

# National Housing Day 2007: Despite promises, few new homes and scarce dollars

National Housing Day is November 22, 2007 – which marks the day in 1998 when the mayors of Canada’s biggest cities declared homelessness a “national disaster”. Nine years on, senior levels of government have failed to deliver on agreements and commitments for new housing spending, and few new affordable homes have been built in recent years.

Nine years after the mayors of Canada's biggest cities declared homelessness a "national disaster"<sup>1</sup>, senior levels of government have failed to deliver new funding or significant numbers of truly affordable homes despite signed agreements and solemn promises. The 1.7 million Canadian households in core housing need, along with housing advocates and municipalities, are once again calling on senior levels of government to reverse two decades of housing cuts and re-invest in affordable housing funding and programs.

A new analysis of housing spending by the Wellesley Institute on the eve of National Housing Day (which is held annually on November 22 to mark the mayors' declaration) shows:

- federal, provincial and territorial governments **invested fewer dollars** in affordable housing in recent years, despite agreements and promises to increase the investments;
- the number of affordable homes has **shrunk to a tiny fraction** of overall new housing construction across Canada in the past two decades, increasing the squeeze on low, moderate and middle-income households; and,
- at the national level, Canada **lags far behind** the United Kingdom and the United States in per capita spending on affordable housing, a sharp reversal from the 1970s and 1980s, when Canada's national housing program delivered more than half a million good quality, affordable homes.

The conclusion: Senior levels of government in Canada have failed to deliver on commitments of increased affordable housing funding, and low, moderate and middle-income Canadian households don't have the affordable homes that they so urgently require. Canadians will be looking for the national housing summit in Vancouver on February 7, 2008, to finally deliver the long-delayed Canadian Housing Framework and the promised increases in housing funding.

## **Fewer dollars, no housing framework, no housing summit**

Billions of dollars in federal and provincial social and affordable housing spending were slashed during the 1980s and 1990s and housing programs were cancelled or downloaded. By the late 1990s, Canada became the only major country in the world without a national housing strategy. Growing political pressure prompted politicians at the senior levels of government to create a patchwork of funding and programs, but the latest information shows that the dollars and the numbers of new homes remain painfully low.

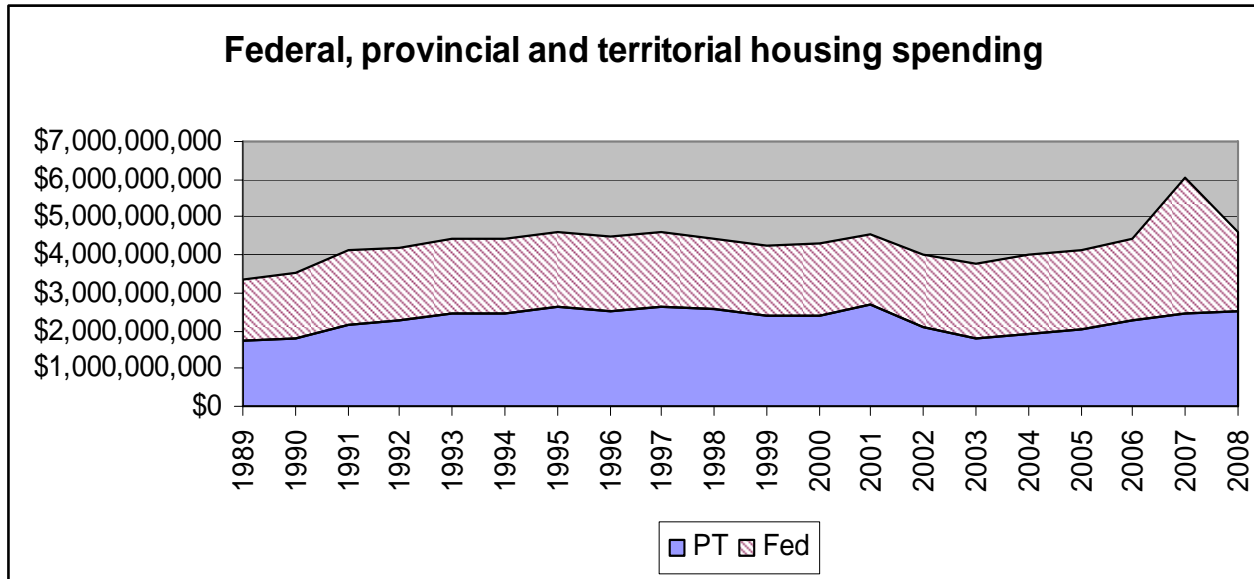
In November of 2001, all the provinces and territories joined with the federal government to sign the Affordable Housing Framework Agreement, pledging to deliver \$2 billion in combined housing spending over five years. In fact, between 2001 and 2006, combined federal, provincial and territorial housing spending actually fell by 4% from \$4.6 billion to \$4.4 billion<sup>2</sup>.

