
CITY OF KELOWNA

MEMORANDUM

DATE: January 8, 2001
FILE: 5040-20

TO: City Manager

FROM: Community Planning Manager

RE: Request from the FCM to Join the National Housing Policy Options Team

REPORT PREPARED BY: Theresa Eichler

RECOMMENDATION:

THAT Council authorize a \$2,000 contribution (based on \$0.02 per capita) to the National Housing Policy Options Team, which will enable the City of Kelowna to be included on the steering committee and work to achieve adequate and appropriate federal and provincial spending to address housing needs at the local level.

PURPOSE:

A letter to the City Manager, dated August 1, 2000, was received from Jack Layton of the Federation of Canadian Municipalities (FCM), requesting that Kelowna consider joining the National Housing Policy Options Team (NHPOT). Joining the Team means participating as a member and making a contribution of \$0.02 per capita (approximately \$2,000). This letter was referred to planning staff and to the City's Community Housing Needs Committee for a recommendation to Council, and a copy is attached. At its November meeting, the Committee made a recommendation that Council authorize the contribution and join the NHPOT. It is important to recognize that the frameworks for change proposed under the Strategy developed up to this point by NHPOT involve, not only increased federal spending, but also increased local recognition of housing issues and acceptance of responsibility for the problem. For example, new federal monies that become available may need to be administered locally through various means, including contracts directly to municipalities. The old models of federal money administered federally will not return. Partnerships with all levels of government and community agencies will be sought instead.

BACKGROUND:

In April of 1999, staff attended the Annual Congress of the Canadian Housing and Renewal Association in Victoria. At that time, Jack Layton gave a presentation introducing the concept of the Big City Mayors' Caucus that would pressure the Federal Government to re-invest in housing at the national level. Based on the Toronto experience, and the recognition that homelessness existed in many Canadian cities, homelessness was declared a national disaster by the Big City Mayors' Caucus in November of 1998. The National Housing Policy Options Team (NHPOT) was formed in 1999 following this event. The Federation of Canadian Municipalities has acted as the umbrella organization to these groups. Since that time, the Federal Government has announced \$753 million for work on homelessness issues over the next three years (from 2000). In addition, a provision has been made available to municipalities to tap into the new \$2.6 billion infrastructure program to fund affordable housing.

NHPOT released a working paper in Spring of 2000 entitled "Toward a National Housing Strategy". The paper states that

"For the past decade, the housing debate in Canada has focused on "who is responsible for housing", rather than on the critical question of what should be done. As a result, Canada has no housing policy."

A refined version of the paper entitled "A National Housing Strategy" was released on October 31, 2000. A quotation from this document best describes why municipalities have an interest in the Strategy. It is referring to the fact, that although municipalities can influence the housing supply using various tools, it is still up to senior government to address the affordable housing needs of the country. NHPOT serves to pressure senior levels of government to embrace this role. The quotation is as follows:

"Municipal governments, however, lack the resources to enable the larger-scale response that the affordable housing crisis demands. The federal and provincial/territorial governments, with their superior fiscal capacity, are best positioned to resource this strategy."

The report aims to continue to identify the specific actions that will be needed to solve housing affordability problems across the country. The aim is not to bring back old programs that have been rejected, but to identify new solutions and allocate funds accordingly. At this point, it is the largest cities that have been identified as having a housing crisis. Therefore, most of the money that has been identified has been prioritized for these areas. The remainder is designated for those communities that can identify their own housing problems and are willing to work on solutions.

REPORT

By becoming a NHPOT member, Kelowna will have input into the continued development of Canada's national housing strategy and will be able to ensure that measures suited to Kelowna, and other cities of a similar size, are identified and addressed. Up to this point, the focus has been chiefly on the 10 largest cities in Canada where homelessness has been identified as critical. These include Vancouver, Calgary, Edmonton, Winnipeg, Hamilton, Toronto, Ottawa, Montreal, Quebec City and Halifax. Already, large proportions of funding are being directed to these areas, with the remainder being left for other cities to claim.

Supporting Communities Partnerships:

For example, Human Resources and Development Canada (HRDC) is investing \$305 million in the new Supporting Communities Partnership Initiative (SCPI, also known as "skippy") to address homelessness, with 80% of the funds being designated to these 10 larger cities. The remaining 20% will be allocated based on which municipalities demonstrate the community-level knowledge and commitment to address the problem. In Kelowna, the HRDC representative for the SCPI program has identified himself and meetings to achieve a project to address homelessness for Kelowna are underway. Kelowna is targeted as a centre eligible for the remaining 20% funding for homelessness in B.C. (outside of the Lower Mainland).

Expanded Residential Rehabilitation Assistance Programs:

Another example of the progress at the national level to date is that \$400 million have been committed to the expanded Residential Rehabilitation Assistance Programs, administered through Canada Mortgage and Housing. These programs are targeted at improving existing housing supply and increasing its usability and life for affordable housing. The RRAP programs are of questionable value in Kelowna since the problem is lack of affordable housing supply and there is little older housing available for rehabilitation. RRAP programs were, in fact, administered through a contract with the Regional District, but this arrangement is not to continue and the RRAP programs were used very little in the Central Okanagan.

