e/page12.shtml

provided a financial backstop to affordable housing developers so that they could then access banks and other sources of private investment. In 2008, the federal government offered 156 loans to create 945 new homes under its remaining non-profit housing funding program.¹⁴⁸

Federal housing investments shrinking relative to GDP

The federal government invested \$1.6 billion in affordable housing in fiscal 1989 (ending March 31, 1990) and \$2.2 billion in fiscal 2008 (ending March 31, 2009). Over those two decades, inflation rose by more than 50% and Canada's population grew by 24% – which more than outpaced the 39% increase in housing investments. Over that same period, Canada's economy grew by 135% – yet federal investments in affordable housing as a percentage of GDP dropped sharply.

Federal housing investments as a percentage of GDP

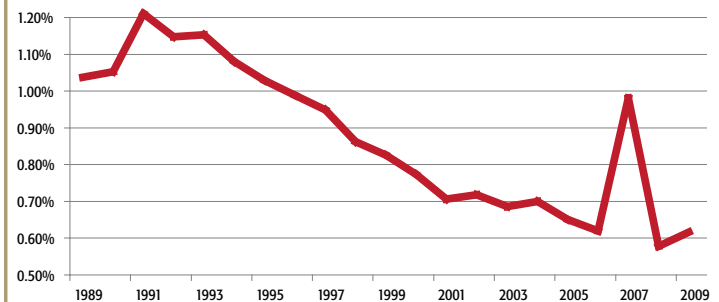
One way to measure federal housing investments over time is to compare annual investments with the Gross Domestic Product, or GDP (one measure of the national economy). The table below, based on data from

Date	Federal housing investments (\$millions)	GDP (\$millions)	Housing as % of GDP
1989	1,598	657,728	0.24
1990	1,702	679,921	0.25
1991	1,965	685,367	0.29
1992	1,904	700,480	0.27
1993	1,980	727,184	0.27
1994	1,945	770,873	0.25
1995	1,962	810,426	0.24
1996	1,940	836,864	0.23
1997	1,964	882,733	0.22
1998	1,862	914,973	0.20
1999	1,865	982,441	0.19
2000	1,928	1,076,577	0.18
2001	1,885	1,108,048	0.17
2002	1,910	1,152,905	0.17
2003	1,979	1,213,175	0.16
2004	2,092	1,290,906	0.16
2005	2,072	1,373,845	0.15
2006	2,119	1,449,215	0.15
2007	3,502	1,532,944	0.23
2008	2,155	1,600,081	0.13
2009	2,220	1,527,512	0.15
Change over time			
1989–2009	39%	232%	-38%
1989–1999	17%	149%	-21%
1999–2009	19%	155%	-21%

Statistics Canada, shows that Canada's economy has been growing rapidly over the past two decades, but federal housing investments – relative to GDP – have dropped sharply over that time. As the economy grows, there is a greater capacity for housing investments, but the federal government has cut housing investments at a time of economic growth.

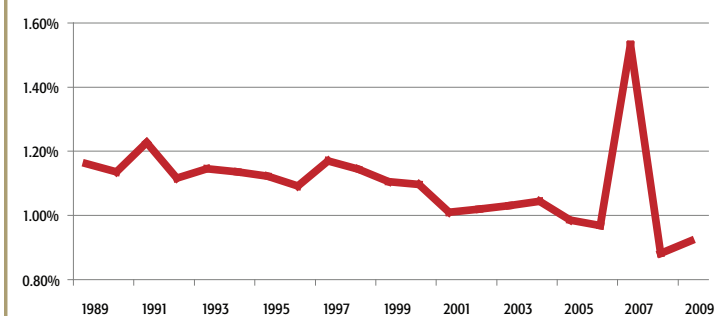
While Canada's economy has been growing steadily over the past two decades (until the recession began to slow growth in 2008), the share of the GDP devoted to affordable housing investments has been

Federal housing investments as a percentage of GDP



dropping steadily over much of that time (except for a spike in 2007 when the affordable housing investments authorized by Parliament in 2005 were allocated). In fiscal 2009, federal housing investments as a percentage of GDP were about half the high point in 1991 (before major federal affordable housing cuts). The blue line measures GDP (left scale), and the red line measures federal housing investment as a percentage of GDP (right scale). (Source: Statistics Canada) Overall federal spending has been increasing significantly over the past two decades (except for a drop in the mid-1990s), but the percentage of federal dollars invested in affordable housing has been slipping over that same period of time (except for a spike in 2007 when the affordable housing investments authorized by Parliament

Federal housing investment as a percentage of overall federal spending



¹⁴⁸ See http://www.cmhc-schl.gc.ca/odpub/esub/64689/64689_2009_A01.pdf?sid=6be323fa282346ba9d3e69459a16fb2c&fr=1261499482408

in 2005 were allocated). In fiscal 2009, federal housing investments as a percentage of overall federal spending was less than 1%, well below the high point in 1991. The blue line measures total federal spending (left scale), and the red line measures federal housing investment as a percentage of total federal spending (right scale). (Source: Statistics Canada)

Commitments versus reality:
Overpromise and underdeliver

In its January 2009 “economic stimulus” budget, the federal government promised approximately \$2 billion over two years for various affordable housing investments,¹⁴⁹ in addition to \$1.9 billion in federal housing and homelessness investments promised in September 2008.¹⁵⁰ These investments, when combined with existing commitments, add up to the figures set out in the introduction to this report – which include \$3.5 billion in spending targeted to lower-income households, \$13.9 billion in housing-related tax credits and tax expenditures that are not targeted to lower-income households, and the \$125 billion allocated to banks through the IMPP.