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<sup>1</sup> The Toronto Disaster Relief Committee launched the "disaster declaration" and the "One Percent Solution" campaigns in October of 1998 and quickly gained the support not only of leading municipalities, but also community groups, and literally thousands of individuals and organizations.

<sup>2</sup> Source: Statistics Canada

In September of 2005, federal, provincial and territorial housing ministers emerged from a national summit with the promise that “ministers have strengthened their partnership and are accelerating work on a Canadian Housing Framework”<sup>3</sup>. In the fourteen months since then, not only has there been no housing framework, but ministers failed to even meet. The good news is that Canada’s next national housing summit is set for the first week of February in Vancouver, but as of late November, federal housing minister Monte Solberg had still not confirmed whether he will attend.



Source: Statistics Canada

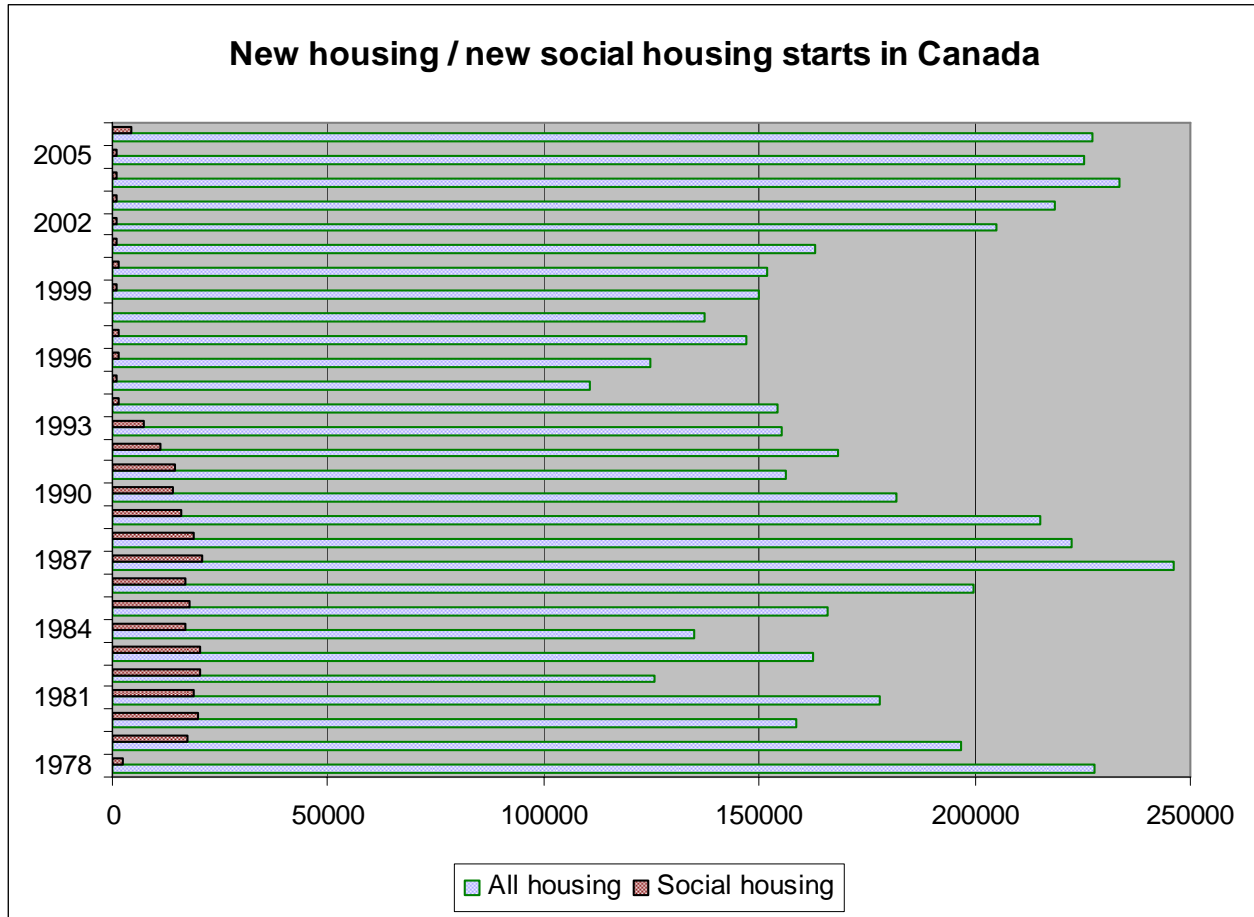
Federal housing spending spiked upwards in 2007 as \$1.4 billion in one-time housing investments authorized by Parliament in 2005 was allocated, but spending is expected to drop back down to about \$2 billion in 2008 and will drop steadily over the next two decades as the national government “steps out” of legal agreements with co-op and non-profit housing providers. Among the provinces and territories, the biggest housing cuts have been in Ontario, which slashed housing investments from \$1.7 billion in 1997 to \$798 million in 2007; and Alberta, which dropped housing investments from \$382 million in 1991 to \$190 million in 2007.

