

**Shelter in the Storm:  
Crisis, Recession, Stimulus and the Affordable  
Housing Problem in Ontario**

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## Abstract

During Canada's fall election in 2008, the campaign was marked by a world economic recession that had finally taken hold in Canada. By the time the elected federal government announced its first budget in January 2009, it had allocated about \$2 billion toward social housing. This level of spending was a reversal of the platforms of all parties running and part of a global response of economic stimulus spending to pump prime economies out of their financial crises. The goal of this research is to provide an early look at the significance of the recession and stimulus spending to affordable housing in Ontario. The research was conducted through literature review and analysis of housing indicators and key informant interviews with policymakers at three levels of government, elected officials, economists and housing experts. New capital is welcome and will help some Canadians in housing need but will not resolve the housing affordability problem. However, the economic crisis itself and the challenges of the recession and stimulus implementation highlight the cracks in economic and social policy with regard to the housing system. The global challenge to 'business as usual' opens up new space for innovation. Ontario is well-positioned on both fronts to lead change.

*"There is a crack in everything, that's how the light gets in."*  
- Leonard Cohen

*"A crisis can be an opportunity for introducing better social programs."*  
– World Bank Development Research Group. In *Lessons for World Bank Research on Financial Crises*.

Dedicated to Donna, a true leader through whom those without power  
find it in themselves.

## **Executive Summary**

The problem with housing today in Canada, in Ontario, and the rest of the world is primarily a problem of affordability. Affordability describes the amount of money someone has available in relation to the prices of the goods they are trying to obtain. Housing is not an ordinary good we can do without; it is a basic need and a human right. Social and affordable housing policy is about what government should do when people can't afford adequate and suitable housing in the marketplace. A sound and sustainable housing system that allows everyone to obtain decent housing is a public good that we can't afford to do without.

The role of government in the economy is often debated during difficult economic times. How we respond to financial crises has a great deal to do with our beliefs about what we can afford to do. During the long boom after World War II, the public felt we had the resources to build nations and make them equitable. In responding to the recessions of the 1970s to the 1980s, we focused on how much government was costing us and tried to reduce it. The current crisis brings the focus back to whether we can afford to put so much faith in the 'free' market. Where we stand today has become more open for debate than it has in a long time. We want governments to be fair, wise and realistic with the amount it taxes, spends and borrows, and we want government to be effective and responsible with regards to its legal, social and human rights obligations. This is healthy public demand for good governance. A quite general finding of this research study is that the current period of economic crisis expands our range of choices because it calls upon us to think differently about the economy.

This paper is about the significance of the moment for housing policy in Ontario and, Canada. In the short-run, the stimulus funding for housing in Canada is part of a global response to a global recession. In the long-run, the crisis, recession and stimulus implementation expose the cracks in public policy regarding the housing system and create a space for change. In particular, advocates of social and affordable housing have faced a steep uphill battle in recent decades, while more and more Canadians have fallen short of being able to afford adequate and suitable housing. No one anticipated \$2 billion for affordable housing this year. The funding will result in better housing for some in Ontario, but many will feel it falls short of addressing the ongoing problem of affordability. Conducted through background research and interviews with a wide range of informants, this study is an early look at the implementation of the housing stimulus, the immediate impacts of the recession and stimulus, and the nature of the challenge ahead.

Future federal and provincial budgets will certainly be affected by this recession even as the economy recovers. The economic argument for affordable housing has been made repeatedly, but it requires us to afford sufficient and intelligent public investment to begin with in order to gain returns later on. This paper will argue that the crisis creates opportunity to get ahead of that equation, and makes recommendations for achieving sustainable affordable housing for all in Canada.

## 1. Introduction

The current state of housing in Canada is an outcome of public policy decisions that have evolved since World War II (WWII). These decisions have largely conformed to international policy norms shared by many advanced Western economies with similar housing systems: primarily privatized housing stock that is predominantly owned followed by private rental stock and finally a residual social housing sector. The latter are often termed ‘non-equity’ or ‘non-market’ housing approaches.

In each period since WWII, governments have had a role in the private housing market and in non-market housing. However, beliefs about how the housing system and stock ought to be financed, built, maintained and situated have changed. In Canada, changes have been inherited by provincial and municipal governments through devolution of legal responsibility and financing for social housing during the 1990s and into the 2000s. The outcomes are experienced at the core of day to day life for individuals and communities including affordability strain, under-serviced neighbourhoods and stalled labour force mobility due to limited access to good jobs. Most visibly on Canada’s city streets, the rise of homelessness from barely detectable before the 1980s to being named a ‘national disaster’ by Canadian municipalities in 1998 has been linked to the most recent shift in policy (Carroll, 2000, Hulchanski, 2004, Laird, 2007). Housing policy shapes the range of our choices, or lack of them, in where and how we live, and a nation’s infrastructure must be planned and built accordingly. Accordingly, housing is a critical area of public policy.

There is no question that in the short-term, the current global economic crisis changes things for public policy. This is most abruptly felt with the unexpected return of federal money to social and affordable housing flowing over 2009-2010. Governments are pressed to respond to high unemployment figures and falling consumer demand. The public understands this, and the once steadfast promise of a balanced budget (made by all leading federal political parties, to be sure) has been replaced by deficit spending that enjoys more public support than any one federal party (Angus Reid, 2009). Whether this situation provokes change for the better is up to the public. Past recessions have either brought more of the same, or forks in the road.

The global financial crisis and recession of 2008-09 has particular relevance to housing policy because it is an outcome of the housing affordability problem (originating primarily in the United States) and it calls for change in how we confront housing affordability. Stimulus spending is a short-

term response. How will we respond into 2011 and beyond? Let us begin with a context for this argument in the crisis itself.

## **1.1 Housing Affordability and the Financial Crisis**

The global housing boom of recent years was a case of rising demand for home-ownership which increased the price and potential value of a house as an investment. In this situation, people were faced with the question of whether they could afford to get into home ownership and the opportunity cost of not doing so.

When Canada's system of mortgage amortization was created after the Second World War (WWII), homes were made affordable to average families with a 25% down payment (CMHC, 2009a). Since the 1970s, Canadians and Americans have taken on more debt and less savings (Meh et. Al, 2009), reducing the market of people who could afford a 25% downpayment. Public policy and lenders adjusted to this situation, first with innovations that freed up more credit to those who could meet conventional 'prime' standards for loans and later with 'sub-prime' mortgages to those who could not. During the recent boom, homes could be bought with little or no downpayment in Canada and the United States. However, the United States started earlier and expanded faster in sub-prime lending to about 20% of the real estate market whereas Canada's subprime market peaked at 5%. The credit and loan insurance innovations required for the scale of the housing boom were made possible by the growth of investment banks and these banks expanded with the boom. In 2007, the combined assets of the major five U.S. investments banks totaled \$4 trillion out of entire banking system of \$10 trillion (Timothy Geithner in Krugman, 2009, pg. 161).

The U.S. financial crisis was exacerbated by the self-reinforcing cycle of credit. The housing bubble was built with little room for any downturn since there was little space between equity and debt for so many homeowners. Risk in such a market could only be mitigated by continually rising home prices. As the market of prime borrowers saturated, this required extending more credit to ever riskier loans to keep the market afloat and protect existing investments. The high-risk money *supply* that made this fall possible can be explained by the nature of the global financial system, a system now under heavy pressure for reform. *Demand* for that money however, was driven by the nature of the housing system as it relates to affordability and household finances. This is the so-called 'real economy' side of the financial crisis that has garnered less attention but is arguably the primary candidate for reform in the wake of the crisis.

The return of federal spending on affordable housing today is a story of two crises: one gradual and one rapid. The rapid financial crisis and the gradual affordability crisis are cases of policy response to household-level economic choices about what type of housing they could afford. Both begin with the issues of finance, social policy and the housing system. Today's stimulus spending may hedge against longer-term sustainable affordability solutions. Though the United States and many other countries were further along a riskier financial path and suffered a more severe banking crisis, Canada still faces a deep recession and the ongoing housing affordability problem. The lesson for the banking sector appears to be salient. Lessons for housing policy have yet to be discussed adequately, and it is hoped that this paper contributes to that discussion.

## 1.2 Canada – Affordability and Housing Today

A home represents typically the largest purchase households make and largest asset they hold in a lifetime. Mortgages represent the largest debt that owners have. Shelter costs represent the largest single monthly payment that most families have to make each month. Loss of housing represents significant risk to life and health, and exclusion from society.

In recent decades, government policy in the United States and to a lesser extent Canada had come to heavily subsidize ownership housing (relative to treatment of the housing market in other advanced Western economies, especially northern European countries) to neglect rental, to withdraw from non-market housing and to close institutions without sufficient investment in community infrastructure. Tight rental markets and rising equity created powerful incentives for households to buy. Tight rental markets, withdrawal from non-market housing and reduction of social benefits push people out of the housing system altogether resulting in homelessness. The affordability problem exists along a continuum.

In Canada, the majority of the population (69.5%) are adequately and suitably housed in shelter they can afford. (CMHC, 2009d). Two-thirds of Canadians own our own homes and just over 30% rent (Statistics Canada, 2009a). One-fifth of renters and 5% of Canadians live in some form of social housing and pay rent-g geared-to-income (Dalton, 2009). 12.7% of Canadians are in core housing need<sup>1</sup> (CHN; see CMHC, 2009d). When last documented in 2001, 6.5% were paying more than 50% of their income on shelter costs – considered a severe affordability problem. Two-thirds of those in CHN have household incomes lower than \$20,000 (HRSDC, 2009). Though adequacy and suitability are included in the definition of core housing need, affordability problems are the primary drivers and create the greatest social risk to households (CMHC, 2009d).

Renters are four times as likely as owners to experience moderate to severe affordability problems (CMHC, 2005). Quigley and Raphael’s (2001, ) report on the economics of homelessness dissected the determinants of homelessness in the root problem of income versus rent. The variability in homelessness is largely explained by the interaction of poverty and a tight rental market as expressed by the vacancy rate and the income to rent ratio. They state that “rather modest improvements in the affordability of rental housing or its availability can substantially reduce the incidence of homelessness in the US” (pg. 323). Local unemployment rate, disability, addictions and rates of mental illness are not found to have a significant effect on variable local rates of homelessness. While economic variables appear to determine the *rate* of homelessness, the overrepresentation in the homeless population by vulnerable groups suggests that social vulnerabilities determine *who* is likely to become homeless (Burt, 2001). About 0.5 to 1% of Canadians are homeless, living in shelters, transient arrangements or even outdoors. The face of homelessness has changed and now includes not only transient men, but the working poor, families with children, youth, seniors, people with disabilities and women (Laird, 2007).

### People are less able to afford adequate

<sup>1</sup> Defined, briefly, as a household that lives in unsuitable and/or inadequate housing. Improving dwelling suitability or adequacy would require spending on a new dwelling that is unaffordable (greater than 30% of gross monthly income).

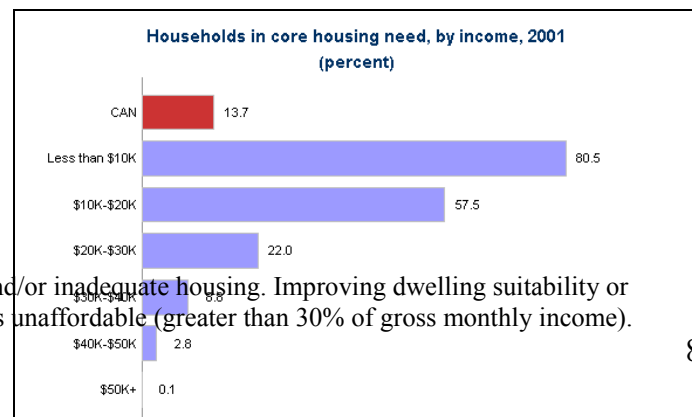


Figure 1 Households in core housing in by income, 2001. From 2006 Census Housing Series: Issue 3 (CMHC,

housing than in the past for two simple reasons. There isn't enough affordable housing and more people have less money available for housing. In terms of income, eligibility and benefits through employment insurance have been tightened in recent decades, along with the slashing of welfare rates and freezing of disability support income (Herd, 2002, Banting, 1995). Affordability also affects average working people whose job security grew weaker in the last quarter of the twentieth century, while average incomes stood still against inflation (Russell and Darfour, 2007). As of the 2000 Census, 40.6% of workers earned less than \$20,000 per year and 22% of these worked full-time all year (Statistics Canada, 2003). The recent period of economic growth in Canada has created more inequality and the gains in income have been made at the top of the income scale (OECD, 2008). Affordable shelter (30% of income) for a household with an annual income of \$20,000 would be \$500/month with utilities. Average market rent for a 2-bedroom for Ontario municipalities larger than 10,000 people is currently \$949 (CMHC, 2009f).

