

The swinging pendulum. . .

A snapshot of the changing affordable housing crisis and homelessness disaster in Canada and the responses of government

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The rise of a comprehensive national housing strategy (1945 to 1984)

As the second world war was winding down, an emerging affordable housing crisis began to be experienced in most parts of Canada. And, inevitably, the growing affordable housing crisis led to increased homelessness.

Humphrey Carver, a leading housing scholar of the post-war period, wrote: “The mounting numbers of families housed in emergency accommodation represent a



backlog of residential construction which cannot be cleared by the private housing market. The solution to this problem of housing involves the forming of a philosophy concerning the rights and equities within our society.”

Toronto City Council initially tried to solve the affordable housing crisis in that city by telling people to stay away

from Toronto. Their plan didn't work, and by the end of the 1940s, Toronto had embarked on a major urban redevelopment project that led to Canada's first major public housing project – Regent Park. Government-funded public housing was built in other parts of the country starting in the 1950s. About 12,000 units were created by 1964.

Canada's **National Housing Act** was amended in 1964 to create a new national social housing program. **Albert Rose**, a leading housing scholar of the time, wrote: The 1964 NHA Amendments “virtually re-wrote most of the social provisions of the National Housing Act,” and “proved to be a turning point in Canadian housing history.” The National Housing Act was amended once again

in 1973 to create the new co-op and non-profit housing programs. The government, in introducing the NHA amendments, stated: “Good housing at a reasonable cost is a social right of every citizen of this country. . . This must be our objective, our obligation and our goal.”

From 1964 to 1993, the number of government-funded social housing units (co-op, non-profit and public housing) rose from 12,000 to more than 600,000 units – an average growth of 20,000 new units annually. At the same time that new, government-funded and government-managed public housing was being built, private investors were building private rental housing in a number of parts of Canada. High-rise apartments in downtown areas were being promoted as the new urban lifestyle. The construction of new social and private rental housing meant that Canada’s affordable housing crisis eased somewhat in the first two decades after the end of the second world war.

However, development of private rental housing began to drop off in many parts of the country in the early 1970s. Some experts cite changes in federal tax laws, while private sector lobbyists blame rent controls in Ontario and other jurisdictions. The most significant factor, however, was economic. Investors realized a greater return by placing their money in commercial and ownership real estate, rather than rental housing. As development and management costs continued to increase through the 1990s, and tenant household incomes stagnated (which meant that tenants had less money to cover rent), the economics of investing in new rental housing continued to deteriorate. But the departure of the private sector didn’t have a significant impact immediately since federal and some provincial governments were ramping up social housing funding and programs.

Canada’s “post-modern” housing policy (1984 to 2001)

The election of the Mulroney government in 1984 saw the beginning of a series of cutbacks at the federal level. From 1984 to 1993, almost \$2 billion was cut from federal housing programs. In 1993, all federal funding for new social housing was cancelled. If the federal government had continued funding new units at the same average rate as 1964 to 1993, then Canada would have an additional 200,000 affordable social housing units in the year 2003.

The Mulroney constitutional proposal of 1991 (the Meech Lake Accord) called for the federal government to abandon housing to provincial jurisdiction. While that constitutional plan was rejected by voters in a referendum, the Mulroney and then Chretien government continued with plans to reduce the federal role in housing funding and programs. In the 1996 federal budget, finance minister **Paul Martin** announced plans to transfer existing federal social housing programs to the provinces and territories. Federally-funded co-ops successfully fought this initiative, but all other federal social housing programs have been transferred to the provinces. As part of the federal-provincial and federal-territorial housing

transfer agreements, federal funding for existing social housing will decrease rapidly over the next 20 years as existing operating agreements are stepped out. Federal spending on existing housing programs will drop from current spending of about \$1.7 billion annually to zero in less than three decades. Many of the provinces and territories followed suit. The 1990s saw almost half a billion dollars cut from federal, provincial and territorial housing budgets.

Spending on housing by Canada, provinces and territories

	1993-1994 (\$ millions)	1999-2000 (\$ millions)	Dollar change	Percent change
Newfoundland	18.1	8.0	-10.1	-55.8
Prince Edward Island	2.3	3.2	+0.9	+39.1
Nova Scotia	24.2	14.3	-9.9	-40.9
New Brunswick	32.7	31.8	-0.9	-2.8
Quebec	286.3	288.3	+2	+0.7
Ontario	1,140.9	837.1	-303.8	-26.6
Manitoba	46.6	43.2	-3.4	-7.3
Saskatchewan	43.1	40.5	-2.6	-6.0
Alberta	287.3	93.2	-194.1	-67.6
British Columbia	83.4	90.9	+7.5	+9.0
NWT / Nunavut	69.7	114.4	+44.7	+64.1
Yukon	4.9	11.1	+6.2	+126.5
Total – provinces, territories	2,039.5	1,576.0	-463.5	-22.7
Canada (CMHC)	1,944.9	1,927.9	-17	-0.9
Total – all Canada	3,984.4	3,503.9	-480.5	-12.1

Source: CMHC, 2001

Canada's leading housing experts have all noted the rapid erosion of government support for affordable housing initiatives.

Prof. **Tom Carter** (University of Winnipeg): “In the space of fifteen years, Canada has moved from an active and substantive social housing program to the point where it no longer has a national social housing policy.”

Prof. **Jean Wolfe** (McGill University): “It is only in Canada that the national government has, except for CMHC loans, withdrawn from social housing. The rush to get out of managing existing projects and building new, low-income housing has taken advocates by surprise. It was never imagined that a system that had taken 50 years to build-up could be dismantled so rapidly. Social housing policy in Canada now consists of a checker-board of 12 provincial and territorial policies, and innumerable local policies. It is truly post-modern.”

