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Wellesley Institute federal pre-budget backgrounder: Growing housing need requires more funding; 17 cents per day won't build many new homes

Millions of Canadians are looking for housing relief as Finance Minister Jim Flaherty releases the 2007 budget on March 19. Despite a nation-wide affordable housing crisis and homelessness disaster, federal housing spending slumped to a mere 17 cents per person per day in 2006, down from 20 cents in 1991.

Housing and homelessness: Facts and figures

- **NO NATIONAL HOUSING PROGRAM:** Canada is one of the few countries in the world without a national housing program. Federal housing funding was cut starting in the 1980s; most housing programs were downloaded in 1996; and the role of Canada Mortgage and Housing Corporation was sharply limited in 1998. Canada ranks 11 out of 15 Organization for Economic Co-operation and Development countries in social spending as a percentage of gross domestic product – below United States and United Kingdom¹. In May of 2006, the United Nations urged the federal government to enact a housing plan to meet Canada's international legal obligations².
- **HUNDREDS OF THOUSANDS OF HOMELESS:** The federal government estimates that “at a minimum, 150,000 people use homeless shelters every year”, and “countless others” are sleeping rough or part of the broader group of “hidden homeless”³. The National Housing and Homelessness Network puts the number of homeless people in Canada at 300,000-plus⁴.
- **MILLIONS AT RISK OF HOMELESSNESS:** Canada Mortgage and Housing Corporation estimated that 1.5 million households (more than four million women, men and children) were in “core housing need” in 2001, which puts them at risk of homelessness. This is up from 1.3 million households in 1991⁵. The 2006 numbers are expected to be released in September. The number of households in acute need has increased at almost double the rate of population growth.
- **SHRINKING INCOMES – RISING RENTS:** Renter households are caught in the squeeze between higher rents and dwindling incomes. The real median renter household income in Canada fell from

¹ Organization for Economic Co-operation and Development, 2001

² United Nations' Committee on Economic, Social and Cultural Rights, 2006

³ Human Resources and Social Development Canada, 2007

⁴ National Housing and Homelessness Network, 2007

⁵ Canada Mortgage and Housing Corporation, 2006

\$28,900 in 1990 to \$27,500 in 2004⁶. The average rent for a two-bedroom apartment rose from \$568 in 1992 to \$731 in 2005⁷. Nation-wide eviction statistics have not been compiled, but in Ontario, an all-time record of 66,746 tenant households received eviction applications in 2006⁸.

- **CRITICALLY LOW RENTAL VACANCY RATE:** Canada’s rental vacancy rate (the measure of empty units) is at a critically low 2.6%. During the 1990s, the rate was 4.5% or higher⁹.
- **FEDERAL HOUSING / HOMELESSNESS SPENDING FLATLINED:** Despite growing need, federal spending on housing has been flat-lined at about \$2 billion since 1991¹⁰. In December of 2006, the federal government announced a two-year extension of national homelessness and housing rehabilitation programs, but froze spending at \$526 million – the same level as the past six years.

Missing \$200 million from federal housing allocation

In the fall of 2006, the federal government allocated \$1.4 billion of the \$1.6 billion in housing funding authorized in Bill C-48 (passed in June of 2005). The money is to be spent over two years.

Allocation of C-48 housing dollars (in millions)¹¹

	NL	NS	PEI	NB	QC	ON	MN	SA	AB	BC	YT	NWT	NU
Affordable housing	12.6	23	3.4	18.4	187.4	312.3	29	24.2	81.1	106	.76	1.08	.74
Northern housing											50	50	200
Off-reserve Aboriginal housing	8.2	7.8	.7	6.7	38.2	80.2	32.5	26.4	48.4	50.9			

The federal government has announced no plans for the missing \$200 million – although the federal Conservatives did promise during the 2006 federal election campaign that they would create a national affordable housing tax credit scheme in the amount of \$200 million.

What’s needed in budget 2007: \$2 billion for affordable housing

In recent years, there has been a thin patchwork of poorly-funded, short-term housing and homelessness programs in Canada. Housing advocates have called for the One Percent Solution – an additional \$2 billion annually in permanent funding from the federal government, with matching dollars from the provinces and territories. The current funding patchwork won’t fund the number of new truly affordable homes that are needed in most parts of the country, and it doesn’t assist the social housing sector in ramping up its development capacity to meet the long-term needs.



The Wellesley Institute launched its **Blueprint to End Homelessness in Toronto** in the fall of 2006. For information, point your browser to www.wellesleyinstitute.com

⁶ Statistics Canada and Canada Mortgage and Housing Corporation, 2006

⁷ Canada Mortgage and Housing Corporation, 2006

⁸ Ontario Landlord and Tenant Board, 2007

⁹ Canada Mortgage and Housing Corporation, 2006

¹⁰ Statistics Canada, 2006

¹¹ Government of Canada, 2006