



Sustaining the Momentum: Recommendations for a National Action Plan on Housing and Homelessness

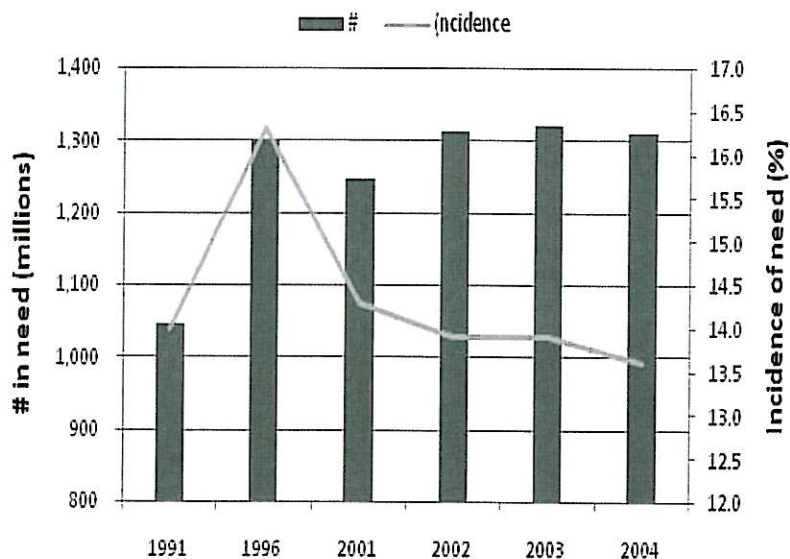
FCM/BCMC Media Briefing Jan 23rd, 2003

What's the problem?

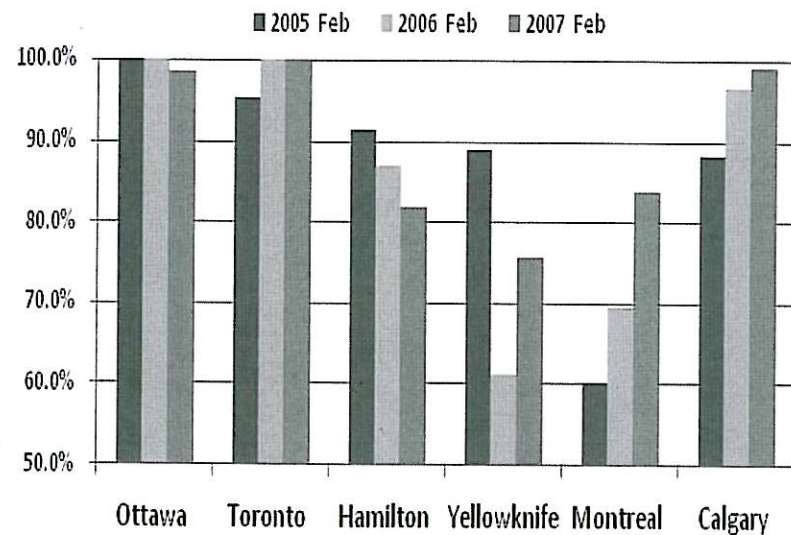
- Number of individuals and families facing housing problems and number of homeless not declining (some marginal progress)
- Total investment (all orders of government) has been declining - unable to respond to growing need
- Re-engagement of federal government 1999/2001 some modest positive signs - need to build on this and expand efforts