However, only 3% of the federal housing investments promised over 15 months had actually been committed to new or renovated homes, according to a report from the Government of Canada tabled in Parliament on November 16, 2009.¹⁵¹

Zero dollars of the \$242.8 million promised through the federal Affordable Housing Initiative had been delivered. Only \$53.8 million of the \$1.475 billion promised in the 2009 federal budget had been delivered.

Federal housing investments:
Promises and allocations, 2008–2009

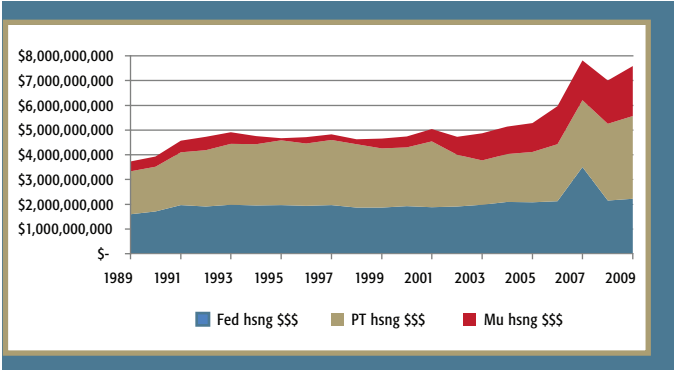
Investment	Promised allocation	Amount allocated (Sept. 2009)	Percentage of promise delivered
Repairs	\$251,290,000	\$7,300,000	3%
Affordable	\$251,290,000	\$0	0%
Total, Sept. 2008	\$494,090,000	\$7,300,000	1%
P/T renovation	\$850,000,000	\$46,060,000	5%
Federal renovation	\$150,000,000	\$0	0%
Housing for seniors	\$400,000,000	\$7,660,000	2%
Housing for persons with disabilities	\$75,000,000	\$100,000	0%
Total budget, 2009	\$1,475,000,000	\$53,820,000	4%
Total	\$1,969,090,000	\$61,120,000	3%

¹⁴⁹ Available at <http://www.budget.gc.ca/2009/home-accueil-eng.asp>

¹⁵⁰ The original announcement is available at <http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2008/2008-09-19-1000.cfm>

¹⁵¹ Sessional paper 8555-402-441, response by the federal minister of Human Resources and Skills Development (federal minister responsible for housing and homelessness).

Municipalities are forced to pick up a growing share of housing investments



Although federal spending – adjusted for population growth and inflation – is down over the past two decades, municipal investment in affordable housing has risen sharply, especially over the past decade. As of fiscal 2009, Canada’s municipalities spent almost as much on housing as the federal government, even though local communities rely on the restricted base of property taxes. The trend is most dramatic in Ontario – where local governments spent more than double the amount on affordable housing as did the provincial government, but Quebec and Alberta also impose a significant responsibility for funding affordable housing on local governments.

We recognize the additive nature of the federal government’s stimulus spending, but it is not sustainable by municipalities, which simply do not have the taxation powers and tax base that are available at the federal level.

Federal, provincial/territorial, and municipal investments in housing over the past decade (not adjusted for inflation or population growth) show that spending by local governments is set to overtake the federal investment. Looking ahead, municipal housing investments are projected to eclipse federal spending by fiscal 2011. The blue line is federal housing investments, the red line is provincial/territorial investments, and the green line is municipal investments. (Source: Statistics Canada)

Challenges faced by Ontario

Not all challenges are being experienced at the national level. In Ontario, Auditor General Jim McCarter devoted a section of his 2009 review of provincial finances to affordable housing investments.¹⁵² He reported that more than half of the new “affordable” housing funded by the Ontario government isn’t really affordable to the households that need it the most. The Auditor General noted, “A provincial strategy is needed to define the Ministry [of Municipal

Affairs and Housing's] roles, set measurable goals and program priorities, assess risks and options to manage the risks, determine the resources required, and measure the impact of the Ministry's contribution to social housing."

Among his findings:

- The province's 2005 housing allowance program is so poorly designed that only \$57 million of the \$80 million has actually been allocated (this program was funded with federal housing dollars).
- Although the province has agreed to cost-share with the federal government a total of \$1.2 billion in new affordable housing investments over the next two years, the Ontario government doesn't have "established and dedicated staff resources ... monitoring the success of its funding programs in achieving their desired impact."
- The provincial government has withheld \$330 million of federal housing funds (including \$198 million for what it calls "provincial constraint") and is not able to demonstrate that this money has actually been spent on housing, as it was supposed to.
- While the provincial and federal governments have both made substantial investments in the past two years in social housing repairs, the Auditor General reports that the province lacks "good asset-management practices."
- More than 137,000 households are on social housing waiting lists, but there is little coordination among the three provincial ministries that administer more than 20 housing and related programs, and wait times range up to 21 years.

While the Ontario Auditor General's specific findings are tied to funding and programs in that province, the issues that he raises about the ability of governments to ensure that affordable housing dollars are effectively invested in programs that make a real difference in the lives of low- and moderate-income people are relevant at the federal level and across the country.

Simply stated, promises must be connected to follow through. Promised and committed money must be spent.

