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# National Housing and Homelessness Network

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November 14, 2003

## ***NHHN housing report card:***

### **Feds, provinces, territories fail to meet commitments as nation-wide affordable housing crisis grows worse**

Federal, provincial and territorial housing ministers agreed to fund about 32,000 new affordable homes when they signed the Affordable Housing Framework Agreement in November of 2001. Two years later, about 7,500 units have been launched – the bulk of those in Quebec. Less than 1,200 units have been committed in the rest of the country. Even worse, many of the new homes in Quebec and across Canada are not affordable to low-income households, the people who need the new housing the most. The National Housing and Homelessness Network released a new housing report card today. The network has three key demands for the federal, provincial and territorial governments:

1. ***MORE MONEY*** – The One Percent Solution (\$2 billion annually for new housing spending federally, with a matching \$2 billion from the provinces and territories) is the minimum required to meet the nation-wide affordable housing crisis and homelessness disaster. To date, the federal government has committed \$1 billion over five years, or an average of \$200 million annually – only 10% of the NHHN target. The provinces and territories have failed to match even the limited federal funding. The scale of the response needs to equal the scale of the national crisis.
2. ***MORE ACCOUNTABILITY*** – The money that has already been committed, and the new money that is required, needs to be spent on housing, not caught in inter-governmental logjams. The federal government should use the accountability mechanism in the federal-provincial-territorial housing deals to ensure that the money that has been promised is being spent on affordable housing. If provinces and territories are not willing or able to meet the housing commitments that they made, then the federal government should by-pass them and deal directly with willing municipalities.
3. ***EMERGENCY SUMMIT*** – Federal, provincial and territorial housing ministers need to convene an emergency national housing summit with two agenda items: First, a specific plan to break the jurisdictional logjam and get the affordable housing dollars that have already been committed to work in communities across the country; and second, a specific plan to inject the additional dollars that are needed to meet the goal of the One Percent Solution.

#### ***NHHN report card, November 2003: Plenty of failure***

The Affordable Housing Framework Agreement requires governments to release detailed annual performance reports, but no reports have been released almost two years after the original deal was signed. The new housing report card from the National Housing and Homelessness Network

uses publicly available information from federal, provincial and territorial governments to review action in meeting the housing commitments. The key findings:

- the provinces and territories, which administer the new housing program, should have built as many as 13,000 units in the first two years of the five-year program, but only about half that number have been committed.
- most of the new units are in Quebec, which moved quickly to commit all 6,500 units that it promised to build over five years. However, the recently-elected Charest government in Quebec has decided that a significant number of the new units will be at rents of \$800 monthly, far higher than the affordable rent for low-income households in that province.
- outside of Quebec, only a tiny fraction of the units that were promised have been committed. There is an affordability concern with projects being planned or considered in other provinces: The rents are not be affordable to low and moderate-income households, the people in the most desperate need.
- despite promises to increase provincial housing spending to match new federal housing dollars, many provinces have actually cut their housing spending over the past two years – including the wealthiest provinces of Ontario and Alberta.
- British Columbia has committed some new units, but has also cut provincial support for existing housing and care facilities, which means no net gain in new housing in that province.
- the federal government has failed to use the accountability mechanism in the bilateral housing deals signed to get the new affordable housing built. Many municipalities and social housing providers are willing and able to take the federal funding and get new housing built, if only they could access the federal funds.

### ***New housing: Not very affordable***

The Affordable Housing Framework Agreement, signed by federal, provincial and territorial housing ministers in November 2001, says that the new homes must be targeted to those with the biggest need: low and moderate-income households. Yet many of the new units in Quebec and elsewhere are not affordable. Despite the commitment to target new homes to lowest-income households, bilateral housing deals signed between the federal and provincial / territorial governments change the affordability definition. Affordable housing is now defined as the average market rents from the annual survey by Canada Mortgage and Housing Corporation.