Trends in core need and homelessness

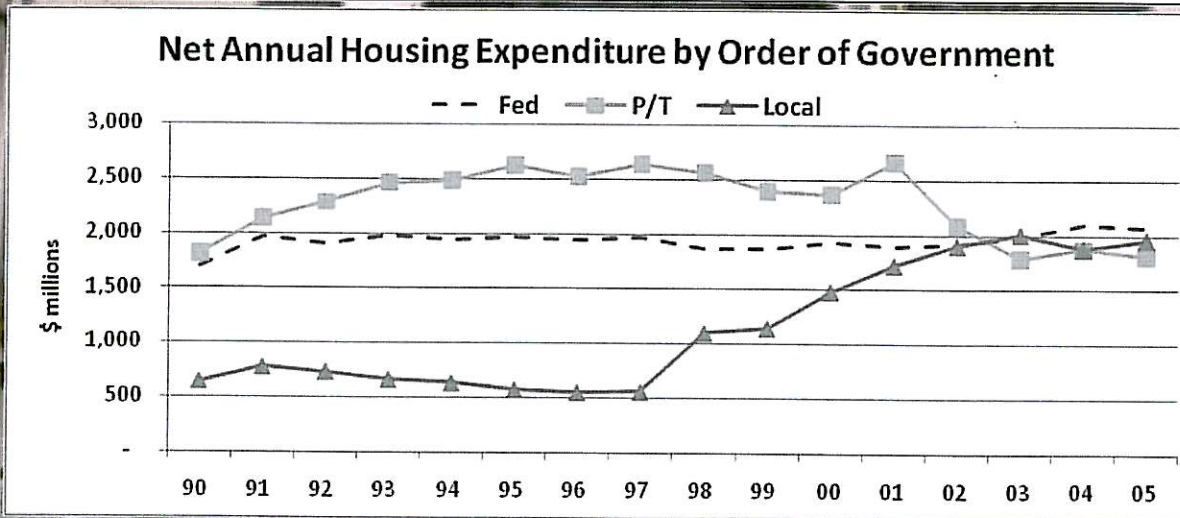
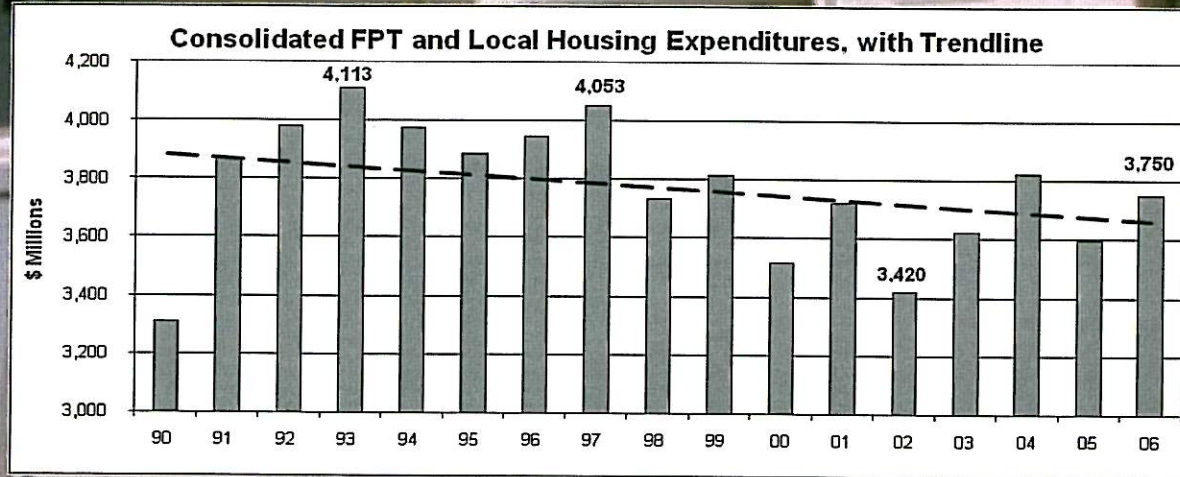
Trend in Core Housing Need
(Canada, Urban Centres 10,000+)