In terms of the availability of affordable housing - the stock of rental housing in Canada is seeing a long-term proportional decline and, in some locales, absolute decline (Hulchanski & Shapcott, 2004). For example, since 1996 in the City of Ottawa, only 6% of new housing was rental (City of Ottawa, 2007). Social housing that allows individuals to pay rent-geared-to-income is declining as a proportion of housing (Dalton, 2009) while social housing wait lists have increased to just under 130,000 households in Ontario (ONPHA, 2009). The vacancy rate for a healthy rental market is suggested conservatively at 3% and more generously at 5% (Shapcott, 2007). The rental vacancy rate hit an extreme low of 1.7% for Canada in 2001 and improved to 2.7% in 2007 (HRSDC, 2009). These numbers are also very variable from one city and region to another. Cities experiencing strong growth tend to have lower than average vacancy rates which can, depending on the rent regulation regime, put upward pressure on rents.

CHN is assessed in Canada every five years with the national Census, and assesses all private non-farm, non-band, non-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100%. One million more households were assessed in 2006, and 97% of the increase was through home ownership (CMHC, 2009g). The proportion of owners with mortgages also increased to 6 out of 10, matching levels in 1981 when baby boomers entered the housing market (Statistics Canada, 2008). The trend was driven by condominium ownership and lone-person households. Shelter costs increased faster than inflation with the greatest impact on low-income renters but with the greatest rise for homeowners with mortgages (Statistics Canada, 2008). The affordability crisis has primarily affected low-income renters but has also made lower-income owners with mortgages more vulnerable to shocks, particularly with the very high debt-to-income ratio in Canada today (Meh, Xiao Chen and Carter, 2009).

The last quarter of the twentieth century was one of decline rather than progress in Canada's ability to provide a housing system for all. There has been only modest improvement in the first decade of the 21<sup>st</sup> century. These were decades of prosperity for most Canadians. This has been called Canada's housing paradox, and lamented as a policy failure that compromises Canada's longer-term progressive social policy orientation (Laird, 2007, Porter, 2004). The economic and social costs of inadequate housing and homelessness are frequently cited, and housing for all has been recognized as not only a moral imperative but good economic policy (TD Bank, 2003).

### 1.3 Contemporary Public Policy, Economics and Affordable Housing

Social policy is a domestic issue, and in Canada provincial governments are largely responsible for the delivery of health care, income supports and social housing. But like housing markets, social policy has clearly been shaped by international norms and entangled in globalization (Banting, 1995). The issues have become *inter-mestic* (Held, 2004) as well as inter-governmental (Hulchanski, 2003).

By the turn of this century, the legal and human rights responsibilities of governments to citizens had been muddled. Devolution produced a wide gap between capability and responsibility where accountability to basic welfare has become unclear. In the era of personal responsibility, the individual has inherited greater risk while requiring more income for security. There is an enormous gap felt by cities who have inherited legal responsibility for housing but not the capacity to deliver. While Canada once delivered 35,000 units of new social housing each year through public and private non-profits, the capacity challenge is to maintain existing housing rather than deliver new stock. Transfers from federal government to the provinces have declined whilst more social policy responsibilities were also downloaded (Hulchanski, 2003).

## 2. Purpose and Approach of the Report

This paper is meant to stimulate discussion about how to respond to a changed political and economic reality. The purposes of this report are a) to demonstrate the significance of the housing affordability problem in the financial crisis, and b) to investigate possible impacts of the recession and the implementation of the housing stimulus and; c) to discuss the policy implications of the crisis, recession and stimulus for affordable/social housing in Ontario going forward.

### 2.1 Research Questions

Canada's social housing crisis emerged in a period of economic boom: in a time of economic crisis, will social housing deteriorate further as a result of the crisis, or will it trigger change and innovation? How are housing stakeholders adjusting their planning in response to the crisis and budget changes?

To provide more focus to the research, this project will investigate the impact of new spending and priority-setting policies from the federal government on provincial policy and finally on implementation at the municipal level in Ontario's devolved system.

1. **Implementation:** Will budgeted money be actually be spent in 2009 and what constraints exist to accessing these funds? What are the challenges in reacting to a short-term stimulus?
2. **Outcomes:** What are the immediate outcomes of Budget 2009? What changes have occurred in the affordable housing sector (governments, providers) since before the crisis? What remains the same?
3. **Policy Implications:** What lessons can be learned from the first major federal investment in social housing since 1993? Are there triggers for policy innovation in the affordable housing

sector as a result? What can be recommended for future budgets and policy to move toward sustainable affordable housing in Canada?

## **3. Methods**

### **3.1 Literature Review and Historical Analysis**

The author conducted a literature review with a focus on economic crises and recessions, and policy norms and shifts, with a particular focus on housing affordability. The author also reviewed key recommendations of the last decade for affordable housing policy from prominent works on this subject. The literature review is not included as a separate section, but rather integrated within sections of the report.

### **3.2 Tracking Housing Indicators**

This report analyses the short-term changes occurring as a result of the financial crisis and subsequent stimulus budgets (federal and provincial). The author conducted a search for economic data related to income, housing need and housing financing. Where possible, changes in current data since the beginning of the recession were identified. Key informants were also an excellent source for discussing the relevancy of indicators, and areas where data availability needed improvement.

In order to understand the policy impact of the changes thus far, the author tracked policy developments and innovations. The focus was mainly on the Ontario stimulus - the 2009 Extension of the Canada-Ontario Affordable Housing Partnership.

### **3.3 Interviews**

The author conducted semi-structured key informant interviews with policymakers at three levels of government, elected officials representing three parties, economists, housing experts as well as with affordable housing program leaders and housing advocates in the non-profit sector. Informants and interview text is reported anonymously to protect informant identity.

#### **3.3.1 Respondents**

**Civil Servants** - Civil servants interviewed worked in senior positions in housing at a large Ontario municipality, the Ontario government and Human Resources and Social Development Canada (HRSDC). Unfortunately, a respondent at Canadian Mortgage and Housing Corporation (CMHC) could not be found in time.

**Elected Officials** - Three elected politicians were interviewed from three parties, two Members of Parliament (MPs) at the federal level and one Member of Provincial Parliament (MPP) from Ontario. One of the federal MPs was a member of the governing party and the other from an opposition party. The Ontario MPP was a member of the government caucus. None of the elected members was a Minister.

**Experts/Economists** - Two of Canada's leading experts on housing policy were interviewed along with two economists. One economist was a bank economist and the other a civil society economist, both had knowledge of housing economics.

**Non-profits**- Program leaders from private non-profit housing and advocacy organizations were also interviewed. Unfortunately, staff from city non-profit housing corporations could not be reached in time.

**Other** – A physician was reached from the health sector, a director of a Local Health Integration Network (LHIN). This was initiated in response to a radio interview about new affordable housing through the LHIN for people with addictions.

**Gaps** - Efforts were made to cover a wide variety of perspectives, and this was made possible in part by drawing on the networks of the author and original contacts made through research mentors. Some people were reached through internet research and contacts, and throughout interviews respondents were able to provide further contacts (a snowball sample). Gaps existed because there was no response within the time period, or contact couldn't be initiated in time through the snowball sample.

Speaking directly to tenants or other individual stakeholders is not possible in this project. However, the author attended a fully-packed provincial housing consultation in Ottawa (August 19, 2009). Despite the author's immersion in the research project over four months, the experience was entirely humbling in terms of the level of knowledge, ideas and intensity of the discussion at the grass-roots. Attending the consultation allowed the author to reflect on the validity of the findings and recommendations of this study, and highly recommends community-based participatory research in the future. In addition, the author is privileged to have worked for several years with agencies serving the homeless.

### **3.3.2 Semi-structured interviews**

As shown in Appendix A the interviews focused on the themes of the recession and stimulus spending. Interviews were initiated using prepared questions as shown in the Interview guide. As the interview process continued, interviews were adapted to follow leads and fill in gaps. Throughout, efforts were made to tailor interviews to respondents' positions and experience. Each interviewee was asked to give some background on their work in the sector and perspective on recent housing developments before starting the discussion on the topic of the crisis, recession and stimulus. The interviews were conducted with a view to allow the informant to focus on what they felt was most significant, while also addressing the research questions. The guide was helpful in prompting new questions. Interviews ranged from 30 minutes to 2 hours, depending on the time respondents could provide.

Experts provided the critical foundations for analyzing housing policy in the context of the current economic changes. Key informants at each level of government provided an early look at to how federal policy was being implemented in Ontario, what immediate outcomes are occurring as a result of crisis and stimulus, the limitations and ongoing challenges. Economists provided critical perspectives on the dynamics of the crisis, recession and stimulus, and the potential impact on economic thinking and affordable housing. Elected officials provided varying perceptions on the nature of the affordability problem, the crisis and the political realities. Key informants often provided leads for other interviewees as time permitted. Respondents were generally in senior positions and had many years of experience in their field of work. In total over twenty individuals participated in the study. Only general details about respondents are given in order to ensure anonymity.

### **3.3.3 Interpretation**

Interview notes were organized in tables according to themes based on the research questions and themes that were consistent in interviews but needed distinct new categories (for eg. long-term trends, pushback, responsibility-capacity problem). The interviews with experts and economists were essential in forming a better picture of how the affordability problem emerged over time and the key role of housing in the financial crisis. Thus, these interviews were necessary for providing information and literature to tell the long and short histories of the affordability and financial crises. The interviews were the basis for strengthening the argument for the central role of housing in the economy and society, and strengthening the link between the financial crisis and the affordability problem. Informants also were frank about the role of political realities, a theme of the results section that wasn't included explicitly in the research questions, and a key aspect of the discussion. Informants drew a clear connection between political realities and policy change.

### **3.4 Policy Review**

This review provides a preliminary exploration of what it will take to put Ontario on the path towards sustainable affordable housing. The financial crisis, recession and stimulus are discussed in the context of the affordability problem and implications for the future.

### **3.5 Study Strengths and Limitations**

Given the long-term impact of external economic shocks on housing policy-making, an early look at policy triggers and changes in the context of the current crisis can be useful information for the public and policymakers alike. Past changes stimulated by recessions have led to lasting norms. This seems particularly useful now, given the scope and magnitude of the current crisis and the dramatic shift in spending policy across the G8. The study was strengthened by the body of knowledge and recommendations that have accumulated over the last ten years. The fundamentals of good economic policy in housing, of good social housing policy, have been established but during a time when governments were not investing in social housing.

However, an early look is also subject to a great deal of uncertainty. Therefore the study, though founded in established knowledge, is exploratory given that its context is one that is undergoing change. Few conclusions can be drawn, but it is hoped that the research will provide clues to how to

leverage changed conditions toward better outcomes in affordable housing and social housing policy in Ontario and Canada.