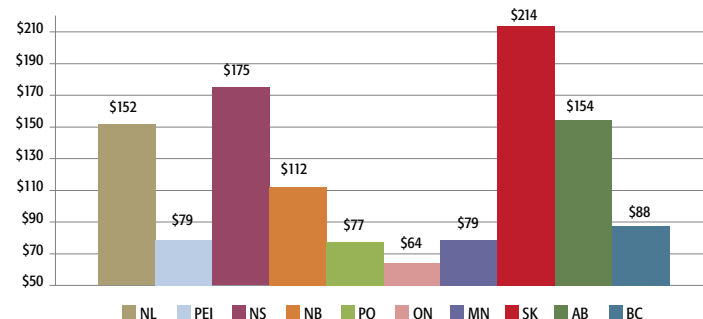
Comparing the provinces: Saskatchewan is the leader, Ontario is dead last

Canada's 10 provinces vary considerably in size, so the best way to assess housing investments among the jurisdictions is to compare per-person (per capita) spending. On average, the provinces invested \$115 per capita in housing in fiscal 2008 – \$139 per capita adding in the municipal investments that are required in most provinces (especially Ontario, Quebec, and Alberta). The biggest investment was made by Saskatchewan, at \$214 per capita (\$221 per capita with municipal contributions), followed by Nova Scotia at \$175 per capita (\$182 per capita with municipal contributions). Alberta's investment has risen rapidly – more than tripling its housing spending from \$184 million in fiscal 2005

to \$553 million in fiscal 2008. Ontario is at the back of the pack, with direct provincial housing investments of \$64 per capita – less than one-third the spending on a per capita basis as Saskatchewan.

We recognize the significant loss of the manufacturing tax base in Ontario, but Ontario still imposes a bigger financial requirement for funding housing on its municipal governments than any other provincial government. In Ontario, when provincial and municipal spending is

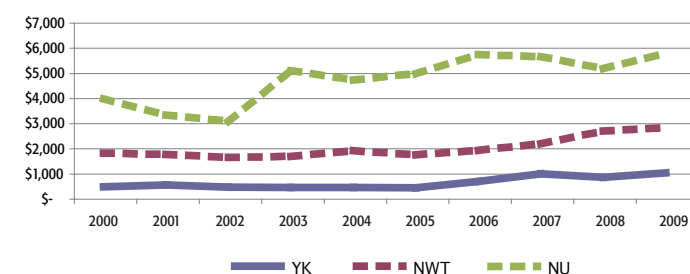
Comparing provincial housing investments: Saskatchewan leads



combined, the province takes fourth place – behind Saskatchewan, Alberta, and Nova Scotia. For every dollar that the Ontario provincial government invests in affordable housing, Ontario municipalities are required to invest about \$2.50 – the biggest share that any province imposes on local governments. Quebec requires its local governments to spend a little less than \$2 for every provincial dollar.

Examining housing investments on a per capita basis allows for a fair comparison between jurisdictions with a large population and those that

High housing costs drives major housing investments among territories



are more thinly settled. Saskatchewan is at the head of the provincial pack, and Ontario is the "bad boy" of Confederation. The blue bars measure unilateral provincial investment, and the red bars measure combined provincial and municipal investments. (Source: Statistics Canada)

¹⁵² Available at http://www.auditor.on.ca/en/reports_en/en09/312en09.pdf

TERRITORIAL HOUSING INVESTMENTS

Long distances, harsh weather conditions, and sparse populations are among the factors that have led to high housing costs in Canada's three northern territories and made it the region with the highest per capita housing investments in the country. Nunavut, Canada's newest and biggest territory, makes housing investments that are significantly higher than the Northwest Territories (NWT) and Yukon. The red bars measure per capita housing investments in Yukon, the purple bars measure those in NWT, and the orange bars measure those in Nunavut (right scale). The blue line measures overall housing investments in Yukon, the green line measures those in the NWT, and the turquoise line measures those in Nunavut (left scale). (Source: Statistics Canada)

CHALLENGES FOR FUNDING POLICY

Public subsidies to private investors are “inefficient”

Canada has a long history of various types of subsidies and incentives – either delivered directly or through the tax system – to encourage private housing development. One major initiative was the Multiple Unit Residential Building (MURB) plan, created in 1974 to give tax breaks to investors in new buildings. By the time it was rolled up eight years later, investors had realized about \$2.5 billion in tax savings. Most rents were at the high end of the market. In addition, developers were allowed to register MURBs as condominiums, and many units were flipped into the ownership market. The high initial rents and flip into ownership put these units out of the reach of the renter households that needed the new housing the most.

Another problem with MURBs, and other initiatives geared to the private sector, has been lax or non-existent oversight by governments. Investors and developers were able to double or triple up by using two or more programs to fund a single building. As a result, many programs created fewer units than projected, the housing was not affordable to lower-income renter households, and there was no long-term affordability.

In 1990, Toronto Housing Commissioner Dan Burns examined eight private rental subsidy programs, including MURBs. Burns, who later became Ontario's deputy minister of housing under both the New Democratic Party and Progressive Conservative governments, concluded: “Our review has shown that private sector programs have been the least regulated of the housing programs put in place by senior levels of government, both from the conversion and targeting point of view ... the question raised about who benefits under these programs is a fair one.”¹⁵³

In 2003, TD Economics released a major report on affordable housing in Canada, which raised a strong warning about the “efficiency” of expenditure or tax-based measures to create new affordable housing. It recommended a significant list of measures to encourage investment in new private rental housing, including:

1. Giving corporations with fewer than 6 employees access to a small business deduction.
2. Allowing Capital Cost Allowances (CCA) losses to be deducted against other income.
3. Allowing “pooling” of CCA across buildings.
4. Enriching the rate of CCA for rental buildings.
5. Allowing immediate deductibility of development soft costs.
6. Eliminating capital taxes.
7. Lowering or eliminating the GST on rental properties.
8. Equalizing property tax rates on multiple-unit and owner-occupied housing.¹⁵⁴