Shelter Occupancy Rates February 2005-2007
Selection of Large Shelters



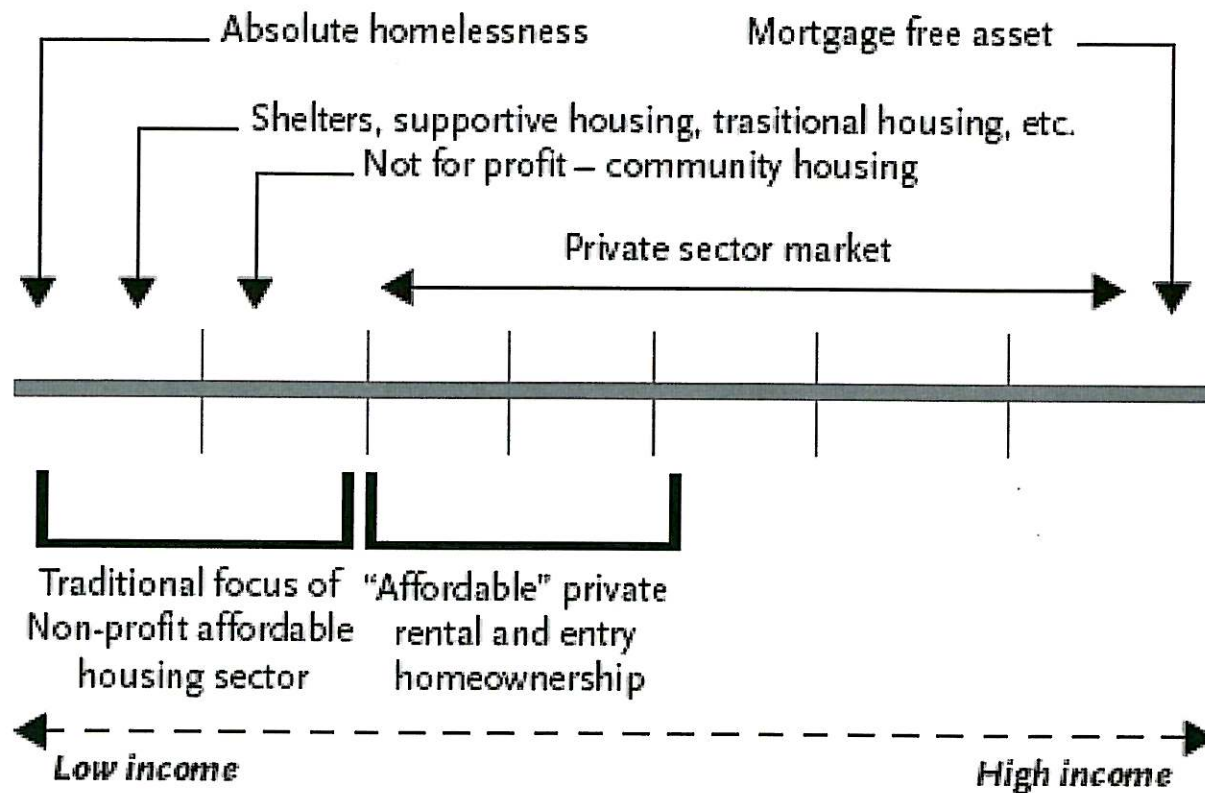
Declining government expenditures – but cities spending more



Why a national action plan

- All orders of government implicated (aboriginal too)
- Housing issues impact national economy, through viability of cities (place based effects)
- Housing a key determinant of health and well-being (physical conditions, stress etc)
- Municipalities lack the fiscal resources to tackle problem alone – and consequences are national in scope (cost of doing nothing – less productive society)
- Recent experience demonstrates benefits of integrated joint approach (e.g. NHI/HPS)

Plan premised on housing as a system



Source: Adapted from Mawby, 2004

Identifying stresses and weaknesses across the housing continuum:

1. Persisting homelessness
2. Preserving the Viability of Existing Social Housing Stock
3. Erosion of existing low-modest rent private stock
4. Affordability problems are the predominant issue
5. Low levels of new rental construction
6. Expand access to home ownership opportunities for modest income households
7. Managing place-based and neighbourhood effects

Priority 1: End Chronic Homelessness

Issues:

- 40,000 beds filled each night
- > one-fifth chronic, used 50% of resources
- High costs in emergency and institutional response systems (ambulance, emergency, detox, overnight lockup, institutions vs.. supportive affordable)
- 3+:1 cost benefit from investing in community based supportive vs. emergency

Actions:

- Add supportive affordable housing;
- Coordinate with ancillary services: mental health supports, addiction treatment, income assistance, counselling and life-skills and labour market connections;
- Increasing prevention and diversion through early intervention initiatives (available housing as alternative to an emergency shelter).

