



Why Housing Affordability Matters And For Whom

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Canada Mortgage and Housing Corporation
(CMHC)

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A Short History

- Origins of federal role date back to the 1930s
- Clear housing goals came in NHA in 1964 – to create 1 million low income units over 5 years
- Added in 1973: assisted home ownership, Aboriginal, non-profit and co-op housing
 - Provinces entered in 1970s, but Ottawa paid 50-75%
- Mid-80s, federal cuts began; by 1993, new units delivered fell to zero; loss of cost share led to parallel provincial cuts
- Re-entry began in 1998; but tentatively



Quality of Housing Matters

- Quality of housing includes many attributes: cost, access, stability of tenure, etc.
- It matters for healthy human development
 - For success in school
 - For early childhood development
 - For elders and people with mental illness
- And for economic success
 - It strengthens economic growth, attracts and retains workers, and mitigates deadweight social costs
- People need a home ***and*** a community



Quality and Stability

- Children will not succeed in school without
 - Quiet space to do their homework
 - Stable attachment to a particular school
 - Supportive neighbourhoods
- Families can't function if the home is in need of repair, unheated, or costing too much
- Individuals do not function well if they are isolated, fearful of surroundings, unable to access supportive services



Cost of Housing Matters

- When rents are too high, people go without food, medication, other necessities
- When it takes two incomes to pay the housing bill, and one person loses his job . . .
- Or, someone in the family requires intensive care giving . . .
- Landlords (public and private) can be “unforgiving” – one month lapse and you’re out



Insecurity and Rigidity

- Meanwhile, to control costs, governments and landlords have made the rules for low and modest income more rigid
- Housing insecurity throws people into disarray, and sometimes into a downward spiral
 - High degree of mobility in and out of poverty
 - Makes it difficult to accumulate assets and find stable housing