TD Economics acknowledged that public funding is critical to ensuring an adequate supply of affordable housing: “There is no disputing the fact that public subsidies are needed to bridge the gap between the private cost of developing new rental supply and the amount low-income individuals can afford. The question, rather, is how best to deliver these funds.” The bank's economists argued that the eight tax measures proposed fail the basic tax test of efficiency and argued that “for all intents and purposes, they are tantamount to grants or subsidies.” It went on:

There is no compelling reason to think that tax breaks would work more effectively than direct capital grants targeted at affordable housing. Of course, direct spending and grant programs have their inefficiencies, too ... But, the question is where the degree of leakage is worst. We think it is on the tax side. Certainly, that appears to be the lesson from the United States, where a substantial portion of the government support directed through the Low-Income Housing Tax Credit – frequently touted as a model for Canada – has been diluted by investor syndication profits and fees. The problem is that it is very difficult to ring-fence tax incentives to particular needs ... As such, the biggest “bang for the buck” would come from capital grants directed to affordable housing, specifically – both to creating new supply and preserving existing supply.¹⁵⁵

¹⁵³ Dan Burns, Review of Private Sector Programs, City of Toronto Memorandum, September 1990.

¹⁵⁴ TD Economics. *Affordable Housing in Canada: In Search of a New Paradigm* (2003). <http://www.td.com/economics/special/house03.pdf>

¹⁵⁵ Ibid.

Emergency support to the financial industry

In October 2009, the federal government launched its Insured Mortgage Purchase Program (IMPP), which has grown to an unprecedented \$125 billion in support to banks and other mortgage lenders. As of November 2009, the banks have drawn down \$66 billion from IMPP,¹⁵⁶ but there is no requirement that any of that funding be used to create affordable mortgages or to support existing homeowners who may be having financial difficulty with their mortgages. The one-time federal investment in IMPP to assist mortgage lenders equals 62 years of government investments in affordable housing.

If Canadian taxpayers are subsidizing the lending activities of Canadian banks through mortgage protection, then should there be some public benefit from that \$66 billion investment – such as mechanisms to ensure more affordable ownership housing?

While Canadian banks have reported a profitable 2009,¹⁵⁷ ownership affordability rates are eroding across Canada.¹⁵⁸ The point is not to “bash” banks but to raise the policy question of whether tax dollars can achieve multiple outcomes by going toward social as well as commercial purposes. From a policy perspective, is the best use of public funds to backstop the mortgage portfolios of Canadian banks – without imposing any requirements in terms of affordability – while individual Canadians are facing an increasingly unaffordable home ownership market?

Moving forward: Public subsidies required for affordable housing development

In 1999, the Ontario government convened a panel of private sector developers to offer advice on new rental construction. In its interim report, the panel stated:

Developments targeted at high-end renters are the most economically attractive for developers and thus are usually the only projects that the private sector is willing to build on its own ... The federal and provincial governments' response to the poor economics for private sector development of affordable rental housing has generally been to subsidize affordable supply through program spending targeted at social housing providers or private developers/landlords ... A number of federal and provincial programs providing direct subsidies to private developers and landlords encouraged the development of affordable rental housing ... Direct government subsidies to government owned or non profit social housing have also been significant over the years.

With the cancellation of federal social housing programs in 1993, the provincial non-profit housing programs in 1995, and the devolution of responsibility for social housing to Consolidated Municipal Services Managers, no new government subsidized units are being built.¹⁵⁹

The working group called for increased tax subsidies and incentives for private rental development, while acknowledging that even these were not likely to generate housing that was truly affordable to the lowest-income households.

However, it summoned up a housing version of the “trickle-down” theory to argue that creating “any new rental projects add to the overall supply of rental housing – and thus are beneficial to tenants across the rent spectrum. This is because the new supply at the upper end of the market draws higher income tenants that in the absence of this supply would have stayed in units in the older existing stock. By absorbing the demand for high end rental units, the new rental supply frees up a supply of existing units for more modest income tenants.”¹⁶⁰

CONCLUSION

The history of precarious housing in Canada shows that while the need for affordable housing has been consistent, our will to solve this problem has not matched our potential. Other countries have provided examples of directions for us to consider. Ultimately, we cannot pretend that the problem of precarious housing will simply go away or be solved by private housing markets acting alone. The impact of federal erosion in affordable housing investments, even as the overall economy has been growing over the past two decades, has been to generate more housing insecurity and homelessness with the attendant health, social and economic costs.

¹⁵⁶ See <http://www.actionplan.gc.ca/eng/feature.asp?pageld=164>

¹⁵⁷ See <http://online.wsj.com/article/SB10001424052748704007804574574082914883224.html>

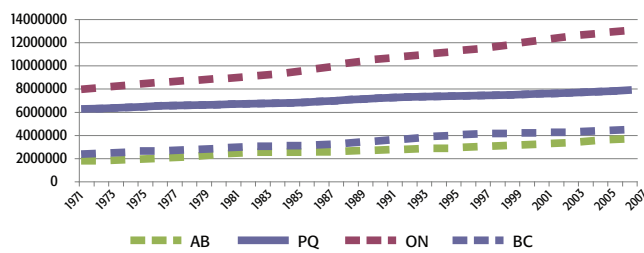
¹⁵⁸ See <http://www.rbc.com/economics/market/pdf/house.pdf>

¹⁵⁹ Interim report of the Ontario Housing Supply Working Group. *Affordable Rental Housing Supply: The Dynamics of the Market and Recommendations for Encouraging New Supply* (May 2001). <http://www.mah.gov.on.ca/AssetFactory.aspx?did=1052>