Priority 2: Preserving the Viability of Existing Social Housing Stock

Issues

- 600,000 units social housing: 220,000 “at risk”
- Very low rents insufficient to cover operating expenses without subsidy. But subsidy agreements ending
- Policies related to welfare recipients a core problem
- Insufficient subsidy to fund or finance capital repairs and modernization in order to ensure these affordable units remain available

Actions:

- Revising rent-setting policies for social assistance recipients living in social housing;
- Where appropriate, reinvesting to modernize and preserve existing social housing (including energy efficient upgrades);
- Where necessary (poor condition, high concentration of poverty, redeveloping/regenerating areas)

Priority 3: Preserving the Existing Private Housing Stock

Issues

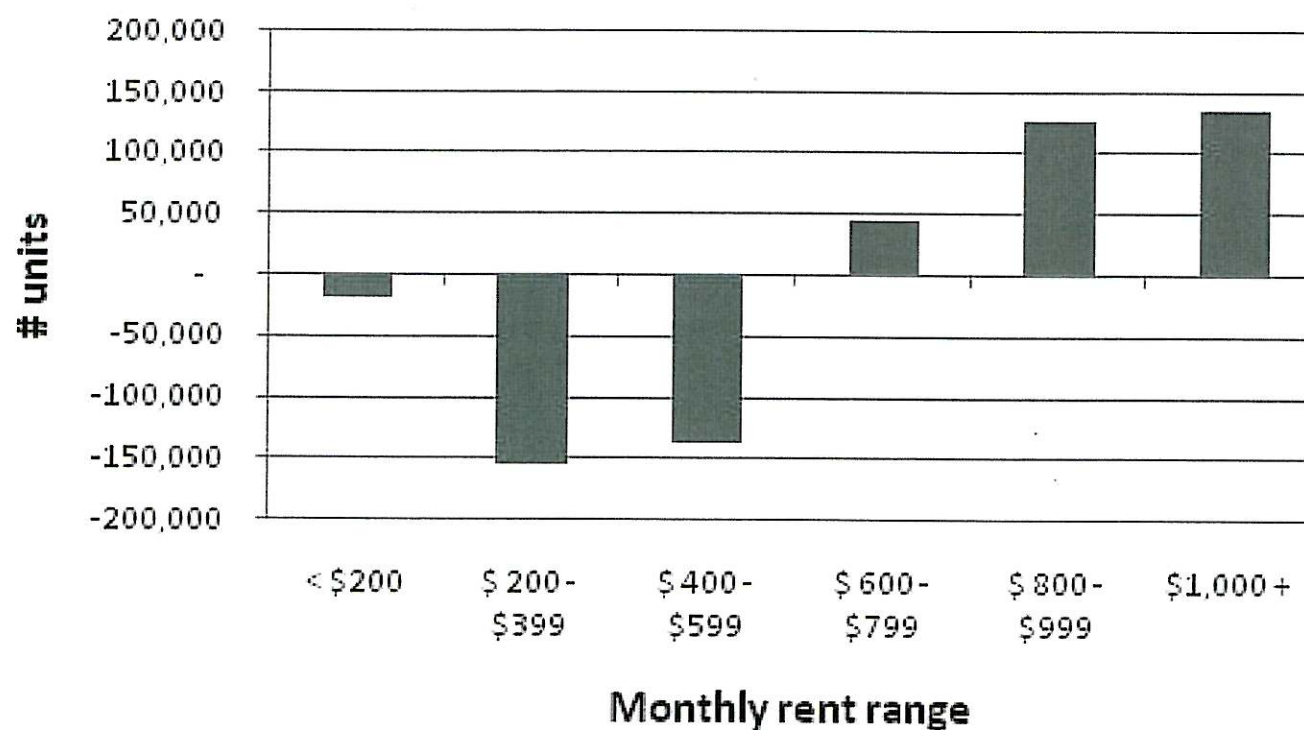
- Private rental sector important source of relatively affordable housing
- Units lost via demolition and conversion
- Total rental stock declined 2001-2006 (loss of 90,000 existing units – most relatively affordable)
- Rehabilitation needed to retain and upgrade

Actions:

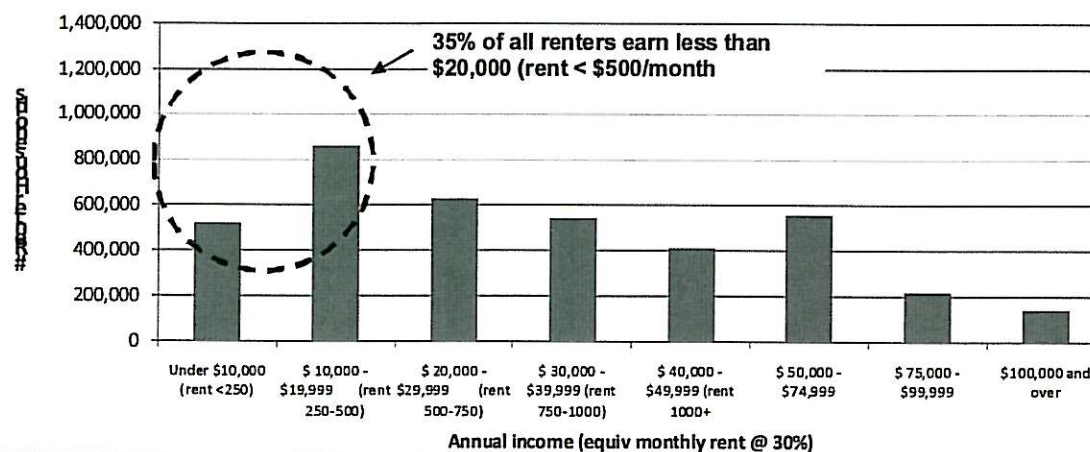
- Permit and facilitate non-profit purchase of existing properties (where there is a sound business case);
- Renewing and extending the RRAP program (including rental and conversion programs as well as ownership RRAP);
- Reproduce energy efficiency programs to encourage and support energy retrofit to reduce emissions and lower utility bills

Erosion of Existing Affordable Stock

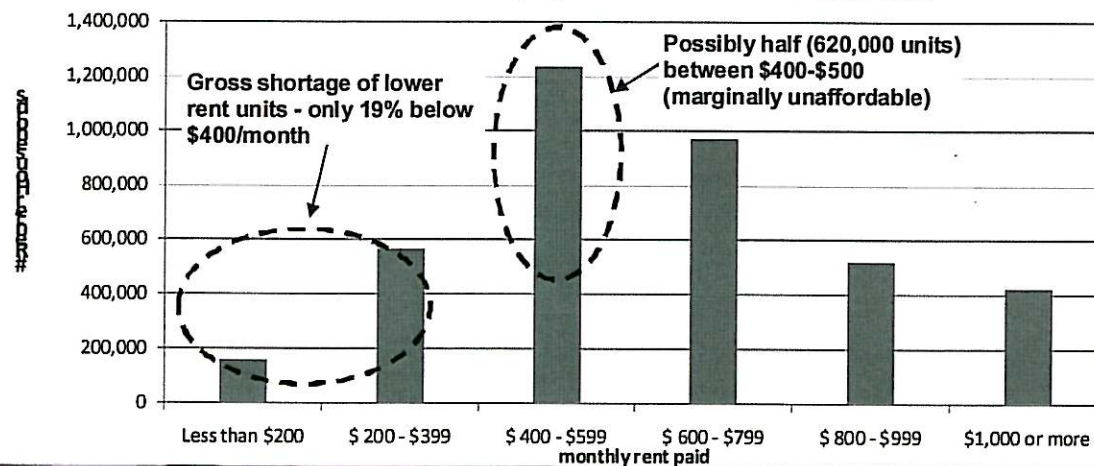
Change in number of rental units by rent level, Canada, 1996-01



Renter Households in Canada, by Annual Income, 2001



Renter Households in Canada, by Rent Paid Per Month, 2001



Absolute Shortage of Lower Rent Units

Priority 4: Make Existing Housing More Affordable

Issues

- 2001 over 700,000 households paid >50% of income for rent
- Many already housed, just paying too much so rental assistance can help reduce their affordability problem
- For those receiving social assistance which already includes a form of shelter allowance – better to reform the social assistance program than to add a separate program

Actions:

- Examining shelter allowances and maximums in social assistance, index these and, where appropriate, increase to keep pace with rising market rents;
- Examining existing provincial shelter allowance programs and update rent and benefit maximums with a goal of eliminating the use of the basic allowance to cover a shortfall in shelter expenses;
- Exploring options to introduce rental assistance (portable shelter allowances) for working poor households facing high shelter-cost burdens and ensure these reflect reality of market rents (for example, that should include income tax).

