



# GETTING THERE

AFB 2018

Alternative Federal  
Budget 2018

# Housing and Neighbourhoods



ALTERNATIVE  
FEDERAL BUDGET  
2018

HOUSING AND  
NEIGHBOURHOODS

## SITUATION

- Federal affordable housing investments were substantial from the 1960s to 1980s, minimal from 1994 to 2001, and have since made only a modest comeback.
- Waiting lists for subsidized housing in Canada continue to grow. Some people become homeless while they wait.
- In November 2017, the federal government unveiled a National Housing Strategy; funding was modest in a historical context, and many new initiatives won't start to take effect for several years.

## DESTINATION

- Make a one-time \$1-billion capital investment in repairing and retrofitting existing social housing.
- Allocate \$1 billion annually for building new supportive housing for vulnerable populations, including new investments for on- and off-reserve housing.
- Allocate \$1.5 billion immediately to a Canada Housing Benefit that helps low-income households afford their rent.

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#AFB2018

## Background

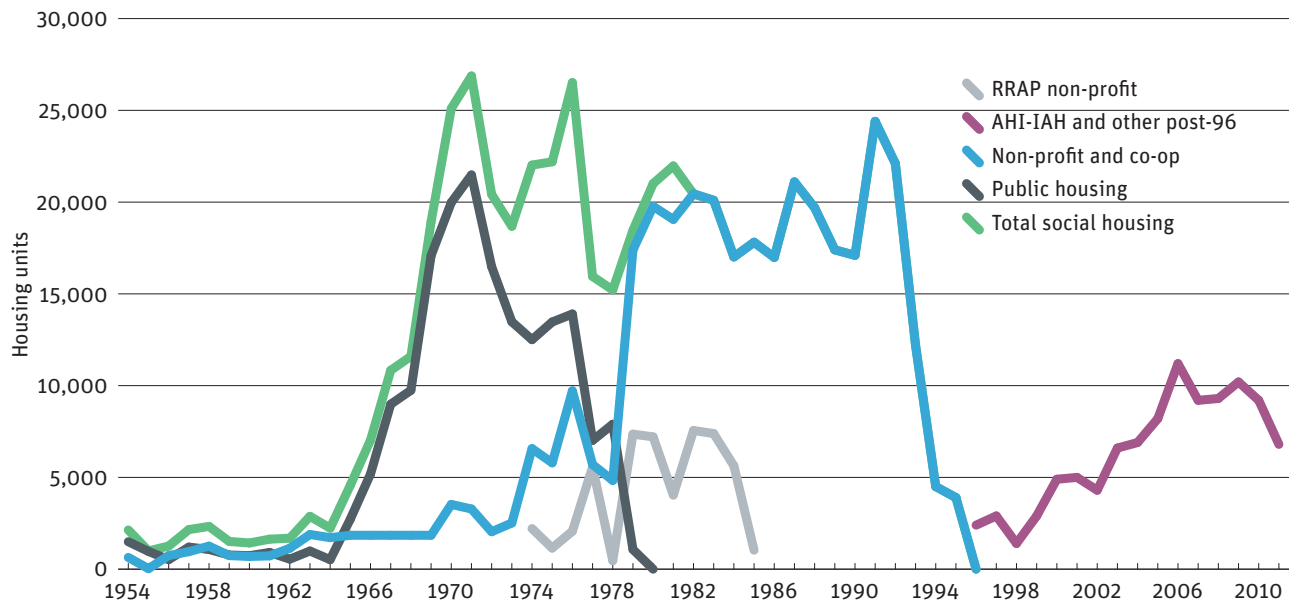
All orders of government in Canada, along with the non-profit sector, must play an active role in creating affordable housing. Co-ordination is fundamental for several reasons.

First, low-income households, especially those relying on social assistance, simply cannot afford monthly rents on most private-market housing. A government subsidy is therefore vital. Second, Canadian cities, especially in high-growth areas, cannot rely on private developers to create the affordable apartment units needed by low-wage workers.

A third reason for co-ordinated action is that non-profit ownership of affordable housing stock keeps rent levels down over the long term and creates public assets in the process.<sup>1</sup> Finally, when it comes to vulnerable subpopulations (e.g., persons with mental health problems, those living with HIV/AIDS, and frail seniors), non-profit entities are effective at creating buildings that can foster community development.

Beginning in the 1960s, the federal government very actively created housing for both low-income and middle-income households, often by sharing the costs of development with provincial and territorial govern-

**FIGURE 10** Annual social housing commitments, Canada 1954–2011



**Source** This is a modified line graph using data compiled by Greg Suttor (Wellesley Institute). The original line graph appeared in Dr. Suttor's 2016 book, *Still Renovating: A History Of Canadian Social Housing Policy* (McGill-Queen's University Press).

ments.<sup>2</sup> Tenants, in turn, were charged rents they could afford, typically in the range of 30% of their gross monthly income.