But market rents are not affordable rents. For instance, the CMHC average market rent for Ontario for 2002 (the most recent survey) is \$836. To afford that rent, a household would need an annual income of almost \$34,000. Yet half of all renter households in Ontario have annual incomes less than \$32,000 – so average market rents are not affordable to them. And the poorest one-third of renter households in Ontario have annual incomes under \$20,000. None of them can afford average market rents. The bilateral housing deals signed by federal, provincial and

territorial governments will pour limited new housing funds into buildings that aren't affordable, while the people who need the new homes the most will be left on the outside.

The Federation of Canadian Municipalities released a detailed affordability assessment of the new housing program in November of 2002, and concluded that the decision to set new rents at the level of existing market rents means that the new units won't be truly affordable. "Arguably creating new supply at the average market level will have an effect on the rental market. This limited amount of new supply will help to moderate vacancy levels and the pace of increase in rents, but it will do little to add new affordable supply," reported the FCM. "Moreover because existing tenancy protection legislation generally permits rents to be adjusted to market levels on vacation of a unit, when higher income households move up to occupy the new units at the average market level, it is likely that the rent in their former unit will also migrate upward, so there is little opportunity for a spill-over benefit to lower income households. If the objective is to address affordability, especially among working poor households, the federal and provincial housing ministers should expand their focus to consider other measures – particularly some form of rental assistance or shelter allowance for the working poor, as recommended in the FCM proposals for a National Housing Strategy (October 2000). The affordability gap (the difference between the average market rent and the rent that the working poor can afford to pay is up to \$378 per month – a rental allowance to cover some part of this gap would be effective in alleviating affordability problems for households able to find rental housing in a reasonable state of repair, but simply paying too much."

### ***Collective failure: Federal, provincial, territorial***

The NHHN report card shows that there has been a collective failure – with more than enough blame to share among the senior levels of government – in meeting the commitments that housing ministers made in November of 2001 to take urgent action to deal with the nation-wide housing crisis and homelessness disaster. "About one-in-five Canadian households are trapped in the nation-wide affordable housing crisis, yet federal, provincial and territorial governments are failing to meet the commitments that they made two years ago," says Michael Shapcott, Co-Chair of the National Housing and Homelessness Network. "They said that they would take an important step forward, but now they have faltered in that very first step. There are literally hundreds of millions of dollars waiting to be spent, and hundreds of thousands of households in desperate need. Very little is happening."

### ***In 1990, Martin made commitments***

As Paul Martin gets set to assume the leadership of the federal Liberal Party and become the next Prime Minister of Canada, he should remember his own commitments from 1990 after he crossed the country to study the housing crisis. "The federal government has abandoned its responsibilities with regards to housing problems," said Martin, co-author of *Finding Room: Housing Solutions for the Future*, the 1990 report of the National Liberal Task Force on Housing. "The housing crisis is growing at an alarming rate and the government sits there and does nothing; it refuses to apply the urgent measures that are required to reverse this deteriorating situation. . . The federal government's role would be that of a partner working with other levels of government, and private and public housing groups. But leadership must come from one source; and a national vision requires some national direction. Homelessness is only

the most visible manifestation of Canada's housing crisis. Though homelessness affects relatively small percentage of Canadians, it is a reality which is symptomatic of a broader crisis in the supply of affordable housing. . . The Task Force was told that though affordable housing is in desperately short supply across the country, the major contributing factor to the current crisis is poverty."

The full text of the Martin housing report is posted on the Web at [www.housingagain.web.net](http://www.housingagain.web.net).

### ***TD Bank: Housing a "pressing public policy issue"***

Canada's nation-wide housing crisis has grown steadily worse over the past decade. TD Economics, in a major housing report released in June of 2003, reports: "Housing is a necessity of life. Yet, many households in Canada cannot afford acceptable shelter. In fact, roughly one in five Canadian households were considered to be in this boat, making the shortage of affordable housing one of the nation's most pressing public policy issues. What is troubling is that ten years of economic expansion have barely put a dent in the problem, and in many urban markets – which is where inadequate volumes of reasonably priced dwellings tend to be most acute – it has only been getting worse. The bad news is that Canada's stock of rental housing – which is the segment of the market wherein those in core need are largely situated – has virtually stagnated since the mid-1990s. What's worse, the lower end of the market, as measured by rent levels, has been particularly hard hit in the majority of the major cities," reports TD Economics.