Priority 5: Build New Rental Housing

Issues

- One-third of all households rent their homes; but new housing construction is not creating enough rental housing over past decade less than 12% of starts are for rental
- Low construction level constrains choice and leads to low vacancies and upward pressure on rents
- Rents in lower priced units increase twice as fast as in higher rent units
- Adding new rental supply ensures a more balanced market
- Disincentives for private builders – regulation and tax treatment of rental income

Actions:

- Build Non-Profit affordable housing (link to targeted neighbourhood redevelopment/revitalization or special purpose or supportive housing);
- Ensuring predictability, fairness and stability in rent regulation;
- Examining and revising current federal tax policies to remove disincentives to rental developers and replace with incentives;
- Revising current federal tax legislation to permit deferral of capital gains and CCA recapture if existing property owners reinvest proceeds.

Priority 7: Manage Place-Based Effects

Issues

- Different policies can have either negative or positive effects. E.g. building large scale public housing concentrates problems and exacerbates poverty related issues
- To address issues of poverty and neighbourhood distress (boarded up stores, vandalism, crime, disinvestment) need to ensure housing policies create positive outcomes – e.g. disburse and dilute poverty
- Also need to manage gentrification to preserve low income opportunities

Actions:

- Ensure that local housing strategies consider and address the potential place-based effects of program initiatives and seek to integrate housing strategies with urban planning, smart growth and neighbourhood redevelopment plans.
- Provincial legislation to enable municipalities to develop inclusionary zoning bylaws and require inclusion of affordable housing (entry ownership or rental), provided that bylaws include appropriate offsets to compensate developers

Mix of program options and mechanisms

- Nature of problem varies as does local market context and prevailing conditions – so need flexible approach – customize at local level
 - Rental assistance (afford only, quickly allocated)
 - Buy existing properties (preserve affordability)
 - Build new affordable where under supply
 - Facilitate access to ownership (create vacancies in rental; enable asset building)
 - Don't overlook existing assets and what's happening with them (erosion of affordable choices)

Target Summary – Each Yr for 10 Years:

- Rehabilitate/modernize 30,000 homes
 - 10,000 private
 - 20,000 social housing
- Help 2,000 chronic homeless into housing
- Help further 55,000 households reduce high costs (affordability) and add to number of affordable units available
 - 25,000 related to growing population
 - 30,000 for backlog (existing unmet need – households paying >50%)

Setting Five Targets

1. End chronic homelessness (i.e. mental health addictions and multiple persistent disorders)
2. Avoid growth in housing need (as population grows)
3. Start to reduce backlog of unmet need (void of programs and funding 1994- 2004)
 - Preserve and extend use of existing assets (reduce demand for new building, where it makes sense)
4. Social housing assets
5. Private rental and owned homes