## 4. Building Canada - Stories Global Economics and Housing Systems

In a democracy like Canada, the question of why the financial and affordability crisis have occurred and how to change it ultimately has to be answered by the public at large. However, an analysis of the history of housing policy and of international economic and social policy norms since WWII gives clues about the kinds of choices the public has had, and what has shaped decisions made by governments. The brief history included in this history provides a background for the current policy challenges provided by the ongoing affordability problem and the recent global economic crisis and recession. We are just beginning to tell the story of the economic crisis of 2009, as part of a longer



families despite scarcity in funds and materials (CMCH, 2009a). Photo pending permission from Andrew Foot, retrieved at

<http://www.internationalmetropolis.com/?p=80>

history of ideas, economics and politics in Canada's housing policies. The history demonstrates the close linkages between global domestic economic and political realities. The most recent stage provides the current context where the economic crisis and the housing affordability crisis meet. From this we can identify the specific challenges facing Ontario today and in the future as regards housing affordability and housing policy in general.

Like houses, policies are durable products that we live with for a long time. The original design does not always stand up over time; it does not always do what it is supposed to or allow people to get what they need from it. Policies are built, renovated, sometimes demolished and rebuilt. Changes carry some kind of cost, whether direct or indirect and rarely are changes made

without purpose. The design is complex and so it is often understood through public narratives – our stories of the purpose of state, markets and policies between the two.

The periods of housing policy change described below are based on Hulchanski’s four periods of social housing (2004) and Carroll’s five phases of housing policy(2000), as well as Banting’s (1995) review of transnational norms in social policy. In this review, the word ‘story’ is used to describe stages. This reflects the economic historian’s view of our current economy as being built upon an edifice of social evolution, like stories in a building. Each story is layered upon previous ones rather than replacing them. Story also represents the public narratives of these periods. In this history, there are two key economic stories – the Keynesian story and the Monetarist story. Within these, three stories are identified for Canadian housing policy, the foundational post-WWII story, the building of Canada’s non-profit housing sector, and finally withdrawal from non-market housing.

Characteristics	Economic Development	Social Development	Financial Restraint	Disentanglement	Disengagement & Privatization
Time	1945-68	1968-78	1978-86	1986-94	1994-present
Economic conditions	reconstruction and prosperity	prosperity and inflation	recession and recovery	high government deficits	economic growth and widening social gap
Major demographic force	pent-up demand and returning veterans	"baby boom"	aging population and single families	40 & 50 somethings dominant	smaller non-traditional family unit
Overall goals	economic development	social reform	financial restraint	reduced government presence	rediscovery of social need
Market philosophy	filtering and infrastructure support, planned urban landscape	intervention, participation, and flexibility	reduced intervention	free market privatization	neo-liberalism globalization
Housing goals	industrial development, suburban development, physical planning	community development, income integration, demand support	supply support	deconstructionism "fix up, patch up"	?
Delivery instruments	direct federal loans and grants	cost-sharing and direct subsidies and loans	loan guarantees and mortgage insurance	co-production private sector partnership	volunteers local government
Intergovernmental	federal leadership	trilevel consultation, "province-building"	provincial leadership	solely provincial	solely provincial
Outcomes	large projects "corporate city"	widespread, uncontrolled subsidies	administrative overlap	non-policy small scale intervention	?

Table 1. Stages of Canadian Housing Policy. In *The Road to Innovation, Convergence or Inertia: Devolution in Housing Policy in Canada*, Carroll (2000).

### 4.1 1945 – 1970s: Laying the Foundation

After World War II, there was a need to finance the reconstruction of war-torn European countries that was delivered through the Marshall Plan. This ‘stimulus’ occurred along with General Agreement on Trade and Tariffs (GATT), that liberalized trade between North America and Europe driving strong growth on both continents. The growth that resulted financed the social welfare state as an international norm. Universal secondary education and subsidized university and college education were key priorities, as was public health care and housing. A modern, industrialized

country had to prepare for a competitive trading and a globalizing economy. Stronger state obligations in modern constitutions to basic social security meant that investing socially was necessary for a productive and inclusive society. In essence, this period laid the foundations for today's societies in the North, in their systems of education, health care and social security (Banting, 1995). In general, the period of 1965 to the 1980s was considered particularly strong for Canadian housing policy. Until the 1970s recession, both markets and government performed well in the context of a long global boom under generally Keynesian economic thinking. Market failures triggered policy shift towards Monetarist economic thinking, ushering in the retrenchment of Canadian housing policy from the mid-1980s onward (Carroll, 2000, Dalton, 2009).

The story of housing policy after WWII begins with the National Housing Act in 1945 and the creation of the Canadian Mortgage and Housing Corporation (CMHC) in 1946. During the post-war boom, market demand from young families was met with the development of market infrastructure through the CMHC, who introduced the mortgage amortization system and mortgage insurance in Canada (Carroll, 1989). However, policy makers recognized the importance of rental housing in managing the growth of Canadian cities. Federal government policies promoted the construction of private market rental housing from the late 1940s until the 1980s adding to the rental supply stock (CMHC, 2009a, Carroll, 1989).

Canada was slower to develop public housing for low-income households, building only 12,000 units between 1949 and 1963 (Hulchanski, 2004, pg. 180). Most of Canada's 200,000 public housing units were built between 1964 and the 1970s (Hulchanski, 2002). These were accomplished through major redevelopment and zoning for large housing projects which ran up against resistance from the public (Dalton, 2009). The right of citizens to decent housing was a pillar of public policy in Canada during this period:



[Wikipedia commons.](#)

Prime Minister Lester Pearson, in a 1965 speech to the Ontario Association of Housing Authorities, for example, noted that the immediate problem is “the necessity for everybody to have a decent dwelling; not to make all homes mansions, but to ensure that none of them will be hovels. It is only a very rare soul that can expand in a hovel. This objective of decent housing simply has to be achieved in our democratic society.” He made no mention of homelessness – a Canadian social problem that did not exist in 1965. (J. David Hulchanski in *Homelessness, Past and Present*, 2009, pg. 3).

In reaction to criticisms and cost of public housing, the 1970s saw a move away from direct government ownership and management of housing. Non-profit housing corporations were formed in municipalities to take over non-market housing, co-operatives continued to play a strong role. The majority of Canada's rent-supported units of housing for low-income households were built between

1973 and 1993 through federal capital grants and ongoing subsidies under 35-year agreements. There were roughly 630,000 units remaining under these agreements as of 2004-05, (Crowe and Shapcott,



Figure 4. Habitat for Expo 67. Advances in architecture and construction through non-profit affordable housing. Photo from Wikipedia Commons. [http://commons.wikimedia.org/wiki/File:Habitat\\_67,\\_Montreal.jpg](http://commons.wikimedia.org/wiki/File:Habitat_67,_Montreal.jpg)

2005). The potential ‘step-out’ of the provision of affordable housing on expiration of these agreements is a significant concern to housing advocates and to social housing policymakers. (Shapcott, 2009, personal communication). Nonetheless, the period laid the foundation for Canada’s non-profit housing sector.

## 4.2 Pressures on the Social Welfare State

The long post-WWII boom faced its first significant challenges in the 1970s. The average rate of growth in real GDP per capita in OECD countries had ranged from 3.5% and 4.0% from 1960 to 1973. It fell to less than 2% between 1973 and 1990 (Denny and Wilson in Banting, 1995). Unemployment rose – reaching 7.8% in OECD countries by 1993. Governments faced many crises as inflation and unemployment took turns battering the economy. GATT-driven growth had produced ‘fierce competition’. Firms restructured by consolidating, centralizing or taking advantage of free trade by moving labour abroad. Technology was also rapidly replacing many jobs. All of this pressure on employment ought to have meant lower inflation, however oil shocks were driving up prices instead. The two major post-WWI recessions where negative growth lasted more than two quarters were those of the early 1970s and 1980s respectively (Yalnizyan, 2009). These were crises for governments and they effectively put an end to the Keynesian period of economic policy-making. The numerous challenges placed contradictory pressures on the social welfare state. As Banting (1995, no pg. #) states:

“Every government has had to struggle with powerful pressures on social expenditures: high levels of unemployment, growing public deficits, demographic pressures that threaten the funding basis of public pension schemes, and the explosion of health care costs. Every government has made painful changes in its benefit and tax systems.”

The ‘stagflation’ recessions of the 1970s and 1980s together with the pressure on budgets and Cold War politics paved the way for the ‘neo-liberal’ economic paradigm to come to dominance, as

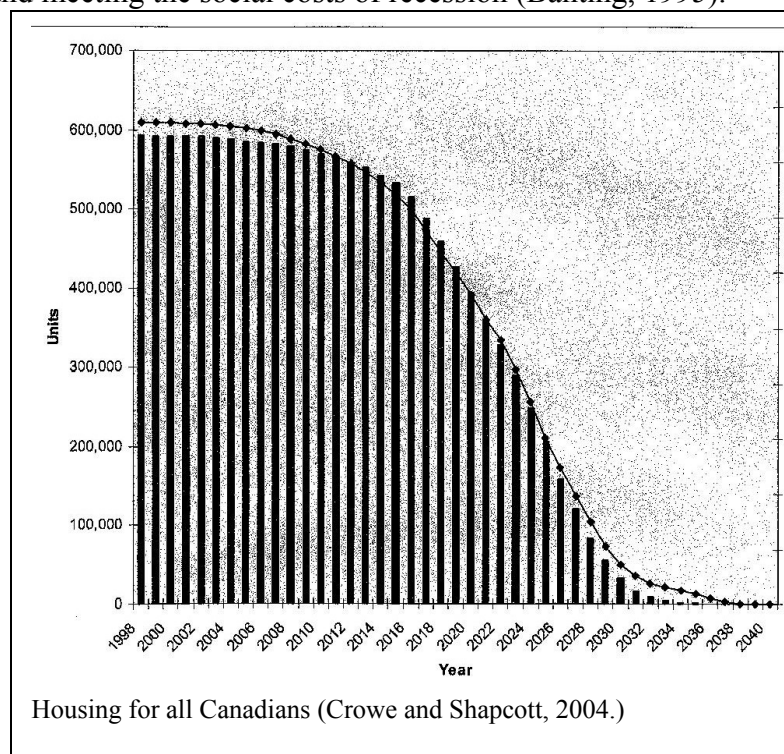
expressed by the Washington Consensus (Dalton, 2009). The deepening of the Cold War, the failures of state socialism and finally the fall of the Berlin Wall in 1989 meant that by the close of the twentieth century, the centre had shifted towards free market capitalism and away from government involvement in the economy. The Keynesian compact (or neo-classical synthesis) that had served the global economy well in the post-WWII period was broken (Krugman, 2009).

By the mid-1980s the International Monetary Fund (IMF) had increased its global influence and had begun to implement restructuring programs for countries in deep crisis in the developing world. IMF bailouts emphasized fiscal discipline and austerity – cuts to government spending, and demanded opening both trade markets and reducing capital controls. The Latin American, Asian and Russian financial crises of 1990s were all bursting bubbles that had allowed short-term capital to crash economies. The responses in each case were ‘belt-tightening’ that further contracted the money supply. Austerity and fiscal discipline were carried out more extensively in developing countries in crisis, but the IMF had profound influence on developed countries facing budgetary pressures (Krugman, 2009). Despite the theme of fiscal discipline and the reduction of income supports and social programs, social spending actually continued to increase in OECD countries including Canada. The impact of fast globalization through IMF reforms was to re-shape industries and much social spending was directed towards re-training and meeting the social costs of recession (Banting, 1995). There is a long and costly road to recovering full-time jobs after a recession (Yalnizyan, 2009). Thus, much of the spending increase can be counted as the costs of restructuring and occurred despite reduction in social welfare and increase in inequality (OECD, 2009).