## Housing boom delivers few new affordable homes

Back in the early 1980s, when Canada still had a robust national housing program, 12 out of every 100 new homes were social housing units in co-op or non-profit developments and were truly affordable. In recent years, less than 1 out of every 100 new homes are co-op or non-profit.

<sup>3</sup> Final communiqué, federal-provincial-territorial housing ministers’ meeting, September 2005.

The number of new affordable homes funded annually has dropped from more than 20,000 annually in the early 1980s to 1,000 or fewer homes in recent years<sup>4</sup>. The lack of new affordable homes is directly related to the cut in investment in new affordable housing by senior levels of government. Without the capital investments to get the homes built, and the rent-geared-to-income supports to ensure the housing is affordable to low and moderate-income households, the supply of new affordable housing has stalled even as the population of Canada has been growing, and the need for affordable housing has remained strong.



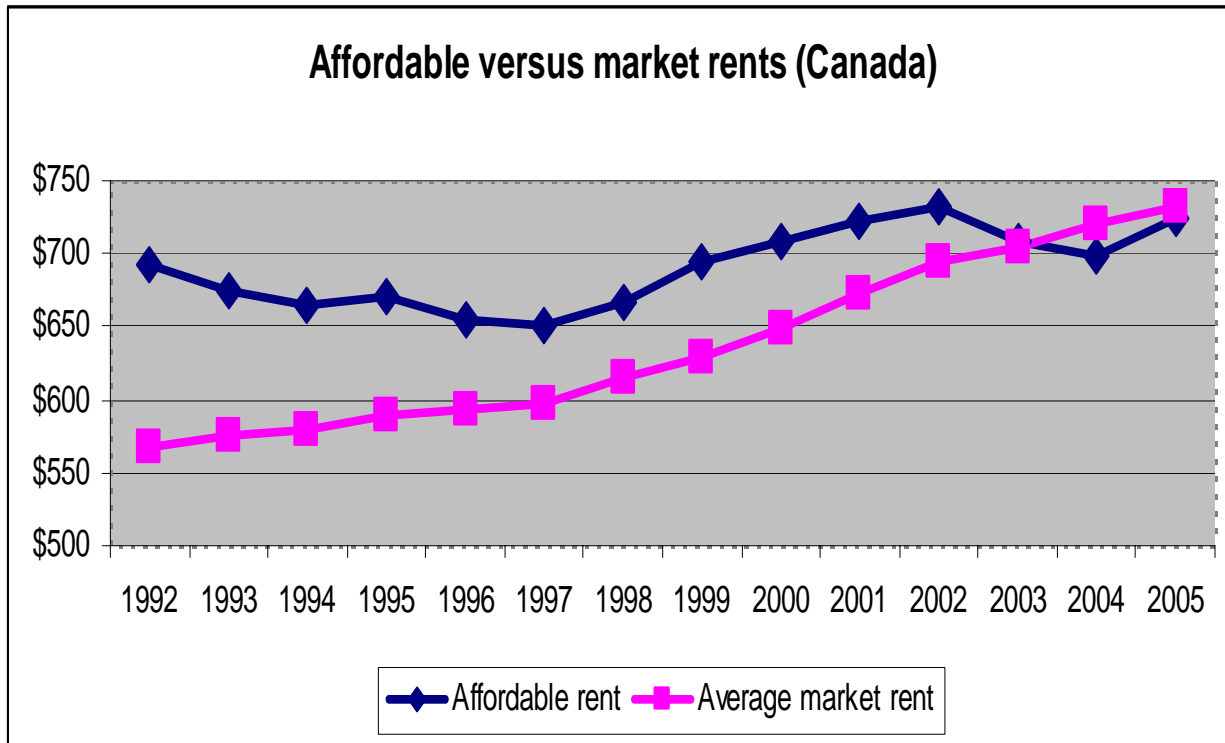
Source: Canada Mortgage and Housing Corporation