Understanding cost impacts

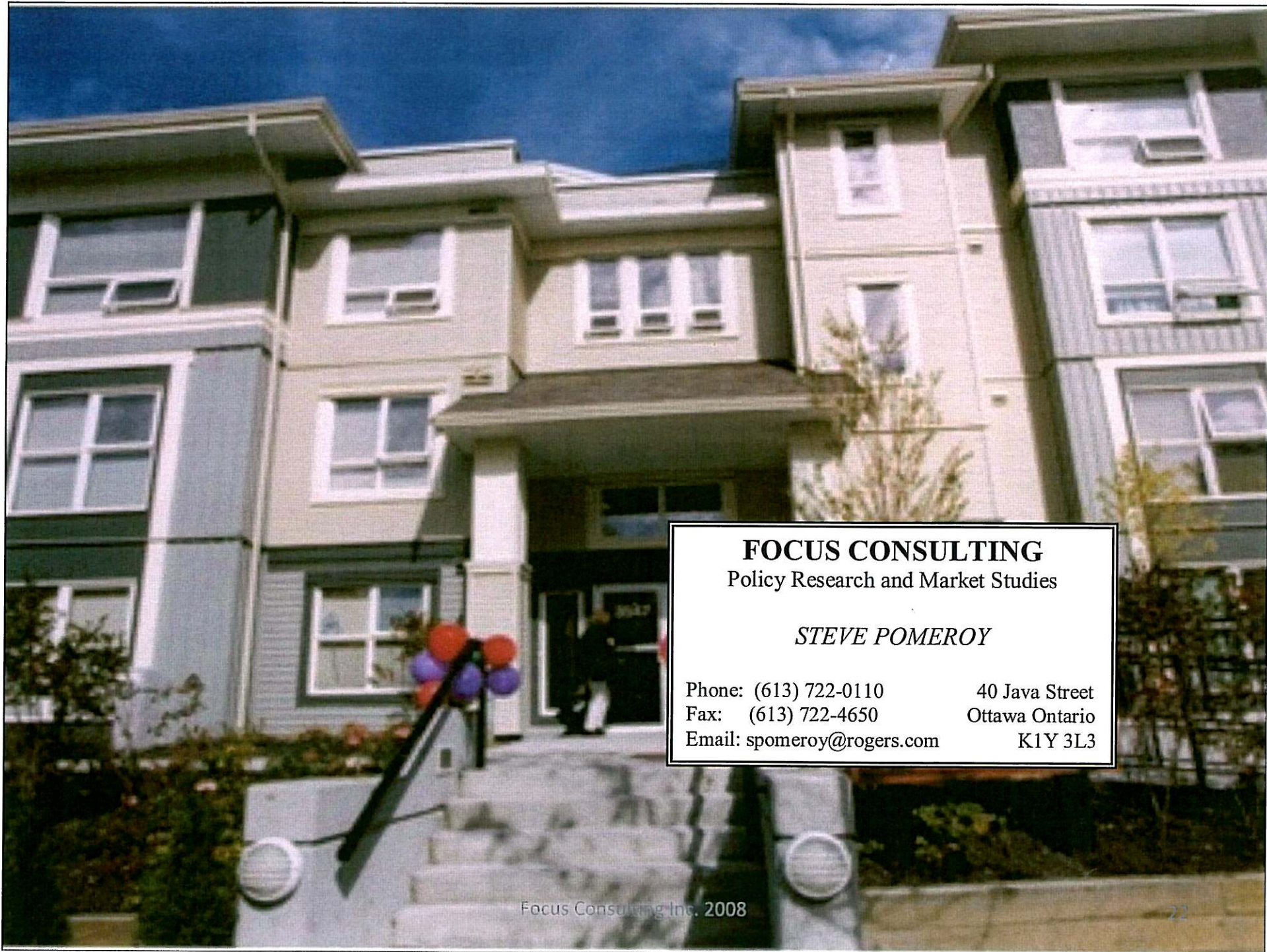
- Costs vary across cities and depend on type and mix of approaches used
- Report generates 3 illustrative scenarios – based on achieving overall targets using different mix of approaches
 - Higher cost estimate (\$6.4 B) reflects greater use of new construction of housing for very low income target group
 - Lowest cost estimate (\$2.2 B) has less emphasis on new rental construction, broader use of rental assistance, acquisition of existing investment property and facilitating ownership
- Estimates are per year (continuing for 10 yrs)

Fund mainly from recommitting to existing spending

- Current Federal spending
- Housing Trusts (\$1.4B /2 yrs) = \$700M/yr
- RRAP and HPS (\$526 M/2yrs) = \$263 M/yr
- Existing SH (Average decline 2008-2018) = \$200 M/yr
- Matching Prov/Mun + \$1,163 M/yr
- Combined = \$2.3Billion/yr
- In addition reinvest revenues via income tax revenue from construction activity totaling 675 Million/yr)
- = \$3 billion/yr potentially available
- Need long term commitment (predictable funding)

Key points

- Homelessness and undersupply of affordable housing are not just social issues; they are core economic issues.
- And they are not just local issues, they are national issues.
- Housing and neighbourhood issues take extensive planning and implementation and **require a predictable and long term commitment** of both funding and supportive policy.
- Housing is multidisciplinary so its inappropriate to assign to one order of government. Joint effort is needed. But solutions best delivered locally – so **need to fund and resource cities** appropriately



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