#### 4.4 Federal Withdrawal from Non-Market Housing

For Canada, changes in social policy to reduce federal spending meant devolving responsibilities to lower levels of government, but without transferring sufficient capital and capacity to for lower levels to who now carried state obligations to provide adequate shelter. The first Canadian government to embrace the path of downloading was the Conservative government that came to power in 1984. Between 1984 and 1993, \$1.8 billion was cut from the social housing budget. In 1990, the Liberal Task Force on Housing produced a set of recommendations to address the housing problem stating that:

“The federal government has abandoned its responsibilities with regards to housing problems... The housing crisis is growing at an alarming rate and the government sits there and does nothing... The federal government’s role would be that of a partner working with other levels of government, and private and public housing groups. But leadership must come from one source; and a national



vision requires some national direction” (Joe Fontana and Paul Martin in Finding Room – Policy Options for a Canadian Rental Strategy; M. Schapcott and J.D. Hulchanski eds).

However, when the Liberals took power in 1993 the recommendations were never implemented. The government ended federal funding for new social housing, downloaded housing responsibilities to the provinces and commercialized many government operations including the CMHC. By the mid-2000s the Liberals had eliminated the \$42 billion deficit, recorded five consecutive budget surpluses, and paid down \$36 billion in national debt. Though the Liberals had come to be seen as fiscally prudent (CBC digital archives, 2006) Canada fell from the number one position on the Human Development Index, and balanced budgets became the standard political promise for all parties.

#### 4.5 Ontario’s Shift

In Ontario in 1995 the Progressive Conservatives came to power with a far more explicit ‘belt-tightening’ platform, and were voted in. In Ontario, in the midst of the recession of the 1990s, social assistance was cut 21.6% and was never since indexed to inflation (Herd, 2001). The rates for social assistance do not provide sufficient income for people to rent in the private market in most urban centers. The rates for disability in Ontario have those unable to work living on an annual income below the poverty line, and are incomes that most certainly place them in core housing need if they are not able to access rent-geared-to-income housing.

When the Ontario PCs came to power, they cancelled 17,000 new social housing units that were already approved for development (Crowe, 2006). In the longer-run the provincial government devolved social housing in 2001 via the Social Housing Reform Act (2000) such that municipalities are now responsible for social housing.



Figure 6. Protest against homelessness. From Toronto Disaster Relief Committee, <http://www.tdrc.net/>

#### 4.6 Summary of Outcomes

Over the preceding decades the United States and Canada saw what can be summarized as government withdrawal from *non-market* housing, including:

- a decline in incentives to build affordable rental housing, and a decline in the proportion of rental housing in general;
- a decline in social housing stock;
- a decline in capital grants to non-profit housing providers to build affordable housing;
- a decline in rental vacancy rates;
- a rise in housing need – as expressed through a worsening rent-to-income ratio

- a static income against inflation for the average worker and falling income for the poor;
- a weakening of unemployment, social security and disability benefits;
- deinstitutionalization without adequate community support;

On the other hand, both countries also saw greater government involvement in private markets for home ownerships through tax and regulatory policies and subsidies to real estate development. Despite some policy differences, governments in the US and Canada subsidized real estate booms for ownership housing, while neglecting purpose-built rental development and retreating from spending on non-market housing.

It is important to note, however, that inasmuch as they are seen to have caused many of today's woes, these policies were seen by decision-makers as solutions to the economic problems of the day. In Canada, the public saw results in paying down deficits and debts and enjoyed general prosperity. Insofar as the problem was defined narrowly, the solutions were seen to have worked to drive productivity, growth in overall wealth and jobs. The general public tacitly supported the shift of government away from having a role in the economy that addressed market inefficiency and equity. The alternatives were also feared, sustaining large government programs and involvement in the economy, high taxation to finance them, and losing the investment competition in global free trade leading to low productivity, growth and unemployment with high deficits and debt. The policy norms were entrenched. Housing policy, on the other hand, faced retrenchment (Dalton, 2009).

### **Household Economics in the 21<sup>st</sup> Century**

Economic growth in industrialized countries over the past several years has depended even more on private consumption. The minimum cost of living has risen while incomes of the poorest have fallen. The supply of consumer goods has kept rising while the incomes of the middle class remain stagnant. The supply of money has risen through greater availability of credit. The trend has been that the state has tightened its spending. On the other hand households have had to raise their spending if economies were to grow. Households are counted on to provide consumer confidence by spending their money, but households rarely qualify for a bailout when they are over-leveraged. This moral hazard is present in the form of 'bail-outs' for lenders and investors who count on consumer confidence to in order to see returns from economic growth.

Canadians currently have the highest debt-to-income ratio in history. Low-income workers are particularly vulnerable, and in the first decade of the 21<sup>st</sup> century we have seen “dramatic growth in the debt-income ratio among households in the first income quintile, who are likely more sensitive to rising interest rates and negative income shocks” (Meh et. al, 2009, pg. 15). Since the beginning of the recession, unpaid credit card bills have skyrocketed to record levels (The Toronto Star, 2009, July 3). Risk and responsibility has been downloaded through the levels of government and from government to households, but it has been downloaded without real gains in capacity and capital. The outcome is a household level balance sheet problem for the average working family, greater poverty for the most vulnerable, and weaker social services.

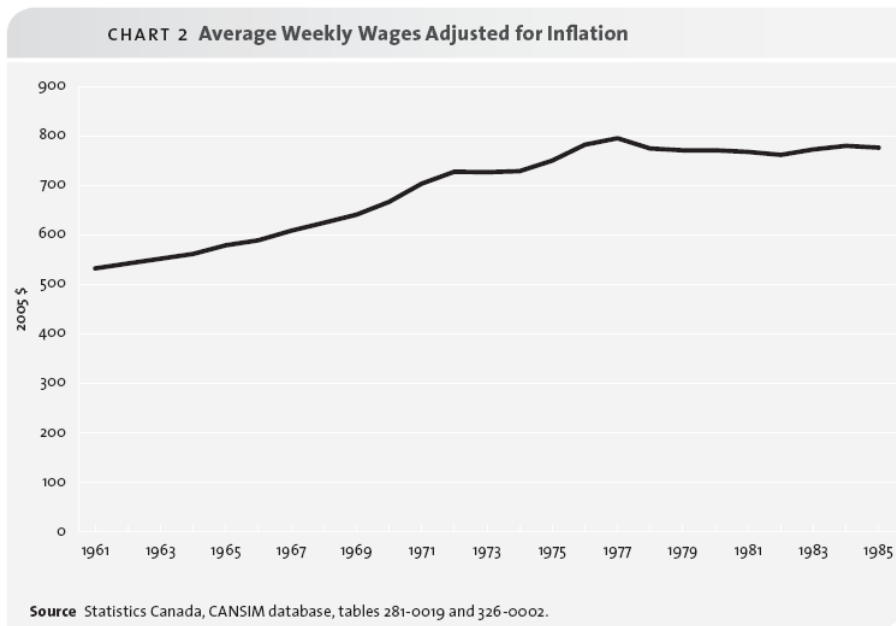


Figure 7. Average weekly wages adjusted for inflation, Statistics Canada.

The average person has no more money available for housing, and low-income people have less. Housing is less affordable as well. During the recession of the 1990s, weak income and higher social welfare caseloads explained increases in severe and moderate affordability problems (Pomeroy, 2001). During the growth period following incomes recovered unequally. Higher income earners moved into ownership housing and the median income of renters fell (Pomeroy, 2001).

Demand for rental housing

outstripped supply pushing rents up with an average increase of 25% between 1996 and 2000. Rent has increased faster than inflation in the 21<sup>st</sup> century with diminishing delivery of new rental units (Shapcott, 2009). Home ownership affordability declined rapidly with the housing boom from 2005. With the 2009 recession, affordability has been restored to pre-boom levels but still represents a gap with regard to average household incomes (RBC Economics, 2009). Moreover, the contradiction is clear – when prices rebound, owners and particularly sellers rejoice while affordability diminishes for buyers. With the recession, weak income, unemployment and rising social welfare caseloads we see that weak demand may again reflect and reinforce unaffordability.

The problem has been rooted in growing inequality over recent decades, manifested by ineffective demand due to recession as well as weak supply despite growth. Core housing need and severe affordability problems have increased and fallen with social welfare caseloads and people reliant on transfers are most likely experience severe affordability problems (Pomeroy, 2001). This last problem is in large part structural since social assistance recipients receive shelter allowances well below what is funded as affordable housing, the shelter allowance is more than 50% of the assistance, and any money earned is deducted from assistance. Thus, receiving social welfare assistance almost certainly means having a severe housing affordability problem. Following the logic of Quigley and Raphael's (2000) indicators of homelessness, the rise in homelessness in the past two decades is explained by the rise in the price for housing, and the decline in money low-income households have available for housing.

Homelessness and severe affordability problems are a major impediment to health; affordable housing is a social determinant of health (Bryant, 2003). Without upstream approaches to community health and affordable housing, downstream costs are higher. The economic argument has been used to support programs such as the Inner City Health Initiative in Ottawa, providing in-shelter harm reduction, convalescence and palliative care to Ottawa's homeless. Many view the cost argument as a more effective means to garner broad-based support for affordable housing policies (Arnold, 2004).



Figure 7. Painting of homelessness in Winter. From Montreal Simon (pending permissions).

<http://montrealsimon.blogspot.com/>

The economic argument favoured advocates for community living for people with mental health and developmental disabilities from the 1970s. Deinstitutionalization – the closing of institutions that housed these individuals, was carried out as an international norm throughout developed countries and. It was led by civil society while governments saw the value in folding costly government institutions (Kendrick, 2000). However, neither the gains in quality of life, equity or dollars can be realized without adequate community supports. Canada's long-term users of homeless shelters are people with mental illness, people with addictions and quite commonly with concurrent disorders (addiction and mental illness). If we can call this process 'shelterization', it has also led to re-institutionalization in jails. Quigley and Raphael explain that:

“...the decline in mental hospital populations has occurred concurrently with stark increases in prison and jail populations. Moreover, it is reported that the incidence of mental illness among prison and jail inmates is considerably higher than that for the non-institutional population, suggesting that the de-institutionalized mentally ill have been re-institutionalized in prisons and jails.” (Quigley and Raphael, 2001, pg. 326).

Without adequate community investment, spending on emergency services, hospital care, jail, treatment and other services that respond to preventable harm erodes any savings to government achieved through deinstitutionalization. The argument has been frequently been made that homelessness costs more to government than financing non-market housing solutions (Wellesley Institute, 2006).

### 5.1 2009 Recession and Stimulus

With the US at the centre of the financial and economic recession Ontario's economy has been particularly hard hit. About 60% of Canadian trade to the United States is from Ontario. Six months into the crisis, Ontario's unemployment rate reached 11.4% (May 2009; Statistics Canada), the highest in 15 years. Labour income in Canada dropped 0.7% in the first quarter of 2009. The Ontario Works (OW - Ontario's welfare program) caseload grew an average of 23.42% across the province during the

first four months of 2009. Loss of income from middle to low-income earners could result in higher demand and tighten the lower end of the housing market further, and hence more households in core housing need and more homelessness could result from this recession.

With the crisis-generated federal budget of 2009, “Canada’s Economic Action Plan”, we are seeing the first investment at this scale from the federal government in social and affordable housing since 1993. The stimulus provides one-time funding for renovations and energy retrofits for existing social housing and construction of social housing for seniors and people with disabilities. The budget provides incentives for home ownership (Department of Finance Canada, 2009). Ontario’s Budget 2009 reflects the priorities initiated by the federal government through cost-sharing. In addition, Ontario will provide stable funding to rent-banks that help renters avoid evictions. In terms of income supports, the Federal government has extended the number of weeks one can remain on employment insurance. Ontario has very slightly raised allowances for social and disability assistance by 2% (Ontario Ministry of Finance, 2009).

The goal of the current short-term shift to stimulus is to ‘get the economy moving again’. Prior to the economic crisis, however, there was no apparent opening for significant policy change, no apparent horizon for addressing affordability in housing, housing insecurity and ending homelessness. Accordingly housing advocates are calling for long-term strategies to build upon the stimulus not least to avoid a potential withdrawal of funding beyond the two year stimulus program.

The author discussed the issues of the crisis, recession and stimulus with over twenty informants involved in housing from a variety of perspectives. The following reports on how they saw things unfolding during the summer of 2009.