In addition to a lack of new supply, existing renter households are being squeezed out of the private rental market. The annual income for the median tenant household was \$29,600 in 1990 and remained stalled at \$29,000 in the year 2005, even though the cost of renting and other necessities (such as food, energy and transportation) have all increased significantly over the past 15 years<sup>5</sup>. The average market rent charged by private landlords has grown rapidly in the past 15 years – outstripping the affordable rent for a median renter household in 2004. This

<sup>4</sup> Source: Canada Mortgage and Housing Corporation

<sup>5</sup> Source: Canada Mortgage and Housing Corporation

means that, in the past few years, more than half of the 3.9 million renter households in Canada can no longer afford the average rents charged by private landlords.



Source: Canada Mortgage and Housing Corporation

## Canada lags behind UK and U.S. in housing spending

The dismantling of Canada's national housing program in the 1990s, along with spending cuts and downloading at the federal level, and in many provinces, has pushed Canada below our two closest international partners when it comes to housing spending. Canada's federal government spent \$65 per capita on housing programs in 2006<sup>6</sup>, while the United States spent more than double that amount at \$156<sup>7</sup>.

The United Kingdom spent three and one-half times as much at \$226 per person<sup>8</sup>. In 2007, the UK government announced a multi-billion-pound increase in national housing spending to support a plan to fund three million new homes by 2020<sup>9</sup>.

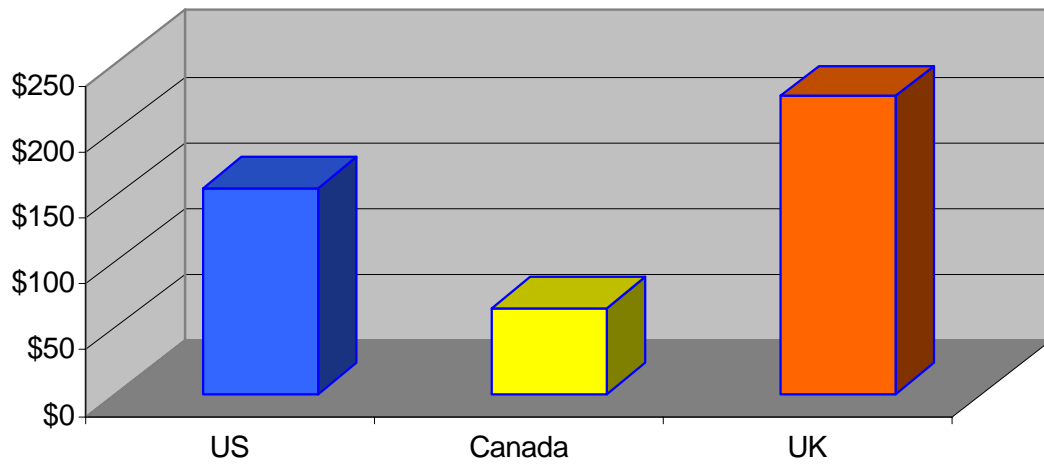
<sup>6</sup> Sources: Housing spending – Statistics Canada; population – Statistics Canada.

<sup>7</sup> Sources: Housing spending – Office of Management and Budget; population – Census Bureau; U.S. dollars converted to Canadian dollars using Bank of Canada currency converter for 2006.

<sup>8</sup> Sources: Housing spending – HM Treasury; population – Office for National Statistics; UK pounds converted to Canadian dollars using Bank of Canada currency converter for 2006.

<sup>9</sup> UK Chancellor of the Exchequer, Pre-Budget Report, 2007.

### Per capita spending on affordable housing, 2006



Sources: See footnotes 5, 6, 7

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