The full text of the TD report is posted on the Web at [www.td.com/economics/](http://www.td.com/economics/).

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## **Table 1 - FPT housing announcements**

The bilateral housing deals signed by the federal, provincial and territorial governments under the terms of the Affordable Housing Framework Agreement set out an accountability framework and communications strategy. The accountability framework requires provinces and territories to submit annual detailed performance reports listing the amount of money spent, number of new units committed, rents or ownership costs and other information. Almost two years after the original framework deal was signed, no performance reports have been released. The federal housing minister said in a letter to NHHN that the annual reports would be released as soon as they are available. Here is a list of announcements made by federal and provincial governments as of November 1, 2003. Territorial information is not publicly available.

	<b>Units</b>	<b>Notes</b>
Newfoundland and Labrador	none (2003) none (2002)	
Prince Edward Island	7 (2003) none (2002)	
Nova Scotia	15 (2003) none (2002)	<ul style="list-style-type: none"> <li>• Nova Scotia cut provincial housing spending by 50% (\$9.3 million) over past two years.</li> </ul>
New Brunswick	none (2003) none (2002)	
Quebec	3,250 (2003) 3,250 (2002)	<ul style="list-style-type: none"> <li>• Quebec has cut the number of affordable social housing units to 3,575, and increased number of private rental (rents of \$800) to 1,600 units.</li> </ul>
Ontario	287 (2003) none (2002)	<ul style="list-style-type: none"> <li>• Ontario cut \$879.1 million in housing spending since 1995 – including \$661 million since province signed affordable housing deal in November 2001.</li> <li>• new provincial government has promised to match federal dollars to fund 20,000 new units.</li> </ul>
Manitoba	50 (2003) none (2002)	<ul style="list-style-type: none"> <li>• Federal, Manitoba and Winnipeg governments are funding new homes under Winnipeg Housing and Homelessness Initiative, separate from fed-prov program.</li> </ul>
Saskatchewan	73 (2003) 100 (2002)	
Alberta	241 (2003) none (2002)	<ul style="list-style-type: none"> <li>• Alberta cut \$42 million in provincial housing spending in past two years – about 25% of total spending.</li> </ul>
British Columbia	331 (2003) 50 (2002)	<ul style="list-style-type: none"> <li>• Some of the new housing projects are displacing current low-income tenants, leaving no net gain in new affordable housing. B.C. is proceeding with some new units under a provincial housing program started by the previous government, although 1,000 units have been cancelled</li> </ul>

## **Table 2 - Affordable Housing Framework Agreement**

Under the terms of the Affordable Housing Framework Agreement, bilateral housing deals were signed with each province and territory. The following chart lists the date the bilateral deal was signed, estimate number of units to be funded and combined federal / provincial or federal / territorial spending under the original program. The federal government agreed to pay \$680 million over five years, with the provinces and territories agreeing to match that amount. In the February, 2003, budget, the federal government added an additional \$320 million.

<b>Province / territory</b>	<b>Date signed</b>	<b>No. of units</b>	<b>Total spending</b>
Newfoundland and Labrador	May 27, 2003	600 units	\$30.28 million
Prince Edward Island	May 23, 2003	140 units	\$5.5 million
New Brunswick	April 14, 2003	700 units	\$29.96 million
Yukon	October 3, 2002	400 units	\$11 million
Manitoba	September 20, 2002	2,500 units	\$50.78 million
Nova Scotia	September 13, 2002	1,500 units	\$37.26 million
Saskatchewan	June 28, 2002	1,000 units	\$45.86 million
Alberta	June 24, 2002	2,700 units	\$134.24 million
Ontario	May 30, 2002	10,500 units	\$490 million
Nunavut	February 6, 2002	200 units	\$10 million
North West Territories	February 5, 2002	900 units	\$45 million
Quebec	December 21, 2001	6,500 units	\$323.3 million
British Columbia	December 18, 2001	3,550 units	\$177.4 million
		31,190 units	\$1.39 billion