¹⁶⁰ *Ibid.*

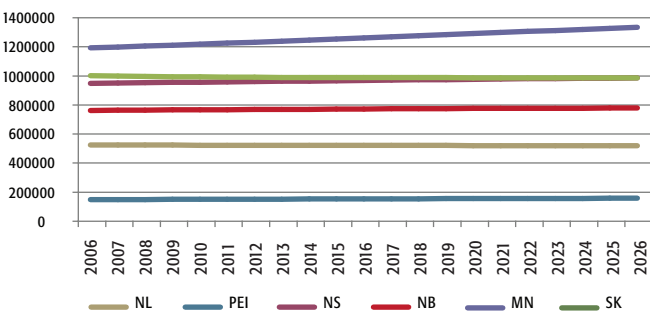
APPENDIX

Population growth: Quebec, Ontario, Alberta, and British Columbia



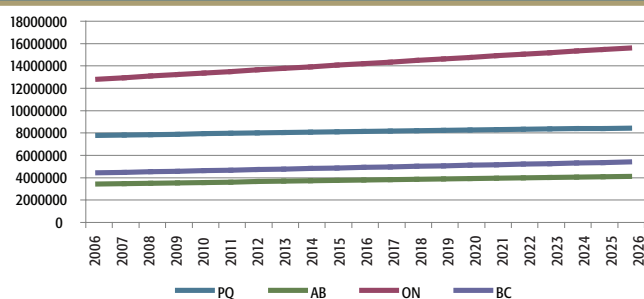
The provinces with the four largest populations have all experienced significant growth. (Source: Statistics Canada)

Population growth: NL, PEI, NS, NB, MN, SK



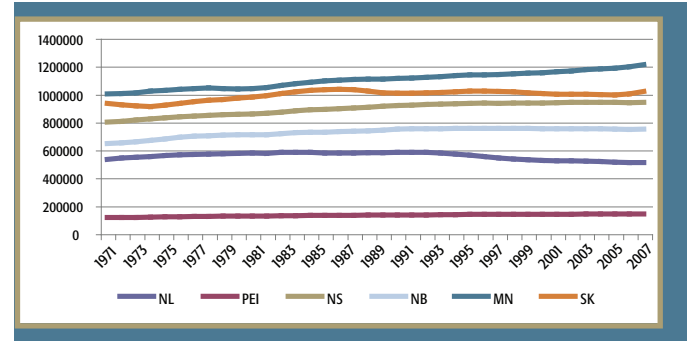
Population growth has been more mixed among the provinces that had a smaller population in 1971. (Source: Statistics Canada)

Projected population growth: Quebec, Ontario, Alberta, and British Columbia



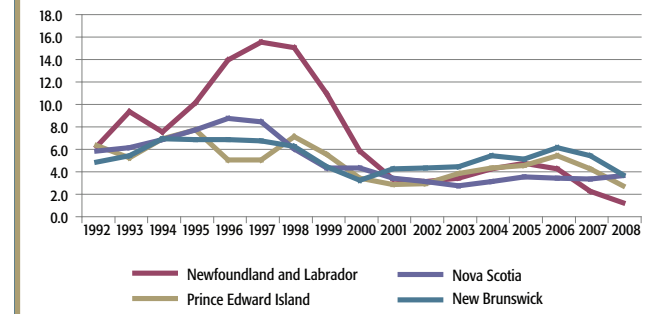
The mid-range population growth forecast for the four largest provinces shows that Ontario will continue to dominate growth in the first three decades of the 21st century. (Source: Statistics Canada)

Projected population growth: NL, PEI, NS, NB, MN, SK



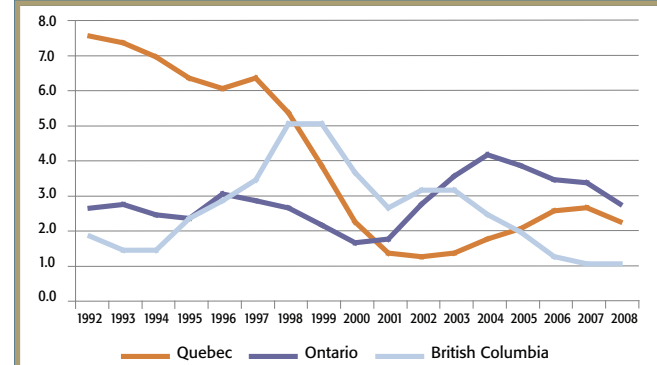
The mid-range population growth forecast for the remaining six provinces shows that most are expected to have relatively stagnant population growth over the first three decades of the 21st century. (Source: Statistics Canada)

Private rental vacancy rates: Atlantic provinces



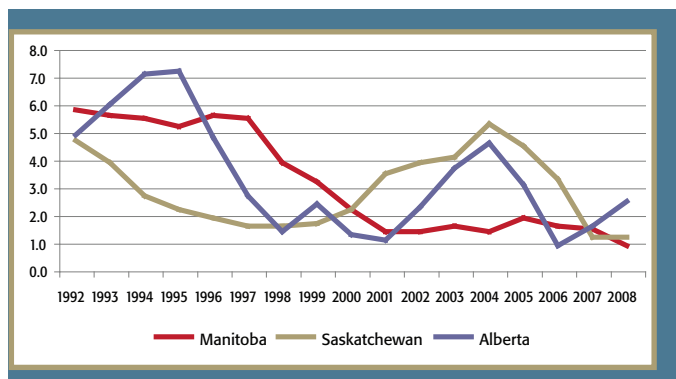
Newfoundland and Labrador has seen the sharpest drop in private rental vacancy rates over the past two decades among the Atlantic provinces. (Source: Canada Mortgage and Housing Corporation)