As many as 25,000 new subsidized housing units were being created annually across Canada under this system. Low-income households who sought subsidized housing received it more quickly than they would today, and very few individuals stayed in emergency shelters or outside on the street relative to today's numbers.<sup>3</sup> Today, wait lists for subsidized housing are growing and many people become homeless while they wait.<sup>4</sup>

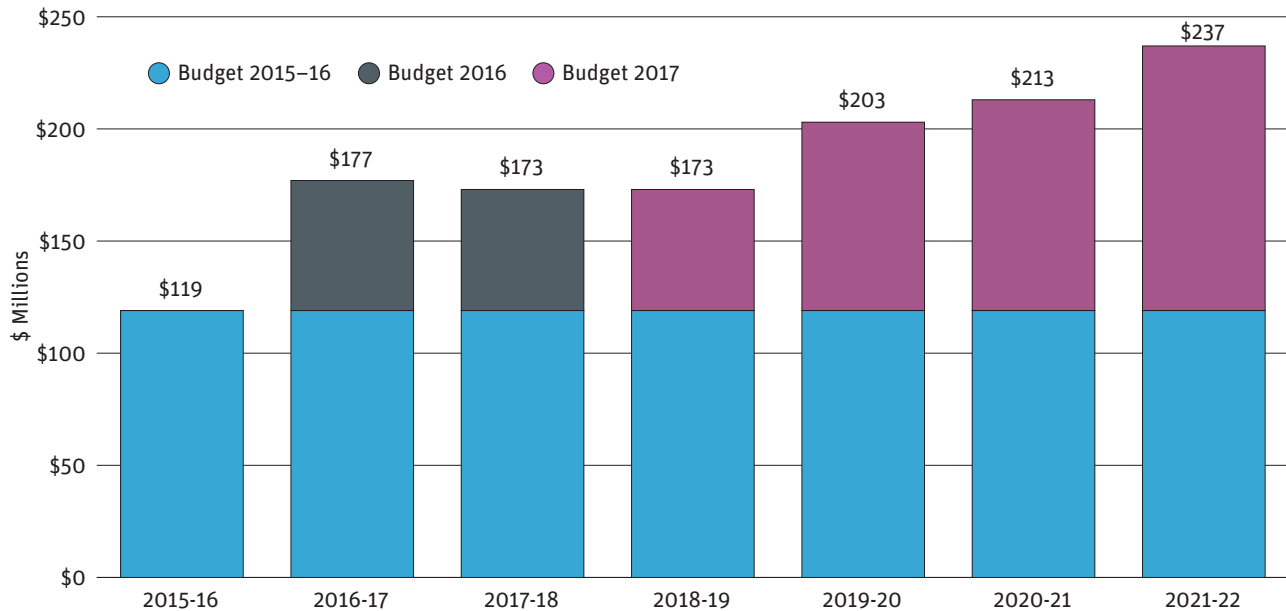
The federal government stopped subsidizing new units of social housing in the early 1990s (with the exception of on-reserve housing). The government gradually and incrementally started to get back into the housing game, so to speak, after 2001.

But fewer units are created annually today than in the 1970s and '80s, and these units tend to provide only modest affordability (see *Figure 10*).

The 2017 federal budget was Canada's most important for housing since 1993. It proposed investments of \$11.2 billion over 11 years, including \$2.1 billion to expand and extend funding for the Homelessness Partnering Strategy (HPS) beyond 2018-19 (see *Figure 11*). The budget also announced that the Investment in Affordable Housing (IAH) initiative, set to expire at the end of 2018-19, will be replaced by a new framework.

The recently unveiled National Housing Strategy (NHS), which made history by adopting housing as a human right, includes plans to create a Canada Housing Benefit consisting of financial assistance to help

**FIGURE 11** Annual Homelessness Partnering Strategy funding



Source Chart reproduced from Janice Chan's March 30, 2017, Calgary Homeless Foundation blog.

low-income households afford their rents. However, this will not begin until 2020, and the average beneficiary will receive a mere \$200 per month in benefits. This new federal benefit is expected to be cost-shared with the provinces and territories.

The federal housing strategy also includes the creation of a new National Housing Co-Investment Fund, which over 10 years will create up to 60,000 units of new housing and repair up to 240,000 units of existing housing. This is a unilateral federal program, though some assistance from provincial and territorial governments may be required.