Infrastructure Program:

A renewed and expanded \$2.6 billion federal infrastructure program has been announced with a social infrastructure component. However, a specific commitment to housing was not made. In order to expand and target housing funding under this program, FCM, through NHPOT, is looking for partnerships between municipalities and other agencies. In particular, specific project proposals that will serve as demonstration projects for local initiatives are anticipated. The proposed housing reserve fund, whereby Kelowna proposes to acquire and lease back land for housing to be developed through public-private partnerships, would seem an ideal candidate to benefit from federal infrastructure funding. Once demonstration projects are achieved in various parts of the country, pressure to invest more money for housing will increase. Funding of proposals with infrastructure money is expected to begin in Spring of 2001.

10- Year Federal Housing Capital Program:

The housing strategy proposed by NHPOT proposes a housing capital grant program as the central focus. A foundation may be created to administer capital funding from the federal government. The Strategy document estimates that a \$1.6 billion¹ annual federal contribution will be required for the first 10 years in order to meet a projected national demand for 20,000² affordable units annually. Municipalities will be expected to address up to an additional 15% of local affordable housing needs by the means available to them (i.e., through land, density bonusing or other incentives). Funding to municipalities would be based on local needs and priorities. With the Housing Study recently adopted by Council, Kelowna should be equipped to identify local needs. A housing block grant program, suggested as part of this initiative, would propose flexibility to address a range of options; from improving existing housing stock (e.g. RRAP), to building additional housing supply, capital grants or loans to non-profits or other housing organizations, and programs to assist low income households to achieve home ownership. These are just some examples.

Other Measures:

A number of other actions are proposed under the Strategy document. Examples include:

- boosting or re-creating provincial housing programs, such as BC Housing;
- providing incentives³ to developers to build rental housing;
- augmenting the CMHC housing roles, especially in terms of mortgages;
- creating investment pools of money for affordable housing to loan to housing providers; and,
- refocusing income supplement programs, especially shelter allowances⁴ (currently inadequate), and rent supplements;

An accurate and up-to-date database on housing needs, from national to municipal levels, will be part of the package. In order to maintain pressure on the federal government to increase funding for housing, the strategy includes the need to continually strengthen its communication strategy by: developing strong, clear messages; raising public awareness; and generating public and political support for the solutions.

¹ In the Liberal Party platform "Red Book", a proposed capital grants program for affordable rental housing indicates that \$170 million federally and \$170 million provincially (or by territory) per year over the next 4 years is proposed. This is still not close to the recommended levels.

² This represents half of the total demand for new rental housing, estimated at 45,000 to 50,000 new rental units annually for the next decade.

³ Relief from GST for builders of new residential rentals, and treatment of small rental property owners similar to small business for taxation purposes are two of the proposed measures.

⁴ For example, offer shelter allowances to low income working people, instead of just those on welfare. This would allow more people to leave the welfare system without risking being unable to pay the rent (cost comparison is \$3,000/year for a shelter allowance to a working household, compared to \$12-15,000/year to support a household on welfare).

SUMMARY

Jack Layton, Chair of NHPOT claims that the price tag to fund affordable housing needs for Canada could run as high as \$2 billion annually for the next 10 years. One of the goals of NHPOT is to reduce the number of people in housing need by half within 10 years. NHPOT is putting pressure on the federal (and provincial) government to allocate funds to address these housing needs, which the FCM agrees is where the responsibility lies. However, the task will also include detailed strategies and actions as to how and where the money should be spent. By contributing to NHPOT, as requested in the letter from Jack Layton, the equivalent of \$0.02 per capita (approximately \$2,000), Kelowna becomes part of the steering committee and will participate in monthly telephone meetings. With the completion of the Housing Study in 2000, Kelowna is well-positioned to ensure that its needs will qualify for federal spending and that the proposed national housing strategies and actions, will be designed not only for Canada's largest cities, but also for mid-sized communities, including Kelowna. *An important characteristic of proposed new housing strategies is partnerships with all levels of government and other agencies. Unless Kelowna becomes an active partner, its chances to qualify for new federal and provincial spending on affordable housing will be minimal.* By November of 2000, 31 city or regional councils had supported this \$0.02 per capita contribution for a total commitment of \$204,106. This funding will be necessary for NHPOT to continue to develop the proposed federal housing program, and increase pressure on the government to adopt the recommendations from the Strategy. It is recommended that Council authorize Kelowna's contribution to the NHPOT housing strategy. This recommendation was supported by the Community Housing Needs Committee, by a motion at its November 2000 meeting, as follows:

MOTION by Nancy Darling/Seconded by Vi Sorensen THAT the Community Housing Needs Committee recommend that Council support the \$2000 for the National Housing Policy initiative.

Motion **CARRIED**

Theresa Eichler, MCIP
Community Planning Manager

Approved for Inclusion

R.L. (Ron) Mattiussi, ACP, MCIP
Director of Planning & Development Services

TE

Paper Attachment:

Letter from Jack Layton on behalf of the National Policy Options Team (Federation of Canadian Municipalities).

References:

Most documents referred to in this report, including the October, 2000 "A National Affordable Housing Strategy" are available from the Federation of Canadian Municipalities Web Site <http://www.fcm.ca> from the "most requested documents" area. Other news items have been found on the Canadian Housing and Renewal Association page in the Fall 2000 Newsletter <http://www.chra-achru.ca/htmlE/publications.html> and from the Human Resources and Development Canada web site <http://www.hrdc-drhc.gc.ca/common/home.shtml> .

Other information was obtained through telephone discussions with John Burrett of the Federation of Canadian Municipalities in Ottawa.