Private rental vacancy rates: Quebec, Ontario, and British Columbia



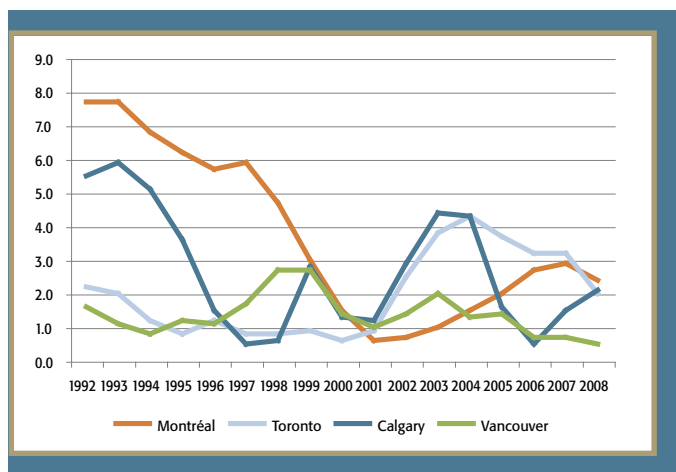
In the three most populous provinces, private rental vacancy rates have been trending downward. (Source: Canada Mortgage and Housing Corporation)

Private rental vacancy rates: Prairie provinces



None of the three Prairie provinces has a private rental vacancy rate that is in the healthy zone. (Source: Canada Mortgage and Housing Corporation)

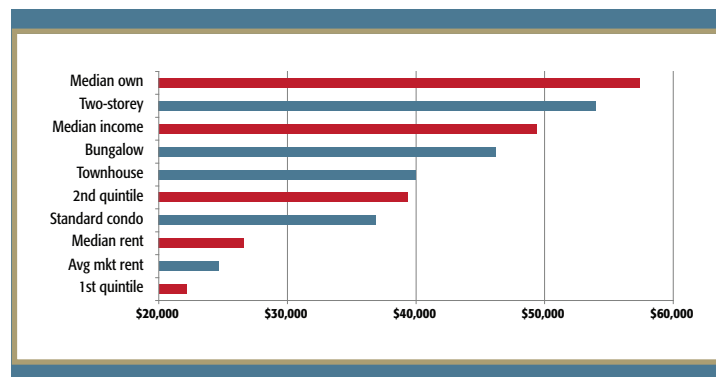
Private rental vacancy rates: Four major metropolitan areas



Four of Canada's major metropolitan areas are home to most of the country's renters. None has a rental vacancy rate in the healthy zone. (Source: Canada Mortgage and Housing Corporation)

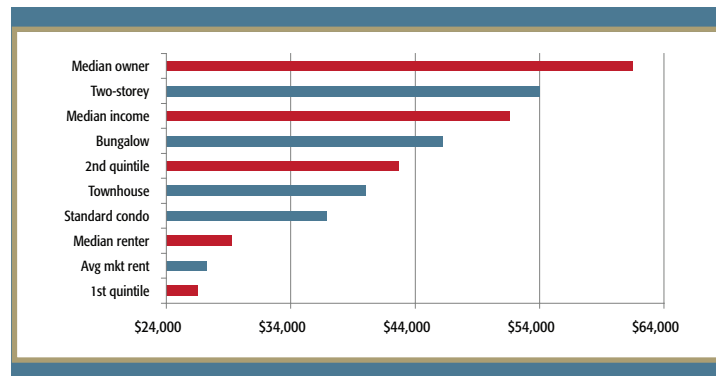
AFFORDABILITY REVIEW OF THE PROVINCES AND MAJOR MUNICIPALITIES

Annual income required for housing in Newfoundland and Labrador, 2009



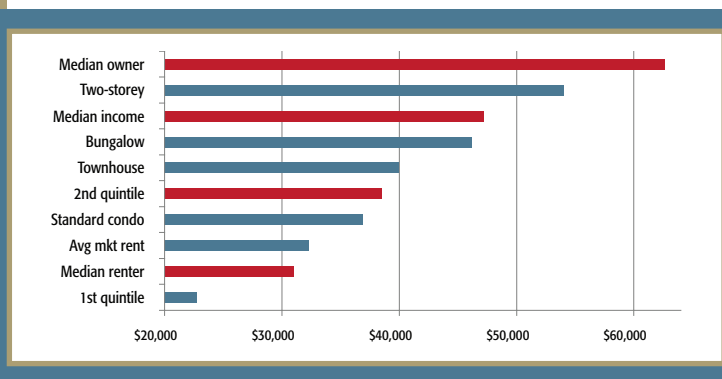
Low-income renters and moderate-income owners are below entry level for private rental or most forms of ownership in Newfoundland and Labrador. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Prince Edward Island, 2009



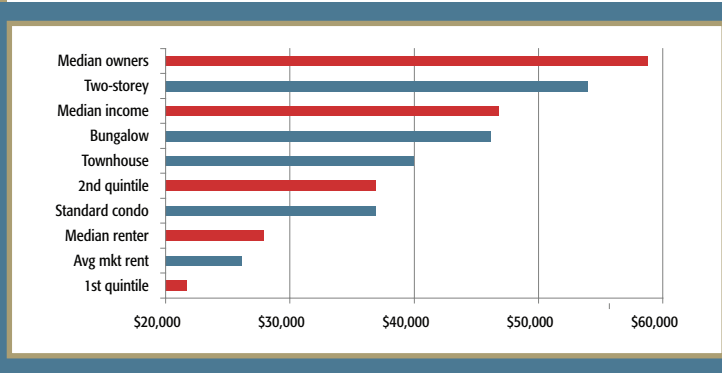
Compared with other provinces, Prince Edward Island has the least affordability challenges in both the ownership and private rental markets. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Nova Scotia, 2009