Furthermore, the government's strategy includes a new Canada Community Housing Initiative that will focus on preserving existing units of social housing. This will require cost-matching from provinces and

territories. Canada's approximately 500,000 social housing units — those that are both administered by provincial or territorial authorities and have rent-gear-to-income (RGI) subsidies — will be eligible. The fund will assist with repairs, help keep rents affordable and provide mortgage assistance for the operators.

Once funding starts to flow from this initiative, the challenge of expiring operating agreements will be addressed for a 10-year period, provided the provinces and territories agree to match costs. The Federal Community Housing Initiative will do essentially the same thing for social housing units that are federally administered, including co-op units, at a cost of \$500 million to the federal government over 10 years.

It's important to note that the National Housing Strategy's targets — about 6,000 new builds annually over the next decade — represent just one-third of the total volume of Canada's new annual builds from the 1970s and 1980s, keeping in mind that Canada's population has grown since that time.<sup>5</sup>

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## AFB Actions

This year's AFB will go beyond the current federal government's spending promises for housing. It will immediately allocate \$3.5 billion over and above commitments made in the 2017 federal budget. Much of this money can be thought of as bridge funding as we wait for National Housing Strategy dollars to start flowing. As new programs are designed and implemented under the new federal housing framework, future AFBs may funnel money directly into them. For now, most AFB dollars go toward existing programs.

**Action: Preserve existing social housing stock.** Provide a one-time \$1-billion capital investment to provinces and territories to help maintain existing units of social housing. Three types of units are especially vulnerable to expiring agreements: units created under the Urban Native program, public housing units, and units in Northern Canada. We assume no cost-matching from provincial/territorial governments for this funding.

**Result:** Between 10,000 and 15,000 existing units of social housing in serious state of disrepair will be saved. A \$75,000 invest-

ment per unit will extend the lives of existing housing stock by 25–35 years.

**Action: Invest in supportive housing.** Provide \$1 billion in new annual spending on subsidized housing and support staff for vulnerable populations at a per-unit rate of \$200,000. A strong focus is placed on Indigenous peoples living off reserve, women, LG-BTQ2S+ populations, persons with physical disabilities, persons with mental health problems, and frail seniors. Federal funds will be conditional on the provinces/territories providing additional funding — e.g., housing allowances or rent supplements — to keep rents affordable for low-income tenants. In addition, provincial and territorial governments will be expected to pay for ongoing professional staff support for the specialized subpopulation in question.

**Result:** The creation of 5,000 new units of housing annually that will remain affordable for 25–35 years.

**Action: Move forward on the Canada Housing Benefit.** Immediately allocate \$1.5 billion annually toward the new Canada Housing Benefit to provide enhanced and expedited demand-side assistance for low-income households. Under the AFB plan, each household assisted by the Canada Housing Benefit will receive approximately \$500 per month in rental assistance, and approximately 250,000 households will receive the benefit during the first year. Provincial and territorial governments will not need to match this funding until 2020 under the AFB plan.

**Result:** The Canada Housing Benefit will help make many private units (that are cur-

rently sitting empty) affordable to low-income households. An estimated 250,000 low-income households will be able to afford rent in private units.

**Action: Renew investment in on-reserve housing.** The AFB will make substantial investments in on-reserve housing in Canada and direct Indigenous and Northern Affairs Canada to consult on a nation-to-nation basis on the details. Strong emphasis should be placed on cultural appropriateness and environmental sustainability.

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## Notes

**1** Falvo, N. (2016, November 5). *The privatization of social housing*. Retrieved from Progressive Economics

Forum website: <http://www.progressive-economics.ca/2011/11/05/the-privatization-of-social-housing/>.

**2** Pomeroy, S., & Falvo, N. (2013). *Housing policy in Canada under the Harper regime*. Retrieved from Focus Consulting website: <http://www.focus-consult.com/wp-content/uploads/2014/07/PomeroyFalvoThe-Harper-Years-ENHR-with-table.pdf>.

**3** Falvo, N. (2009). *Homelessness, program responses and an assessment of Toronto's Streets to Homes program*. Retrieved from Canadian Policy Research Network's website: <http://www.cprn.org/doc.cfm?l=en&doc=1979>.

**4** Adamo, A., Klodawsky, F., Aubry, T., & Hwang, S. (2016). *Ending homelessness in Canada: A study of 10-year plans in 4 Canadian cities*. Retrieved from St. Michael's Hospital website: <http://www.stmichaelshospital.com/pdf/news/20161010.pdf>.

**5** Suttor, G. (2017, November 28). Canada's national housing strategy: The strong, the soft, and the splashy. Retrieved from <http://www.wellesleyinstitute.com/housing/canadas-national-housing-strategy-the-strong-the-soft-and-the-splashy/>.