## **6. Interview results**

Results are presented here according to the themes that emerged from research questions, and new categories formed on the basis of interview data. Information from background research is included with data from interviews.

### **6.1 Implementation of the Stimulus Budget.**

Informants all agreed that the primary goal of the stimulus is job creation in the context of the crisis and recession. *Canada’s Economic Action Plan* adds a one-time investment of \$2 billion to the pre-existing Canada-Ontario Affordable Housing Program program begun under the Liberal government in 2003 and extended by the Conservative government in 2006 to commit \$1.9 billion over five years (Government of Canada, 2009). The province of Ontario has matched the federal contribution to the province of \$662 million, meaning \$1.2 billion is allocated to be spent over two years. The funding in Ontario breaks down as follows:

- \$704 million to repair social housing units and make them more energy efficient;

- \$365 million to create new affordable housing for low-income seniors and persons with disabilities; and
- \$175 million to extend the Canada-Ontario Affordable Housing Program
- In addition, the allowable funding per unit increased from \$70,000 to \$120,000

The housing portion of the stimulus is expected to create 23,000 jobs in Ontario (Ministry of Municipal Affairs and Housing, 2009). Some informants questioned whether it would create ‘good projects’, particularly with the fast pace demanded by the program. Despite the fact that the motivation behind the stimulus was not directly a concern for affordable housing, most informants felt that good projects would come out of it. The determination to make it work was expressed throughout.

### 6.1.1 New Affordable Housing in Ottawa

Interviews began in the midst of project announcements in the City of Ottawa. The author attended a press conference by elected members of federal and provincial governments under the banner of *Canada’s Economic Action Plan*. Two new affordable housing projects in Ottawa financed through the cost-shared Canada-Ontario Affordable Housing Partnership (AHP) were announced. These include:

- Merivale Road - 61 affordable housing units through Shepherd’s of Good Hope in partnership with the Canadian Mental Health Association (CMHA) and Ottawa Inner City Health Inc. (OICHI).
- Beaver Barracks - 248 new affordable housing units through Centretown Citizens Ottawa Corporation (CCOC).

Discussion on the Ottawa projects was with municipal and provincial officials from the Ottawa areas. Unfortunately, informants could not be contacted in time at CCOC. Three further informants from a large private nonprofit agency providing a range of services including supportive and affordable housing provided in Toronto provided further perspective on the stimulus spending.

The Merivale Road Project is among the 33 new ‘quick start’ projects underway in Ontario as a direct result of the stimulus funding requirement (Ministry of Municipal Affairs and Housing, 2009). The provincial respondents said that these were announcements in funding that are unprecedented. The MPP felt that the Merivale Rd. project was a great example of good use of stimulus. It was easily converted to a low price point and people are expected to be able to move in by winter. Conversions have a lower cost and quick turnaround. The provincial MPP commented that the NIMBY (Not in My Backyard) issue had arisen with the Shepherd’s/Inner City/CMHA project, and that they were both working with municipal councilors and planning to hold a Town Hall meeting to raise awareness about it. The MPP also saw the importance of new builds and was grateful to see new disability-accessible affordable housing stock coming through the Beaver Barracks project. Municipal informants explained that the Beaver Barracks project is five years in the making, with construction to begin this year. Thus, though the project likely received ongoing funding this year it was one that had been approved prior to the stimulus budget.

### 6.1.2 The 3 month shovel-ready rule:

The 3 month shovel-ready rule is one of the changes to the AHP for the one-time additional funding under *Canada's Economic Action Plan* (the stimulus funding), and the most controversial. The rule requires that a project be ready for construction or renovation within 3-months of approval. The time-frame for the application to approval process is very tight. The federal budget was announced at the end of January, but municipalities had to wait for the province of Ontario to announce its commitment to allocate its share of the financing and put out the call for proposals.

As interviews began in July, informants at the municipality stated they had only just received the rules. As projects are approved, they are contingent on providers signing an attestation that work can begin within three months and be completed within the two years/ by March 31<sup>st</sup>, 2011. With projects signed off in early July, this leaves only one construction season left in the fall and the summer of 2010 to complete. However half of the money is meant to be spent this year.

If projects are not completed by the deadline, the attestation allows the government to retract funding. By contrast, the Beaver Barracks project was prepared to be shovel-ready over the last five years. Moreover, the additional funding is for 'bricks and mortar', it does not add capacity to municipalities to implement these projects. According to informants, the City of Ottawa has been shedding staff in general and in housing over the last three years. The stimulus may add one staff person temporarily at best.

One informant indicated that this rule incurred some risk to providers. The cost to prepare a project was estimated by the informant to be \$250,000 in planning. Thus, if an attempt to go for the pot of new money did not succeed at any point before construction was to begin this was lost money to the consultants, providers and others who participated in the planning. Further, if construction is started there is the risk that funding could be retracted if it is not completed on time.

This risk, however, may be shared with higher levels of government and so it may be visibly and politically awkward withdraw funding and leave projects half-complete. The most significant factor of the three-month rule is that it is likely to eliminate any new proposal from being created on the basis of the funding announcement. It means projects that were already 'in the pipeline' - that is being prepared already to compete with many others for expected or hoped-for funding from AHP - are likely to be funded. The non-profit informants all reported 'lucky timing' in the stimulus to be of key significance to them.

One informant felt at the same time that a five-year term with more planning would deliver better results, but felt on the other hand that both the city and province were normally too risk-averse. From a practical standpoint, the 3 month shovel-ready rule was problematic for those closest to the implementation process, providers and municipal managers:

"From a delivery perspective, to pump out a lot of projects really fast, I don't see the benefit. You could do a lot more with the same amount of money with longer timelines."

"3 months is completely ridiculous."

“I won’t bite the hand that feeds me, but it’s a crazy way to do things.”

Municipalities are adapting, but often not in ways that were seen as ideal. For instance the issuing of phased building permits was necessary given the short-time frame. Phased permits are not desirable and never issued under normal circumstance since there is no utility in a building that is half-constructed. Informants also stated that the rules were muddier. There was concern about the emphasis on ‘bricks and mortar’ and the lack of planning in this process and the lack of resources to planning in general. Some were concerned also about unhealthy competition among cities with the large amount of money being spent so quickly. Without planning, the long-term concerns of healthy cities, neighborhoods and integration of services may be compromised:

“Cities are competing with each other, there is no plan.”

“We waste money when we don’t put time into real planning.”

Even less ideal and leaving those on the implementation side scrambling, however, was the lack of funding in previous years. This year meant a vast change in activity from previous years, from complacency with the expectation of no new builds to ‘running around like crazy’. Cities and providers were frustrated with the way priorities were being set in a reactionary fashion. They have been chronically underfunded and stripped of capacity over several years, and suddenly money was being shoved towards them too quickly and without a framework.

The provincial MPP felt that the quick pace was rooted in the nature of the economic situation and in political realities – at the federal level there is always an election around the corner and the government has to show results. The informant felt that the public appetite for this level of spending is rare and is tied to the economic crisis; in essence it was necessary to move quickly because of the opportunity this appetite provided. The MPP had conducted pre-budget consultations to share information about the deficit-spending and to gauge the level of public support for it. The support was there but it is not known how long the public will continue to accept it, particularly if there are not visible results for employment and projects underway.

The three-month shovel ready rule is politically interesting for other reasons. As a result of downloading, the Federation of Canadian Municipalities has been growing in its advocacy on infrastructure issues including housing. When it became clear that a stimulus budget was likely, the FCM produced a list of shovel-ready projects to ensure that there would be a sufficient allocation of new spending. The federal government came back with the budget and the three-month rule. One informant describes this as ‘calling FCM’s bluff’. The skepticism from other informants seems to be that federal government is bluffing again with allocations that are unlikely to be spent. However, the province of Ontario has called the bluff by matching the cost-share to allocate the maximum in Ontario. Perhaps, they are bluffing as well, however municipal and provincial informants stated that there was considerable will to spend all of the money, and wisely. Providers are also ‘rising to the challenge’. If in fact, this is a series of political bluffs, the interviews demonstrate that there appears to be a great deal of will in the sector to call them all and see that money is spent well.

### **6.1.3 Will the money be spent?**

Some informants were concerned that the 3-month shovel-ready rule was designed to ensure that less money would actually be spent than was allocated. This has been a frequent criticism of previous AHP programs along with the fact that many provinces did not match federal funding leaving it unused.

In this case, however, Ontario immediately matched the federal contribution with the maximum commitment. There is \$2 billion available in low-cost loans available to municipalities for housing-related infrastructure as well. Moreover, it appears as though the concern to create jobs is real, especially in Ontario. Job numbers are not expected to recover quickly even with the stimulus fully spent. A balanced budget is not possible, and a slightly smaller deficit at the expense of housing projects not implemented will not please anyone, especially when projects go unimplemented while people need work. Thus, while some informants were skeptical about the intent of the rule and the outcome, others felt political realities were a push towards realized spending.

Some informants were concerned that practically speaking there would not be sufficient projects that were shovel-ready because of the low expectations of funding in recent years. Whether the sheer scale of a shift from almost no funding to spending \$1.2 billion in Ontario in two years is attainable is unclear. Some informants felt that there was a risk of money being spent unwisely. However, it will not be for a lack of trying in the sector to do the best they can. Provinces and municipalities are in high gear to try and make it happen.

### **6.1.4 Energy Efficiency**

The energy retrofit portion of the Federal and Ontario budgets is relatively small in comparison with the money for new builds and for repairs. However, built into the Ontario budget is an early deadline for new builds to meet the 2012 Ontario Energy Efficiency building codes. New projects involving purchases of existing buildings for renovation to affordable housing units will also have to meet the new codes. A welcome reprieve in the federal budget was the raising of the per unit limit for funding from \$70,000 to \$120,000 and informants said that this was essential in being able cover extra costs in building to the new codes. The author was not able to directly interview anyone involved in a retrofit project.

In general, however, 'green is in' according to informants. There are many sources of funding, private and public, and it is non-controversial to support. If a provider was in the position to replace appliances, for instance, they were likely to purchase energy efficient ones as it would reduce occupancy costs. One municipal official felt that in general energy efficiency renovations would be implemented if providers saw improvements to the bottom-line and had the capital to invest. However, repairs for health and safety were highly urgent needs that are first priority according to many informants.

This round of stimulus funding focuses on job creation, repairs and new builds. With the early enforcement of the 2012 codes and the general 'green' trend, energy efficiency aspect of the stimulus has to be looked at in a broader context. Non-profits and cooperatives have been ahead of the trend,

and new projects such as Beaver Barracks are expected to exceed the energy efficiency codes and display state of the art green, affordable housing construction. Based on from the interviews, observation and literature, some developers in Toronto and Ottawa are already among many ‘third sector’ providers that have earned strong reputations for their leadership in community-based and progressive affordable housing programs. However, with the backlog of safety and health priorities for repair and the fact that green retrofits and building are still very recent trends, there is still much work to do to see a conservation impact on the whole. In the long-run, energy efficiency investments are likely to pay off in reduced operational costs.

### **6.1.5 Senior’s and Disability Housing**

Early comment on the stimulus budget expressed concern that with the allocations to seniors and those with disabilities, many people were being left out and that no funding was allocated to the millions of Canadian households who are precariously housed and do not belong to the groups specified. No money has been budgeted for urban Aboriginals or for transitional supports to house the homeless, for example (Shapcott, 2009).

Informants indicated however, that there is room for flexibility in the process. One informant stated that ‘the projects that work bend the rules’. It seems that the 3-month shovel-ready rule remains the most important factor and the projects ‘in the pipeline’ that could meet this rule could be made to fit the program. Rules on disability are more flexible as well. Indeed, the Shepherd’s of Good Hope project is an example of the overlap in providing transitional supports to the homeless which also is a sufficient fit for disability and senior’s housing. There is concern however, that new units of housing last for a long time while funding for supportive programs run on two-year cycles.

