

# ***Housing Policy for Tomorrow's Cities***

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## **Executive Summary**

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## Executive Summary

In December 2001, the Minister of Finance announced that the Government of Canada would spend \$136 million a year for five years to assist in the construction of affordable rental housing. This meagre amount is sufficient to build only about 5,400 units a year, in a country of 11 million households. This announcement is the latest sally in the federal government's on-again, off-again commitment to providing housing for Canadians, and to addressing the many problems associated with urbanization. An understanding of the government's past relationship with cities and its changing attitude towards public investment in housing will help inform the current debate about the future of cities.

Over the course of the 20th century, the federal government has made only two important attempts to deal directly with urban affairs. The first was the creation of the Commission on Conservation in 1909. The Commission promoted urban planning as a way to deal with the plight of the urban poor and urged the provinces to adopt planning legislation. Not one of the provinces did so, and the Commission was dissolved in 1921.

Fifty years later, in 1971, the federal government created the Ministry of State for Urban Affairs to coordinate federal activities in housing, public works and transportation as they affected cities and to provide policy advice to the government on urban issues. Provincial governments, which considered *urban* affairs the same as *municipal* affairs, and therefore a provincial responsibility, objected to the ministry. Shortly before the 1979 election, it was dismantled to appease them. That ended the federal government's direct intervention in urban matters.

The federal role in housing since the Second World War has been equally checkered. From the 1940s to 1963, the government had a minuscule social housing program that produced about 850 units a year throughout the country. Critics have suggested that the amount was intended more to forestall criticism of the government's inaction on housing than to achieve real progress. However, the 1964 amendments to the *National Housing Act* (NHA) launched an effective public housing program that created about 200,000 units over about 10 years. In 1973, further amendments to the NHA introduced an assisted home ownership program, a neighbourhood improvement program, a housing rehabilitation program, a native housing program, and a non-profit and co-op housing program.

These programs lasted until the mid-1980s, when the Mulroney Conservatives came to power. The first Conservative budget made immediate cuts to housing programs, and subsequent budgets gradually allowed the government to retreat from housing entirely. By 1993, all federal support for housing was withdrawn. The supply of social housing fell from an annual level of 25,000 new units in 1983 to zero in the 1993 budget. Two years later, the elimination of the Canada Assistance Plan led the provinces to make drastic cuts in social assistance payments that had a devastating effect on the lives of the poor and destitute. 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.

Although the Prime Minister's Caucus Task Force on Urban Issues identified the shortage of affordable housing as "one of the biggest challenges affecting economic competitiveness and quality of life," the housing program announced in 2001, like the post-war program, can be seen largely as a public relations exercise. The government is facing mounting pressure to take action against increasing homelessness, and this program is designed to forestall some of the criticism. The program requires matching funding from the provinces, but this funding has not yet been forthcoming (with the exception of Quebec).

Today, Canada has the most private-sector-dominated, market-based housing system of any Western nation (including the United States, where intervention on behalf of homeowners is extensive) and the smallest social housing sector of any major Western nation (except for the United States). Canada spends only about one percent of its budget on programs and subsidies for all the social housing ever built across the country (about half a million units).

Addressing the current situation would require five types of programs. First, in social housing supply, capital subsidies are required to bring down the overall rent levels. Second, rent supplements can make housing affordable for very low-income households. The other three programs would address the housing needs of people requiring supportive housing, the rehabilitation of ageing housing, and assistance for people who are homeless. These five programs would make great progress in alleviating the more severe aspects of Canada's housing problem, yet they would likely require only about another one percent of annual federal spending.

The Prime Minister's Task Force, the Federation of Canadian Municipalities, the National Housing and Homelessness Network and other organizations all recognize that non-market social housing must once again be built. Market forces will not supply the affordable rental housing that is so desperately needed. A focus on the human right to adequate housing for all Canadians, which was the basis of housing policy from the mid-1960s to the mid-1980s, is essential to promote sustainable urban development, human development and social cohesion.

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