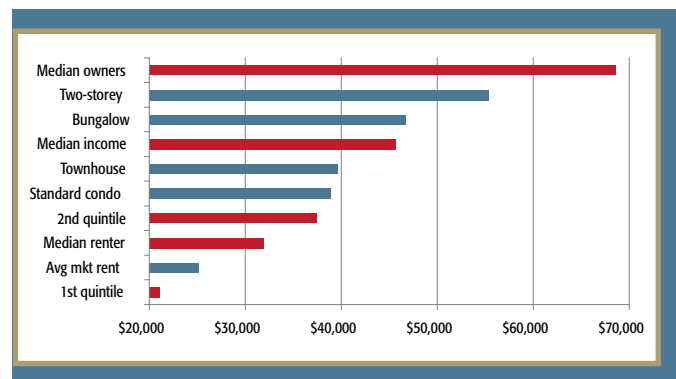
Nova Scotia renters face a huge affordability barrier — almost \$10,000 separates the average income for the first income quintile from the average market rent. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in New Brunswick, 2009



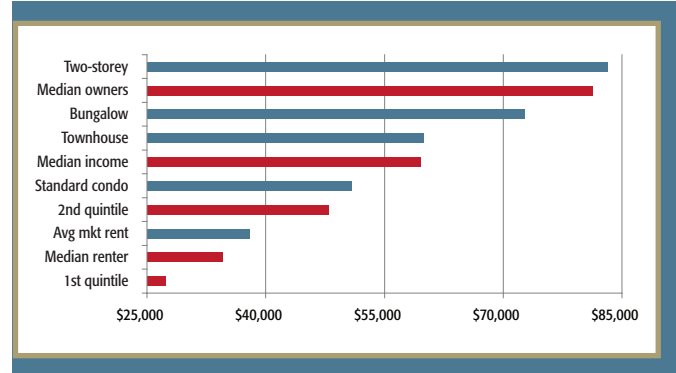
New Brunswick owners and renters both face affordability challenges in entering the private rental and ownership markets. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Quebec, 2009



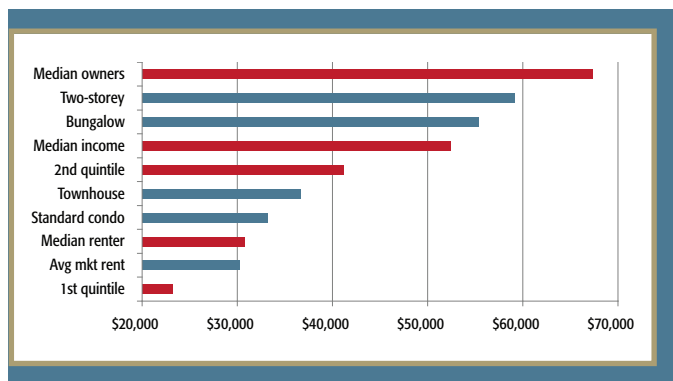
Low- and moderate-income households in Quebec face challenges in accessing private rental and ownership markets. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Ontario, 2009



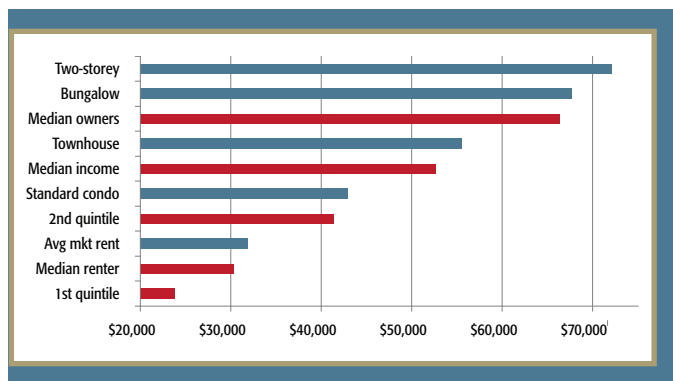
Ontario's renters and owners in the low- and moderate-income categories are both below the threshold for entry into private rental or ownership markets. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Manitoba, 2009



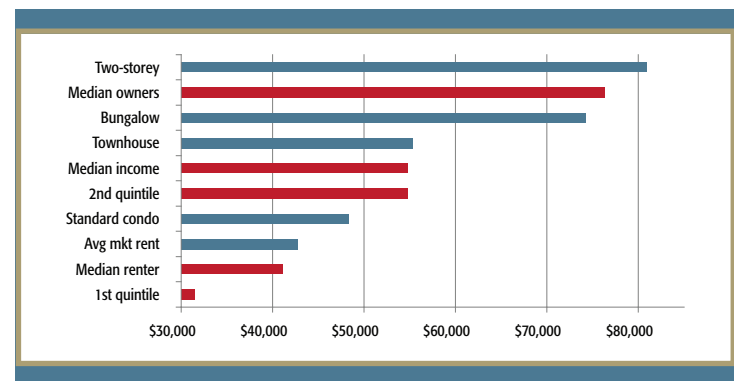
Manitoba renters in the first quintile face a big gap between their income and average market rents as well as private market rents, and owners face a smaller – but still significant – gap. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Saskatchewan, 2009