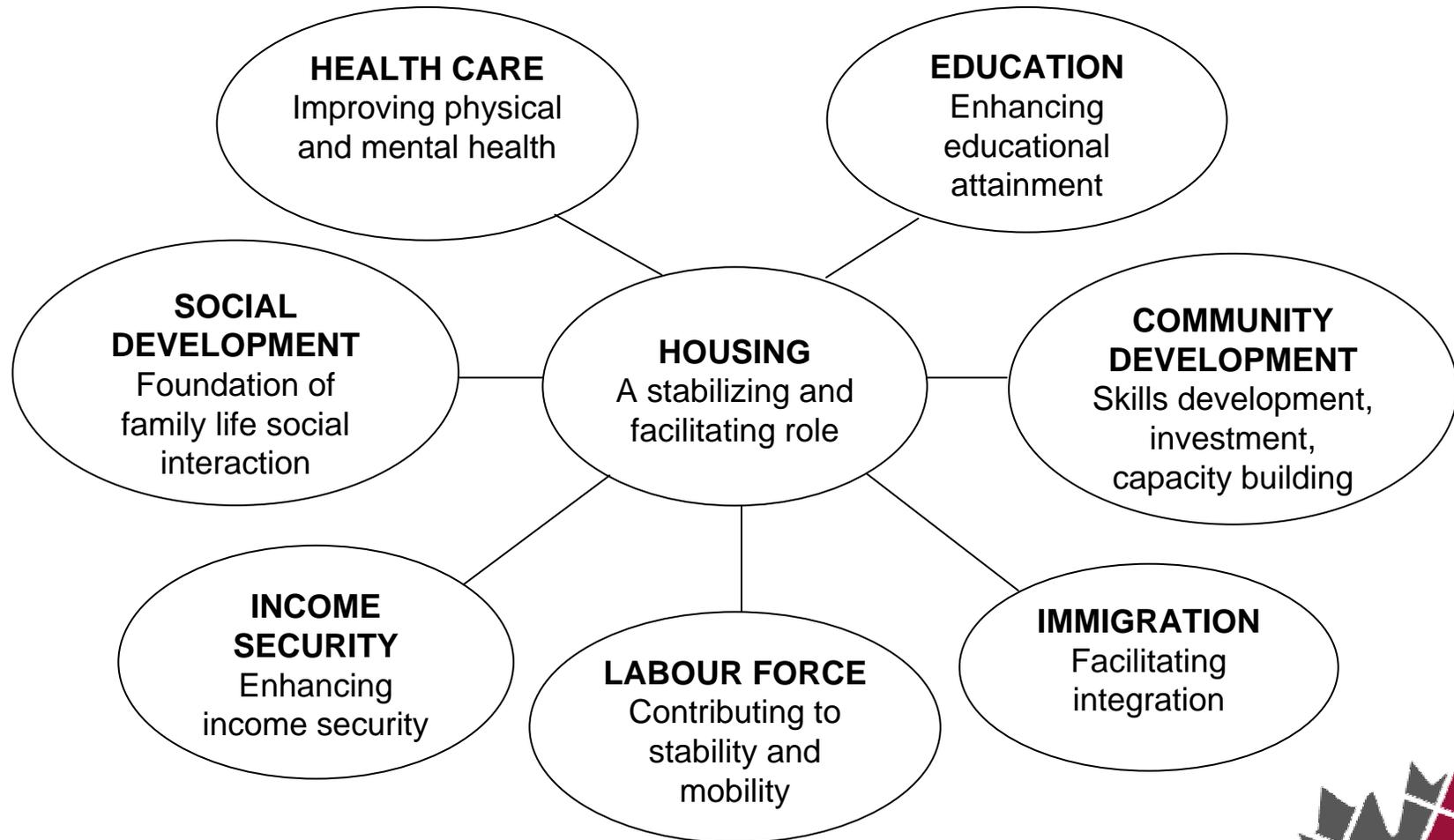


Market Failures

- Prices of rentals and starter homes have risen faster than low and modest incomes
- Private developers and builders prefer to build units with higher ROI
- Spatial concentration of poor and distressed
- 1.7 million are on welfare; another 2 million adults work for less than \$10 / hour;
 - Leading to large numbers of working poor
 - Canada has about 600,000 social housing units



Economic and Social Links



Policy Failures

- Loss of confidence in merits of social housing
- Delegation of housing finance and construction to private developers
- Cuts in Social Assistance (esp. Ontario and Alberta) and decline in real minimum wage
- Closure of mental hospitals and failure to create community capacity
- Failure to see gradation of housing need
- More focus on homeless shelters than long-term solutions



Changing Social Need

- Influx of immigrants with language and cultural barriers to finding a good job
- Younger Canadians moving to the city
- Incomes of young families depressed
 - Wage structure
 - Longer commitment to education, more student debt
- More lone parents with only one earner
- More people living alone, including elders
- Weak supports for mentally ill



Imagine a Different Context

- If Canada had
 - A living wage for all workers
 - A comprehensive early childhood education program
 - Robust systems of public transit to take workers and students to and from their homes
 - Generous home care and supportive housing for people with chronic illness
- Then Canadians could cope better with the shortage of affordable housing



But . . .

- We have none of the above
- Thus the flaws in the market and in a broad range of public policies create a deep housing deficit – still as deep as in 1991
 - Deeper than 1991 in Ontario, Nova Scotia
- Action is needed on many fronts – social and economic
- The most important questions on housing are:
 - Who will be responsible for the housing file?
 - What range of interventions is needed to manage the insecurity of Canadians?



Past Options

- Governments played a risk management role
- Mortgage insurance, through CMHC, to help manage the financial risk
- Public and private retirement income systems, so elders could afford independent accommodation
- Investments in social housing (construction and ongoing subsidies)
- And in institutions, for people with disabilities



The Policy Vacuum

- Governments have “delegated” responsibility for affordable and sheltered housing -- to families and to the private sector
- No one is responding to the changing social and economic dynamics outlined earlier
- Governments need to agree on
 - A new pattern of responsibilities (who does what)
 - And a way to coordinate all the actors . . .
- Taking into account the strengths of each actor



Who Can Do What?

- Federal and provincial:
 - Financing, incentives, land, minimum standards, ancillary services (schools, health clinics)
- Local government:
 - Incentives, zoning, land, standards, taxes, provide ancillary services and supports (transit, recreation)
- Communities:
 - Define need, develop non-profit options, manage and maintain projects, provide ancillary services



And the Private Sector

- Developers, builders and landlords:
 - Key partners with expertise, possible investors
 - Potential builders, promotion of mixed communities
- Employers:
 - Key partners with land, financing, employee volunteers
- Financial institutions:
 - Creative financial instruments
 - Source of equity and debt



Minimizing Costs

- Creating a continuum of possibilities, designed to create stability and related services
 - Fully subsidized units
 - Geared to income
 - Modest rental
 - Modest ownership
 - Rent-to-buy
 - Supportive housing for frail elders and mentally ill (which includes services as well as space)



Implications

- Housing is a central resource for economic and social development
- It is a central piece of the urban agenda
- It requires inter-governmental, inter-sectoral action
 - A vision and a working agenda
 - A plan for who does what and who pays
- Many actors can contribute to the vision and help implement the agenda
 - First Ministers should launch the initiative





For additional information:

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