### **6.1.6 Affordable versus Social Housing**

There was discussion from informants about the difference between affordable and social housing. There has been both a shift in terminology and the structure of programs but it is often difficult to separate the two. In terms of buildings, social housing is likely to refer to existing stock of buildings where some portion – often 100% - of the units are rent-g geared-to-income (RGI). These are projects built in earlier days, were 100% financed originally by provincial and federal governments with the stock passed down to provinces and then to municipal non-profit housing corporations. Social housing may also refer to any arrangement between government, the household and the landlord where the household pays RGI. Households on social housing wait-lists may get into social housing proper or other housing where any difference between the rent and RGI is made up through rent supplements. Demand for participating in rent supplement programs has been low from private for-profit landlords and is more common in non-profit affordable housing.

Affordable housing can be as flexible as to refer to buildings where highest rent is Average Market Rent (AMR) or below. The AHP funding itself can provide grants to providers of affordable housing, but only funds units that are below market rent (BMR) at a maximum of 80% of AMR. From the supply side, affordable housing programs are the more recent model, where governments provide capital grants delivered at the municipal level with agreements to provide affordable rents and units that are eligible for supplemented RGI housing for those on the waiting list. One informant felt that current

programs divert money away from social housing. Private developers could use subsidies but end up delivering average market rent units in the long-run.

### 6.1.7 Rent Supplements Not Included in Stimulus – The mismatch

A key problem identified by some informants is that the amount of rent supplements is already inadequate to fill need. Moreover, although the AHP provides funding under the affordable housing model this is not social housing where the landlord is the city and the household pays rent-geared-to-income while the government picks up the difference in occupancy cost and maintenance. In Ottawa, for example, the maximum allowable subsidy for a project receiving AHP funding is \$662 for a one-bedroom apartment.

This generates some confusion over whether the goals of the AHP create a mismatch between affordable rents and what the target group can afford. The AHP suggests that rent supplements can be applied but funding under the AHP and the stimulus does not include them and the municipality reports that they have no increase in supplements available. Therefore, more affordable housing units are being added without an increase in availability to those on the wait list for social housing. This concern had been raised by one of the expert informants with regards to affordable housing rules and generated the following analysis. The quotations below are taken from the AHP project guidelines.

The AHP extension to 2009 program rules stipulate that new units have to be set to at most 80% of average market rent and;

*"Strong Community Rent Supplements and other existing rent supplement program funding can be applied to an AHP-funded unit";*

For seniors; *'To qualify as low income, the household must be on, or eligible to be on, a social housing waiting list.'*

For people with disabilities: *"SMs are encouraged to consider the special needs of fixed-income households, such as those on Ontario Works (OW) or the Ontario Disability Support Program (ODSP). Lower rents should be offered to match the affordability needs of low-income seniors and persons with disabilities."*

From the policy review and data search, the median income for unattached seniors is \$20,800 (National Seniors Council, 2009), so the RGI works out to under \$500 for low-income households. People with disabilities on the social housing wait list are those with a fixed income from Ontario Disability Support Program with a maximum shelter allowance is \$454 (ODSP, 2009).

That left the author with an unanswered question of whether affordable housing built under the AHP guidelines would actually be affordable to the target population. If on the social housing wait-list, they would qualify for rent supplements, but if there could only be movement on the list if more rent supplements are provided. According the Social Housing Registry – Ottawa (2009) "If you are selected and choose to accept a Below Market Rent unit you will be allowed to retain your application for rent-geared-to-income housing on the centralized waiting list."

Other concerns were whether the units would last as affordable, depending on the nature of the rules and enforcement. A provider receiving a capital grant for affordable housing could end up providing unaffordable housing after 10 years depending on the contract. Another informant felt that governments were trying to get rid of the RGI system. According to this informant, the hope with switching to providing capital grants has been that affordable housing projects would become self-sufficient in the long-run. This has not been the case, however, largely because of the fact that income doesn't match occupancy cost and ongoing supplements are needed even for below market rents.

### **6.1.8 Prepared to Repair**

In 2007, the City of Ottawa conducted a study on the existing stock of housing as well as housing needs. This allowed the City to centralize the social housing wait list which numbers roughly 10,000. It also meant that Ottawa is well-prepared to spend the repair money allocated. Informants at the City commended the leadership at the time, and felt that such research and planning was a point of strength at the city. However recent staff reductions had seen an erosion in expertise that had led to the very preparedness the City needed to roll out stimulus spending. The study was done with only the hope but not the expectation that funding would become available to meet the needs. Informants felt that the knowledge paid off with the timing of the stimulus money, and it indicated that more resources should be allocated for this kind of research and planning. Clearly, the unpredictably and shortage of funding to implement on the basis of planning and research had required leadership and foresight to plan anyway. In addition, the shortage and lack of expectation of funding had left the city less prepared to respond to the call for new builds than it was in terms of repairs.

### **6.1.9 Common Theme - A 'drop in the bucket' compared to need.**

In the words of one informant, housing repairs 'either get done, or don't get done'. Where they get done, the provider has often had to pick up the shortfall. Though prepared with an understanding of the need to implement repairs, even the repair money will fall short of meeting the backlog in repairs in Ottawa. Informants at the City maintained that the largest housing provider, the municipal non-profit Ottawa Community Housing Corporation, required roughly \$200 million in repairs for its stock. The stimulus budget would provide \$36 million for the entire city.

In terms of the need for new supply of affordable housing, informants unanimously agreed that 'we'll get a few good projects' but that it would be a drop in the bucket relative to need. The City of Ottawa's assessment of need led to establishing targets of 500 new units per year. Until this year, no units were being built although the 248-unit Beaver Barracks project had been in the planning stages with construction to start this year even without the stimulus. The estimate from city staff in the interview was that 350 new units would be established over the two-year stimulus period. This is still less than 20% of the needs-based target and is 350 out of 5000 called for in the City's 10 year plan. In Toronto, one provider reported the biggest challenge for them in building new housing was in obtaining the land. Provincial respondents were encouraged by action to convert 'brownfields' deserted (and potentially contaminated) land formerly occupied by industry. This would have environmental benefits and free up land for affordable housing.

The overall message was that new units of supportive, transitional and affordable housing in Ontario are a drop in the bucket against a need that has built during decades of decline throughout

Canada. But they are a step in the right direction from next to zero.

#### **6.1.10 Risk of Pushback**

One of the concerns cited by many informants was the risk of pushback – a reaction of cutting budgets in future years as a result of deficits created now. According to one expert, the funding would barely make a dent in the need but it comes with a large deficit. He stated that although difficult to avoid, much of the deficit has been swallowed up by the auto-bailout. Nonetheless, the entire spending program underway could suffer what has happened in the past when governments initially tried to spend their way out of recessions but then reverted to austerity. This is precisely what happened during the recession of the 1990s with cuts to income assistance and social programs in general under the Ontario PC government, and a complete halt to funding new social housing from the province. That response as part of the larger trend is cited as the key reason Ontario has had some of the lowest income assistance and lowest funding to affordable housing in Canada and perhaps why Canada has performed badly on both measures in comparison with other OECD countries (OECD, 2008).

The sector is quite naturally concerned with the risk of pushback but there is some hope that lessons have been learned about the consequences of austerity as a way of fighting deficits in the past. It remains to be seen whether global economic conditions and policy from the United States and IMF will favour austerity. In addition, the build-up of evidence and advocacy over the past 10 years will be difficult to push back. Given the influence of ‘inter-mestic’ factors on the past and present, the general directions taken by other G8 nations and in particular the United States are clearly important to watch. This was emphasized by many of the informants. The civil society economist and one of the housing experts related the concern about ‘push-back’ to the current situation in wealthy California where the government is bankrupt and is making cuts that will retract services for the poor in several domains such as education and health. The state government will not raise taxes.

The fact that the current funding is a one-off with a set end date is a concern along with whether there will be enough financing to maintain the new and existing stock. Other worries were whether the affordability of the AHP program’s units would be protected over the long-term. An enormous concern is the lack of a plan for dealing with ‘step-outs’ - housing programs on 35-year contracts that will expire over the next two decades that are a potential longer-term funding reductions.

#### **6.1.11 A view from the health sector**

One informant reported the same during a radio interview on the subject of new supportive housing units made available with funding support from the Ontario Ministry of Health and Long-Term Care. The informant estimated the need to be roughly 1000 people who fit the criteria for the program within the LHIN. Currently, the three year program from the Ministry will provide 1000 units of housing with supports for people battling addiction for the entire Province of Ontario (Champlain LHIN, 2009). As a parallel to devolution in housing to municipalities, the informant felt that the flexibility of LHIN to respond to local needs was constrained by lack of capital. The lack of affordable housing and supports puts pressure on hospitals and it makes sense for the health system to focus on this issue.

The informant felt the stimulus was too high on the scale of bricks and mortar. They felt that this is why the health care system is falling apart: that there is too much focus on expensive infrastructure such as MRI's, hospitals and mega-projects. It is better to 'think small and local' and to put more emphasis on community. The informant estimated that at a more local scale there would be around 120 staying in hospital that could be home if there were adequate affordable housing and supports. It is more effective to focus on personal support workers and community and social service workers than training more doctors and nurses. In terms of the role the health sector can play in change, they reported that health professionals give voice to a public health approach to community infrastructure and housing but these were also powerful professional groups that continue to focus on tertiary health care to promote their interests. Nevertheless, the movement in addictions and in mental health towards affordable housing was felt to be an encouraging step in the right direction.

### 6.2 The Recession

The recession Canada has entered now is a global one but clearly the recession in the U.S. has been deeper and longer. According to the civil society economist, the recession in the United States started in 2007 whereas Canada officially entered recession in late 2008 with the financial crisis. Given our U.S. trade-based economy, Ontario has been struggling for the longer period as well. Based on data and informant responses the recession is significant to housing in the following ways:

- 1) **Income and Unemployment:** There is a fall in income or greater income insecurity for the working poor, and an increase in demand for social services, as reported anecdotally by providers and based on increased unemployment and OW (Ontario Works – social welfare income support) caseloads.

Informants pointed out that social housing provides stability to individuals and helps them gain employment in the first place, and resume employment after a loss. As compared to people living paycheque to paycheque in housing need, those with housing stability can rebound and will suffer less of the social and economic fallout of job loss.

One of the expert informants cautioned against making too direct a link between unemployment and housing outcomes. Many who have lost long-term well-paid jobs will be able to buffer losses with the gains made through the job security they had including home ownership in general and even full equity on their homes. According to the expert, the exception to this may be those who got into the condominium market in the last 3 or 4 years with the condo boom and no-money-down mortgages, particularly younger families. With a slump in condominiums, these families could see their equity to debt ratio worsen and have

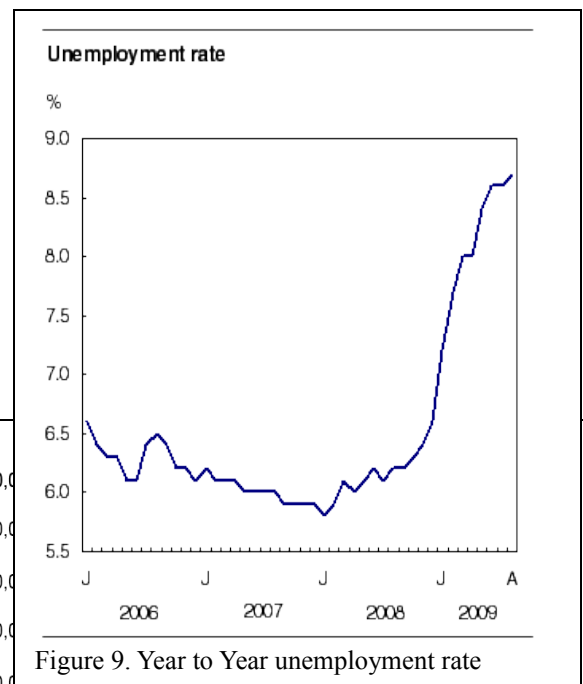


Figure 9. Year to Year unemployment rate

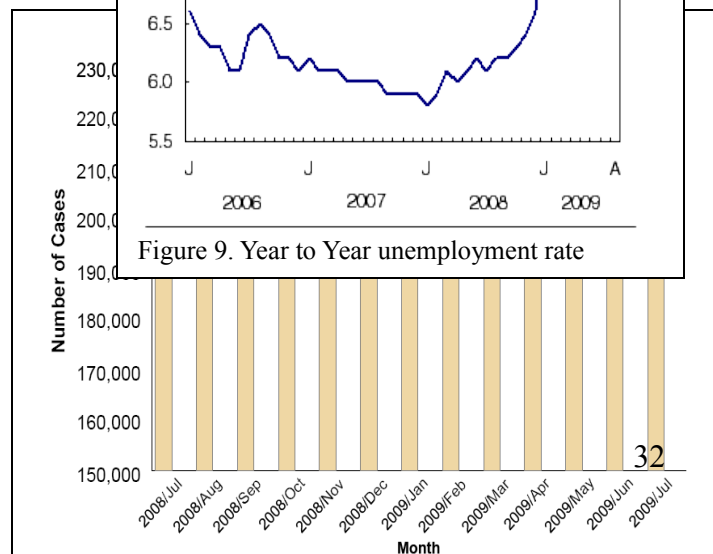


Figure 10. Rise in Ontario Works Caseload during recession.

difficulty selling.