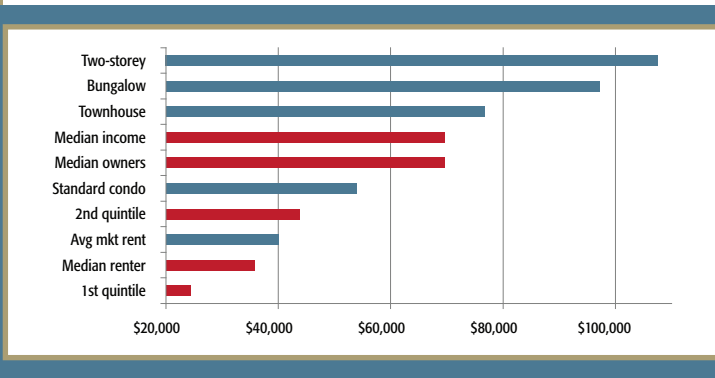
Saskatchewan renters in the first quintile face a huge gap in meeting average market rents, while moderate-income households face a smaller gap in accessing the ownership market. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in Alberta, 2009



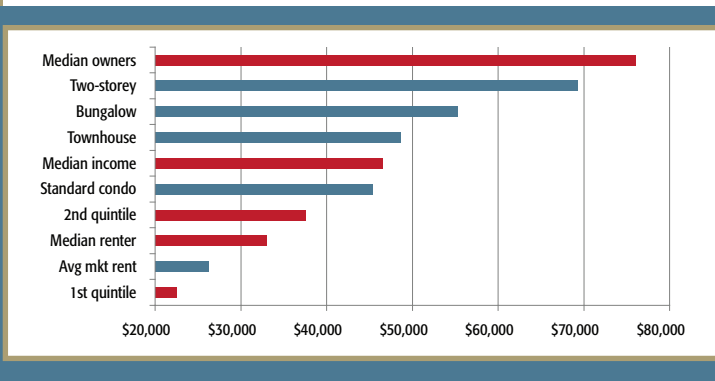
Low-income renters in Alberta face a yawning chasm between average incomes and the average market rent, with moderate-income owners facing a slightly smaller gap. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)

Annual income required for housing in British Columbia, 2009



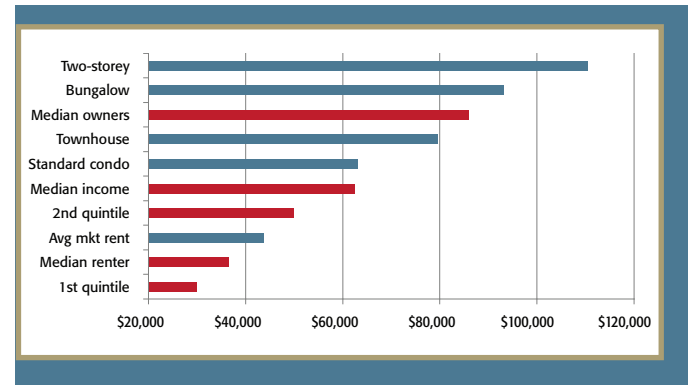
British Columbia renters face the country's biggest gap between incomes in the first quintile and average market rents, and moderate-income owners face a very steep challenge, as well. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: *Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections*)

Annual income required for housing in Montreal, 2009



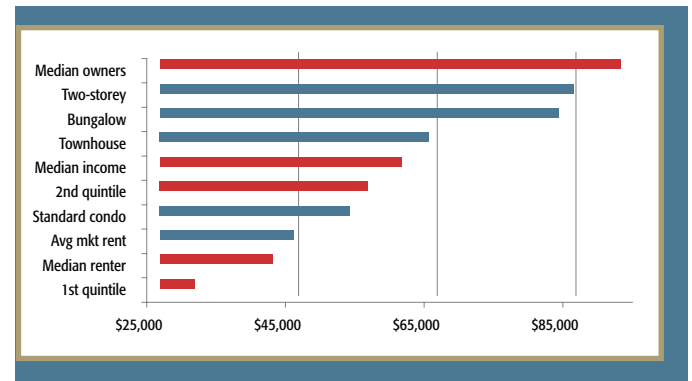
The affordability gaps for renters and owners in Montreal are big – but compared with some other Canadian centres, they are not as deep. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: *Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections*)

Annual income required for housing in Toronto, 2009



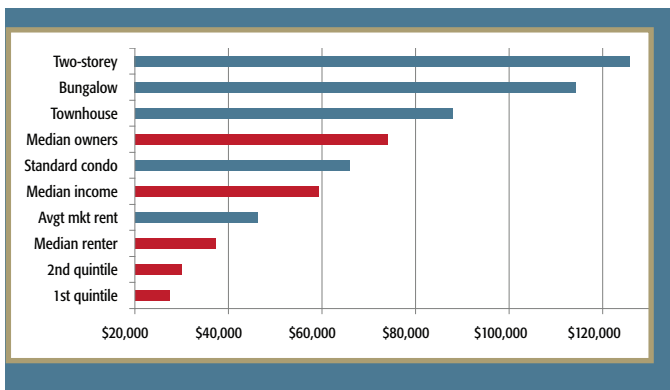
Canada's most populated city has one of the biggest affordability challenges in the country. With the largest renter population in Canada (584,125 renter households – or more than 1.5 million people – in the Greater Toronto Area), the severe affordability crisis in Toronto is more than a local concern. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: *Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections*)

Annual income required for housing in Calgary, 2009



Boom-town Calgary has been a bust for renters – the second worst affordability gap in the country. Moderate-income owners are able to get a toe in the door at the entry level, but affordability challenges remain intense. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: *Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections*)

Annual income required for housing in Vancouver, 2009



Vancouver is Canada's affordability horror story. Average incomes for moderate-income households are less than half the amount required for an entry-level condo, and low-income renters face the biggest hurdle of any in the country. The red bars measure annual household income, and the blue bars measure income required for various types of housing. (Sources: Income data from Statistics Canada, rental data from Canada Mortgage and Housing Corporation, ownership data from RBC Economics, plus Wellesley Institute projections)