Canada's Housing System: Discriminatory, Unbalanced, Unsustainable

January 17, 2003 – Canada's housing system is "dehousing" Canadians. Reversing that situation must be part of any national strategy to enhance the quality of life and competitiveness of Canada's cities.

So says J. David Hulchanski, Director of the Centre for Urban and Community Studies at the University of Toronto, and the author of a new discussion paper from CPRN. ***Housing Policy for Tomorrow's Cities*** investigates the federal responsibility for access to affordable housing in the country's major urban centres.

"Canada's housing system is discriminatory. Public policy relies on, and reinforces a market mechanism which works for owners but not for renters," says Hulchanski. "The result is that certain households are increasingly excluded from access to housing."

Public regulation, mortgage insurance and tax breaks have created a sustainable home ownership sector. Not so for rental housing. In that sector, demand far exceeds supply, leaving many out in the cold.

Some facts:

- Homeowners spend 18% of their total income on housing, on average.
- Renters spend 28% of their total income on housing, on average.
- Owners average twice the income of renters, and that income gap is growing.
- Cuts to social assistance of 20-40% have exacerbated the problem. Families can spend 50% of their allowance on housing and still not find suitable accommodation.
- Only 5% of Canadian households live in non-market social housing, compared with 40% in the Netherlands, 22% in the United Kingdom, 15% in France and 2% in the United States.

"Poverty and housing tenure are becoming more and more closely connected," Hulchanski argues. "There is a great deal of *social need* for housing, but the households in need lack the money to generate effective demand in the marketplace."

"A market with a great deal of demand, but very little supply, is a market that has failed."

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Hulchanski makes the case for the return of the federal government to the role it performed from the mid-1960s until the mid-1980s – intervening to ensure an adequate supply of affordable housing.
He recommends doubling annual federal expenditures through five avenues:

- **Supply** – $1 billion in capital funding for 20,000 to 25,000 new social housing units a year, in the form of a construction subsidy to bring rents down, and a rent-geared-to-income subsidy to help very low income and homeless people access housing.
- **Affordability –** $500 million a year for rent supplements covering 160,000 households, and involving a contractual relationship between the government and landlords.
- **Supportive Housing** – $125 million a year for 10,000 new supportive housing units, integrating social and other services with housing for those with special needs or who lack a support system.
- **Rehabilitation –** $125 million a year to double current funds and restore 30,000 units that might otherwise face demolition.
- **Emergency Relief –** $250 million a year in services and shelter for homeless people. The need for this support will diminish as the supply of affordable housing increases.

Hulchanski estimates that these measures would see spending on social housing rise from 1% of the federal budget to 2%, an increase he regards as justifiable, given the pay-offs.

"The lack of affordable housing cuts significant numbers of Canadians off from supportive communities, access to employment and, indeed, from the exercise of their citizenship rights. Quite apart from the morality of the situation, this represents an enormous waste of human potential with serious consequences for the community at large."

"No modern city or society can afford to see this continue."

The Hulchanski paper is one of four in a new volume edited by Family Network Research Associate, Leslie Seidle. The papers explore the federal role in fostering socially inclusive cities. Other papers in the series deal with urban poverty, immigration and Aboriginal people (released, December 2002).

You can access or download a copy of the research report by clicking here.

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