

Affordable Housing Forum: Presentation Notes

Carleton University Initiative for Parliamentary and Diplomatic Engagement

Ottawa Conference Centre, February 3, 2014

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In the company of such an august group of panelists – not to mention such an interested and informed audience – it seems appropriate to begin with a few disclaimers. I'm neither a policy expert nor am I directly involved with any of the affordable housing providers here in Ottawa. Working as they do in the trenches, they are more knowledgeable than I am about mechanisms and governmental initiatives to increase the supply of suitable housing for low-income households.

As a professor in the School of Architecture at Carleton, I teach courses in the history of housing. I also lead design studios in which students propose ensembles of mixed-demographic housing. Accordingly I see my contribution here today primarily with respect to setting context – namely how Canada and other countries have addressed the challenges of so-called *market failure* as it relates to the production suitable housing for low-income households.

But... because the organizers have asked me to do so, I've agreed to make few recommendations about the roles the federal, provincial and municipal governments might play in this regard. I offer these not so much as solutions as points of departure for discussion.

Six points:

1. Canada was the last among its European and North American counterparts to implement federal funding for social housing. England was first out of the gate in the 1880s, with most European countries following suit prior to WWI. While federal funding for affordable housing appeared in the United States in the 1930s, it did not appear in Canada until the early 1950s. Arguably, the unimpressive track record of the Canadian government with respect to affordable housing is a reflection of the fragile state of federalism here in comparison to the US or to European nations. It could, however, be construed as a good thing inasmuch as government funding for housing has never not been controversial – even among the most dedicated and well respected of housing advocates.
2. As it is in the US, the legacy of direct federal building in Canada is not strong. Unpopular at the time it was constructed, it continues to be problematic. The ensembles produced under federal programs in the 1950s and '60s were largely exercises in urban renewal, for which government-sponsored housing was a means to an end. Arguably Canada is better off than Europe and the United States in this regard, not because federally funded housing was done better here, but because less of it was done.
3. Having produced less affordable housing, however, the Canadian government has been much less involved with helping cities address the life cycle problems facing much of the existing affordable housing stock. Through its HOPE IV program, for example, the US Department of Housing and Urban Design has contributed some \$5.5 billion toward the demolition and renewal of the housing it funded under the '37 and '49 Housing Acts. Great Britain has done the same. The problem of lack of funding for life-cycle

reinvestment is both especially acute and particularly problematic in Toronto, where the bulk of the affordable housing is in the hands of the private sector.

4. Because the federal government raises funds primarily through income tax, one might argue its interest in housing affordability occurs primarily in relation to income. Because the affordability of housing is largely a function of its cost in relation to household income, there are two choices: bring down cost of housing or supplement the incomes of needy households. The introduction of the voucher system in the 1970s radically recast the role played by the US federal government in this regard. Rather than underwriting the construction of public housing as it had done since the 1930s, the federal government began supplementing the incomes of needy households to enable them to procure suitable housing elsewhere.
5. On the flip side, the cost of housing is has traditionally been related to supply. Therefore, along with federal income supplements, policies and incentives must be put in place to increase the overall supply of rental housing. While in theory, the marketplace should respond to the increased demand for market-rate rental housing that's generated by federal housing vouchers, history shows that the private sector does not always step up to the plate. To offset any reticence to produce rental housing for low-income households, cities should waive development charges and offer property tax forgiveness to developers, including not-for-profits.
6. The role of the Province, then, should be to compensate cities for what they contribute in terms of land or tax forgiveness. This is important because cities are accountable to provinces and not to the federal government. In addition, provinces should fund the social services necessary to help distressed households – whether with respect to chronic physical, social, mental or substance abuse issues, or to the acquisition of skills for those who are able to work in order to increase their employment prospects. Provinces should also review landlord/tenant regulations, rent control policies, etc. to address disincentives on the part of developers to produce rental housing. Finally, provinces should make low- or no-interest loans available to private-sector landlords to undertake life-cycle upgrades.

In this scenario, the responsibility for affordable housing (whether defined as housing for those in the lowest income quintile, those required to spend more than 30% of household income to secure *suitable* housing and/or those who earn less than 30% of the median income for a given area) is divided among all three levels of government – with every effort being made to put the actual production of housing in the hands of the private sector (including not-for-profits).