Prof. **David Hulchanski** (University of Toronto): “Whereas before the 1980s very few people went unhoused, and no one was born homeless, today many thousands of Canadians have no housing and are excluded from community networks and the mainstream patterns of day-to-day life. . . Today, Canada has the most private-sector-dominated, market-based housing system of any Western nation (including United States, where intervention on behalf of homeowners is extensive) and the smallest social housing sector of any major Western nation (except for United States). Canada spends only about one percent of its budget on programs and subsidies for all the social housing ever built (about half a million units).”

The pendulum starts to swing back (2001 to present)

The housing cuts of the 1980s and 1990s, the relative lack of new private rental stock, and continued stagnation of tenant household incomes led to a growing housing crisis in most parts of Canada in the 1990s, including growing homelessness. Housing and homeless advocacy groups began to organize.

In October of 1998, the **Toronto Disaster Relief Committee** launched its Disaster Declaration and One Percent Solution campaigns. The Disaster Declaration named homelessness as a national disaster and called on all levels of government to respond with emergency relief (temporary shelters and services), along with long-term solutions. The One Percent Solution calls for a renewed national housing strategy that would fund new social housing units, supportive housing for those with special needs, rent supplements to help low-income households pay the rent in existing units, rehabilitation funding to improve the quality of existing buildings and emergency relief (hostels and services for the homeless). The One Percent solution would require about \$2 billion in annual funding from the federal government, and a matching amount from the provinces and territories.

Within a month of launching its campaign, the TDRC’s Disaster Declaration was adopted by municipal councils in Toronto, Ottawa-Carleton, Vancouver, Durham

Region and Victoria. In November of 1998, the Big City Mayor's Caucus of the **Federation of Canadian Municipalities**, representing the ten biggest cities in the country, endorsed the Disaster Declaration. In April of 1999, the Federation of Canadian Municipalities (representing thousands of municipal governments across the country) created the **National Housing Policy Options Team**.

Meanwhile, more than 100 community-based housing advocates meeting in Toronto in March of 1999 at the National Symposium on Housing and Homelessness agreed to form the **National Housing and Homelessness Network (NHHN)**. This group has grown to be one of the "big four" national housing groups, which includes the **Canadian Housing and Renewal Association, Co-operative Housing Federation of Canada, Federation of Canadian Municipalities** and NHHN.

The NHHN has worked to develop new allies, including the business sector. In June of 2003, the NHHN, along with TDRC and the **University of Toronto's Centre for Urban and Community Studies**, hosted an affordable housing forum that featured a major new research paper from TD Economics. **Don Drummond**, the Chief Economic and Senior Vice-President of the TD Bank, presented the paper at the forum.

TD Economics: "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 affording 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.*"

Significant work by local and provincial groups in many parts of the country has resulted in growing political pressure on the federal, provincial and territorial governments to take action on housing and homelessness.

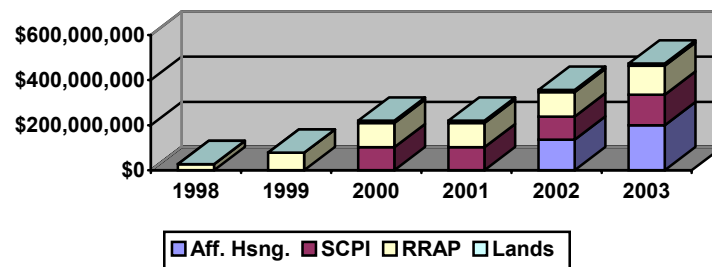
At the national level, Prime Minister **Jean Chretien** named Labour Minister **Claudette Bradshaw** as federal co-ordinator for homelessness in March of 1999. In December of 1999, the federal government announced a new homelessness strategy, including the **Supporting Community Partnerships Initiative** that included \$753 million over three years for temporary and transitional housing and services for the homeless. The money has been effectively used in many parts of the country.

In November of 2001, the federal, provincial and territorial governments all signed the **Affordable Housing Framework Agreement**. Under the terms of this deal, the federal government agreed to commit \$680 million over five years to create about 27,200 new affordable homes for low and moderate-income households. The provinces and territories agreed to match the federal dollars. All thirteen provinces and territories have since signed bilateral housing deals with the federal government spelling out the details of the affordable housing program. However, two years after the original deal was signed, there has been little progress outside of British Columbia and Quebec in building new units. And the affordability definition raises concerns that any new housing will not be affordable to the households that need it the most.

In the February, 2003, federal budget added new spending, including:

- \$320 million over five years for new affordable housing
- \$405 million over three years for SCPI
- \$384 million over three years for RRAP
- Surplus Federal Real Property For Homelessness program extended.

Growing federal funding commitments, 1998 to 2003 (annual averages)



Other positive developments at the federal level include the appointment of a new federal housing minister in the summer of 2002. Minister **David Collenette** said in a speech shortly after his appointment: “Perhaps it is time for the federal government to get back into social housing. . . In the '60s and '70s, CMHC was remarkably developmental and progressive. Whether it was low-cost housing, not-for-profits, limited-dividend buildings or co-ops, all was done by CMHC. And then governments said, ‘No, we think the private sector should take over.’ The fact is, the private sector is not going to voluntarily build low-cost housing, which is what we need in communities in this country.”

In April of 2003, Prime Minister Jean Chretien appointed **Steve Mahoney** as Secretary of State Responsible for Crown Corporations (including Canada Mortgage and Housing Corporation), which made him a junior housing minister. Minister Mahoney has met with housing advocates and made strong public commitments about a renewed federal role in housing programs and funding. The federal government has also announced changes to federal housing development programs to assist in new construction.