For those with little income security who are not in social housing and already experiencing moderate to severe affordability problems, job loss can be significant. The informant from the LHIN reinforced the point that employment is a determinant of health, that there is plenty of evidence job loss is significant contributor to need for health services which is likely to worsen in a recession.

Respondents at a Toronto provider reported a 30% increase to the drop-in program where primarily clients are street-involved. The drop-in clients also held employment in jobs such as flyer delivery, which prior to the recession there was little competition for. For them, the recession has meant that people displaced from their primary employment have sought out these jobs to replace income. The provider has a small food program as well and for the first time has had to turn people away due to high demand. The agency's employment services has seen steepening job competition and at the time of the interview, no offset yet from the stimulus spending. They reported that job prospects for youth were in very bad shape at 25% unemployment. Another informant mentioned that in comparison to the last recession that resulted in cutbacks, the response this time is better.

With regards to the signs of recovery, the bank economist felt that it would not be sustainable without job recovery. Without it, consumer spending will remain low and it may be a long time before we see consumer spending return to previous levels. In the last major recession it took nearly a decade for employment to return to pre-recession levels. More secure full-time jobs have been lost in this recession and these take longer to recover (Yalnizyan, 2009).

The increase in OW caseloads could put pressure on municipal budgets, and will also be difficult for those now earning the very low assistance rate. Social housing providers receive only \$90 for shelter for people on OW. For people moving from jobs to employment insurance, their rent contributions will decrease along with the reduction in income. For those paying RGI to landlords who receive supplements from the city, those supplements will increase proportionally. If people move from EI to OW, the municipality will pick up the most of the tab for housing along with 80% of the assistance cheque. However, it is expected that people in social housing will be better able to recover from job loss and gain new employment. The impact of the recession on RGI and rent supplements on municipal budgets will not be seen for 18 months. Mandated capital reserves for social housing providers along with RGI and rent supplements cannot be cut by law so they are safe. However the municipal budget on the whole may be under pressure.

2) **Homelessness:** There is an evidence of an increase in homelessness as suggested by increased shelter counts.

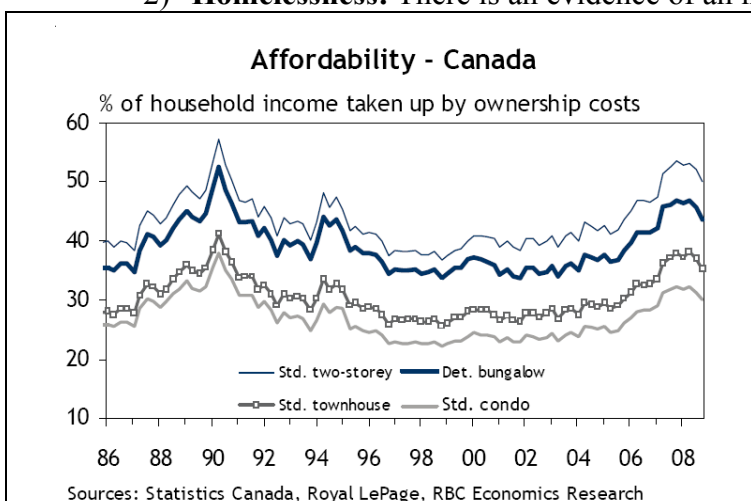


Figure 11. Affordability index Canada in RBC Economics (2009)

The informant from the Homelessness Partnering Secretariat (HPS) expressed concerns over the recession and reported that definitely there is an increase in demand for social services. Though figures for core housing need are not scheduled to be reported until 2011, it is felt intuitively that job loss would increase core housing need and make those already in need

more vulnerable to homelessness. The informant stated that all of the cities that have done shelter counts over the winter - Vancouver, Edmonton, Calgary and Toronto - all showed an increase. Service agencies have expressed concern to HPS about the effects of the recession on vulnerable populations. Increases in shelter visits also mean increases in the number of turn-aways. Many of these figures will be recorded in the next Homelessness Report Card. An informant from a non-profit that serves the homeless also felt that despite new housing homelessness was likely to increase over the course of the downturn.

3) **Affordability** - There is a slight improvement in affordability indicators.

The Royal Bank of Canada's (RBC) affordability gap index for home ownership improved in every Canadian city until mid-summer, driven by leveling off of prices and low interest rates for mortgages (RBC Economics Research, 2009). The economist informant from the private sector reiterated this point as one of the benefits of the recession. The improvement was not drastic enough to close the gap and the housing market has begun to rebound. However, the very low mortgage rate remains for the time being.

Although CMHC's spring rental report showed a slight increase in overall vacancy rates in Ontario (CMHC, 2009e), according to one informant the pressure on income is creating more demand and lower vacancy at the affordable end of the market. Some centers have experienced a longer downturn with manufacturing job loss over several years and have very slack rental markets. Windsor, for instance, has a very high rental vacancy rate (CMHC 2009e) but there is still a social housing wait list of 1,587 (Canadian Business, 2009).

4) **Major Gifts Endangered** - Private non-profits that rely on philanthropy risk losses.

Particularly where larger non-profits have major gifts programs, there may be some loss of donations due to the impact of the financial crisis on donors' investments. This was raised as an issue by one informant but the author did not verify this directly. CBC News (2008, Nov. 10) has reported on this problem of the recession.

5) **Political Reality Shifts** - The recession creates political and economic reasons for government action.

The provincial MPP felt that the recession created an opportunity to give voice to progressive policies in order to make the argument that the government does have a role in the economy. It pushed governments to move toward infrastructure spending, the federal Conservatives had not run on this as part of their policy platform. It was also seen as significant that for the first time community infrastructure is a priority area. In terms of the recession, the respondent felt that it was critical to look south of the border. Ontario's economy is heavily based on trade with the United States, and will also be influenced by the policy change occurring with the Obama administration.

The civil society economist interviewed also felt that the jobs economy in Ontario was closely linked to the United States. This reflects regionally specific impacts both in terms of the depth and kinds of impacts on the Canadian economy. For example the dollar was over-par and this has been hurting Canada's manufacturing exports along with the decline in demand from the U.S. economy.

There is concern that as the global recession recovers there will be a rapid rise in energy prices once again putting the energy-exporting parts of the country ahead and hurting the rest of Canada's exports. The informant also felt that demographic pressures would force greater public investment in socially-assisted housing and that socially-assisted housing made for greater stability in the face of job loss. Housing takes a significant component of income for consumption and removes it from the market. This informant viewed housing policy as linked to economic policy, income and wealth redistribution, family formation, and achieving greater equality in society. Another demographic affected by affordability is the next generation, as households wait longer and have fewer children if any at all, if they feel they can't afford to house them. The economist felt that we are currently seeing an enormous squeeze on the lower end of middle-income families.

A Provincial respondent also felt that the recovery would take longer in Ontario and that conditions in the United States would be critical. Along with peers, s/he felt that with the downturn and the stimulus in response it was an interesting time to discuss affordable housing. These discussions are underway in Ontario with the provincial housing consultations. Given the longer recovery expected for Ontario, the respondents felt there was a need and rationale for Ontario to focus on infrastructure over a longer period.

Municipal respondents also pointed out that the new work is added to the ongoing priorities of the housing branch. One of the major policy gaps has been in meeting needs of family housing and it has been difficult to find affordable units such as townhouses for low-income families. And the ongoing top priority is simply preserving and maintaining the existing stock of housing.

### **6.3 Financial Crisis**

It was clear to most respondents that the recession and stimulus funding came as a direct result of the financial crisis. This section deals with two questions – the role of housing-related policies as a cause of the financial crisis and their relation to the affordability problem, and the potential impact of the financial crisis on policy-making on both fronts in the future.

Informants were in general agreement that there has been a shift in the short-term to more Keynesian policies. Informants ranged from cautiously pessimistic to cautiously optimistic about long-term impacts on affordable housing. Most informants felt that the crisis created a chance to discuss the roles of government and markets. Interestingly, economists were the most confident in saying that the crisis would create a major shift in economic thinking. Informants were not yet sure however, how this would shape policies on affordable housing over the long-term.

The provincial MPP felt that in general there were many positives to globalization (referring to increased trade and communication), and pointed to the gains made by India and China. The crisis though, demonstrated its down-side and this was the first global recession affecting both developed and developing countries together. There would be a significant re-think of the economic model followed in recent history. Since the economic model has had so much influence on public policy this would translate to change – it will not be business as usual. One of the early lessons has been that less regulation does not translate into a better economy and countries with less regulation suffered more from the crisis. The provincial MPP felt that the current situation had stimulated new interest in housing and they too were treating the situation as an opportunity to push the housing agenda forward

along with the poverty reduction strategy in Ontario.

The bank economist also felt that better regulation in Canada mitigated the effects of the crisis with some provincial differences in prudent regulation. Our banking regulations prevented over-leveraging and since the crisis Canada has tightened its lending regulation requiring a minimum deposit. The informant felt that the entire global financial landscape would be changed along with the economics profession. They referred to the last thirty years as ‘post-Keynesian’ shift and that the model would move to a more centrist approach. The lesson has been in the importance of regulating markets. In terms of home ownership, the bank economist felt there needed to be complementarity between home ownership and rental approaches to housing. They felt it was good to encourage home ownership but that it is not in the reach of everyone. They felt that primarily getting the macroeconomic environment right as important – the economy needs to create jobs. Both economists felt that homeownership sector remains strong in Canada, and that the foreclosure problem was barely significant here as compared to the U.S.

The federal government MP felt that the sub-prime mortgage crisis had less to do with de-regulation as it had to do with the American approach to housing policy which by comparison is higher-risk, real-estate oriented, and more prone to treating houses as investment assets. This was a government-subsidized industry. Sub-prime lending was a cost-free solution for governments to the affordability problem in housing, particularly by underwriting subprime mortgages to disadvantaged groups. The MP felt that the treatment of home ownership as an investment vehicle was not universal. For instance it is much less common in the Maritime Provinces and worse in the United States. Policies that encourage home ownership as the main asset and investment vehicle were problematic. The MP felt that the role of government should not be directed towards helping those already doing well but towards those facing affordability problems. In terms of jurisdiction, they saw the federal government’s role in housing during the stimulus period as temporarily occupying what is constitutionally a provincial domain. The MP had interest in further discussions and had a great deal of respect for MPs from all parties but stated that partisanship made it difficult to arrive at intelligent policy.

The opposition MP felt that people are re-thinking a lot of things because of the financial crisis. It makes people ask fundamental questions and is an opportunity to come to grips with a number of public policy failures. There is an understanding that average people are affected and so there has to be a role for government. With regard to the stimulus they felt that lacking a long-term framework and national strategy it is difficult to tell what impact it will have but this period may give those efforts more traction. They felt that the housing movement had been building and is turning the corner. Change is incremental, however, and there is a lag between turning the advocacy corner and turning the corner on impact. They hoped to see real improvement in ten years.

The civil society economist drew direct relation to the irony of the stimulus for affordable housing, because the origin of the financial crisis was the affordability problem. The Bush administration and Congress’ answer to that problem was to ratchet up the importance of home ownership by removing obstacles to it. From the late 1990s to recently a series of changes in regulations were made to make it easier to borrow and get access to housing. The economist felt it was politically convenient to point the finger at Wall St., but argued that one cannot analyze the problem without looking at housing and the laws governing it – specifically issues like no-recourse mortgages

and mortgage-interest deductibility. The U.S. tax code creates a powerful incentive to mortgage a property or at least a disincentive to reduce mortgage debt as in other jurisdictions (like Canada). On the question of the challenge to the economic orthodoxy the informant made even stronger points:

‘From global economics perspective – the market-fixation in the US had a major impact on IMF-World Bank policymaking. Now, the Washington Consensus has collapsed. The policies that Bretton Woods are implementing now, are opposite to what was done in the past. The ideological underpinnings underneath the trashing of social housing programs don’t exist anymore. The same sort of worldview that informs financial deregulation, Milton Friedman, that whole structure had one thing going for it, it was coherent. When it collapses, it’s not just a part. It calls into assumption about the way the housing market works on rational expectations. The idea was, if you leave it alone, enough affordable housing will trickle down that we don’t need to worry about affordability.’

One of the housing experts was cautiously pessimistic. The expert conceded that there was opportunity but that it may or may not lead to change. They stated that there was no evidence of a shift in the track record of the two major parties in Canada that have held power. The expert felt that political power rested with homeowners who are in the majority, have higher income and whose vote was better represented in our electoral system. The recession was not having a great impact on them and those that it was affecting were already hurting.

Another housing expert felt that social policy issues were emerging as important again. They felt that the neo-liberal approach of leaving it to the market had already been repeatedly challenged but this challenge was stronger and had broader implications. The evidence, they felt, had been there for a long time and was now staring us in the face. The respondent felt that for change to occur people would have to rediscover collective self-interest over private self-interest as with climate change and transportation. Both experts pointed to European relative successes on housing as compared to Canada, one major difference being taxation tolerance. The informant explained that people assume that tax phobia is a constant that has always been with us but it has only really been present in the last 15 years of recent history. Canada historically has followed the trends of the United States in terms of expansion of government, initially during the Kennedy-Johnson era and the moving the other way when Reagan was elected. This respondent also felt that events in the United States were influential to the path that Ontarians take, such as President Obama’s efforts to reform health care, which has incredible symbolism for the role people feel that government has in their lives.

One Provincial respondent felt that the crisis stimulates philosophical questions around equity in terms who pays for what. Provincial respondents and some municipal respondents drew attention to the shift from collective to individual responsibility and rights. The paradigm may shift again in the future by economic necessity. Many respondents were less willing to speculate on the long-term impacts of the crisis itself saying it is too early to tell. In addition, longer trends were seen by many as more critical to the future of housing than the impacts of the crisis, which was a long way from being answered. The provincial MPP and respondents from the Province were very pleased to be putting forward Ontario’s provincial housing consultations at this time.

The respondent from the housing advocacy organization felt that we were not quite there in seeing a huge window for change but they are definitely making the argument and treating it as one.

What they saw as promising was that the timing of a real move towards developing a national vision for housing occurs during a time of increased spending, and this provides a different context. When funding is actually flowing towards affordable housing, it gives a better sense of it being reasonable to think about strategy.

Municipal informants felt that the stimulus put social and affordable housing more on the radar, making Council and the public more aware of housing issues. The recession sees more people affected by housing affordability issues but with the stimulus new construction and renovation allows people to see what can be done. The change stimulated by the crisis ‘shakes people’ out of complacency.

## **6.4 Standing Issues, Recommendations and Long-Term Change**

Respondents were asked about their perspective on longer-term policy implications for affordable housing in Canada and Ontario. These were related to the questions of the moment, the crisis, recession and stimulus. Many interview discussions followed longer trends and standing issues however, and these informed much of the background in this paper. It should be noted that many respondents placed greater emphasis on these longer trends and standing issues in terms of gauging the direction of future housing policy than on the current situation of economic crisis, stimulus and recession. As a whole, interview responses allow us to take the long and short-run views together in order to look out the future of affordable housing. Respondents were also asked what recommendations they had going forward.

Some interviews suggested that a new phase of affordable housing has emerged in the last 10 years. Since the late 1990s, advocacy organizations began mobilizing around the growing problem of homelessness and developed the National Homelessness Network. By 1998, municipalities were leading the charge, declaring homelessness a national disaster. By December, 1999, the Government of Canada announced its National Homelessness Strategy (National Homelessness Initiative, no date), and from 2000, the federal government began providing funding to address homelessness through the Supporting Community Partnerships Initiatives. This led to 62 community-based programs in Canadian cities that develop local planning around homelessness including transitional housing and moving towards the Housing First model borrowed from the United States. By 2003, the Federal government had created a short-term affordable housing initiative, the Affordable Housing Partnership (AHP), allocating \$1 billion over five years that required provinces and territories to match in order to fund actual projects. The program was extended by the Liberal minority government in 2005 and by the Conservative minority after 2006 until the stimulus budget. The Conservatives also extended the funding initiated by the Liberals to the Homelessness Partnering Initiative (HPI) and SCPI.

However, there was never adequate supply of affordable housing, and homelessness continued to rise. The informant from HPI reported that what they have heard from partners is that there is not enough investment towards addressing homelessness. In addition, rent supplements and shelter allowances were not sufficient and social housing wait-lists for RGI housing grew. Because new housing units were of varying amounts of market and below-market rents, they couldn’t translate into RGI for many people without supplements and shelter allowances through disability and welfare were well below these rents. The move toward inclusive housing even has had mixed results for those most in need even during the period of strong investment from the 1970s to the early 1980s. In a Parliamentary Research Report in 1999, Patrice Begin reported that:

“One of the consequences of the income-integrated projects, however, was that two-thirds to three-quarters of the housing went to middle-income families while many families in need were not accommodated.” (Begin, 1999, no page #).

Another critical problem raised by many informants was that Canada’s data on housing needs was considered poor. Many felt that core housing need was an abstract aggregation and that we needed more sensitive disaggregated data on housing need and a better understanding of urban environments. The Three Cities of Toronto report was given as an example of the kinds of information that is generally missing. One informant stated that Canada does a terrible job compared to others on providing housing data. For instance we lack an accurate shelter count and we do not know the precise number of affordable housing/social housing units in Canada. This was attributed to the CMHC being whittled down under successive governments from the 1980s to the present.

The recent period of housing policy has not been all negative, however. The informant from the housing advocacy organization described how the changed landscape for funding meant that non-profits had to become more entrepreneurial, and that in recent years non-profits were leading the way in terms of knowledge and skill in construction of affordable and greener housing. In addition, many informants pointed to increased learning, knowledge and evidence with regard to an understanding of affordable housing and homelessness. Coalitions and networks developed around the push to address homelessness. Organizations are much more connected and communications technology has been a very useful tool though still with a long way to go. The health sector has also become more involved in housing with the recognition of housing as a social determinant of health. We are seeing plans coming out rapidly at municipal level, and now some provinces are developing plans as well. Unfortunately, the frequent complaint among informants is that much of the knowledge gained has yet to be translated into policy and funding priorities to scale and from higher levels of government.

## 7. Conclusion and Recommendations

### **7.1 Recommendation #1 - Develop a national long-term strategy for housing.**

One of the major drawbacks that limits the impact of the significant funding made available through the stimulus and identified consistently by informants has been the absence of a framework or national housing policy and a comprehensive strategy for the long-term. Recently, a Private Member’s Bill for a National Housing Strategy passed second reading in the House of Commons. According to many advocates, Canada is the only country in the industrialized world without a national housing strategy. The most consistent recommendation in the interviews, frequently stated as the top priority addressing the most significant gap, was the need for a long-term national strategy for affordable housing in Canada. Informants repeatedly spoke of the shortcomings of operating without a framework and without a plan. In addition informants recommended that:

- the strategy should be developed at all levels of government
- we need a clear framework for infrastructure in general – how buildings fit in with other

- buildings, transportation, services, city growth and neighbourhood characteristics
- We need to have more predictable funding programs over a longer period – five years is better than two, for example.
  - There was a caution that governments often fail to follow through on long-term strategies because of politicization. On the other hand, it was suggested from the same informant that Crown Corporations are a good place to situate long-term planning as they are insulated from politicization.

Given the nature of interviews, it was difficult to gather a descriptive picture of the many other recommendations. In addition, the author was impressed by the range and quality of recommendations made at the Ontario provincial consultations by various stakeholders, particularly tenants. Most recommendations are also covered in several reports published over the last decade and recommendations from all three political party members were backed by evidence. Policy recommendations have begun to address both supply and demand dimensions of affordable housing, and include a better system of social assistance that removes work disincentives and provides adequate money for shelter, a better rental housing system in Canada (Hulchanski and Shapcott eds., 2004) and an effective response to homelessness. Together, these elements could help furnish a foundation for a comprehensive housing strategy supported by stakeholders from financial, business, health, non-profit and municipal sectors and tenant organizations (Pomeroy, 2001, Hulchanski and Shapcott eds, 2004).

Despite differing views over the role of the federal government, there is consensus that provinces need to provide leadership and that participation from the ground up is essential. Given the level of knowledge and capacity that exists from ordinary people all the way to Canada's leading experts, there appears little doubt that Canadians have the knowledge and capacity to develop a successful housing strategy if given the platform.

## **7.2 Addressing Homelessness - Creating Re-Housing Processes**

- **Reverse de-housing processes that create homelessness**

Hulchanski (2009) has argued that homelessness is the result of preventable de-housing processes being introduced into the Canadian housing system. This has discussed through this paper and a national housing strategy together with good economic policy are directed towards these ends. However, because homelessness has become so prevalent in Canada in recent decades, the future of Canadian housing policy will require the prevention of homelessness through understanding and addressing those processes and it will require the creation of successful *re-housing* processes.

- **Create re-housing processes that promote stability over time and are tailored to an understanding of the diversity of the people who are homeless.**

Re-housing will require understanding of the people who are homeless. Many of the lessons on re-housing as well as on sustainable affordable housing are best delivered by those touched directly by homelessness.

The author worked between 2002 and 2006 in one of the programs now receiving stimulus funding, the Managed Alcohol Program at Ottawa Inner City Health. During that time as a group the

clients met the expectations the staff and directors such that decreased the use of ambulance and emergency room services, and the number of calls to police, stays in detention and court appearances. However, to the surprise of staff, the clients kept moving forward beyond this point. They established rules and responsibilities for themselves and even requested an anger management program which they then continued after its initial mandate. The MAP program is now moving the stable group that is ready for residential living to the Merivale road building, a hotel purchased and renovated by the Shepherd's of Good Hope under the stimulus funding.

Several interviews offered several insights into the impact of de-housing processes on people's lives. Everyone needs to contribute to society and homelessness deprives people of that. Recovery from homelessness is a process. We have learned much about the trajectory into homelessness and we are just beginning to learn about the trajectory out. People arrive at city shelters from a variety of backgrounds. They leave relationships and often abusive ones; they reach the end of their couch-surfing opportunities; they are discharged from institutions or hospital; they 'age-out' of child welfare services or are kicked out of their homes; they leave jail; they migrate from rural areas or Northern Canada; they choose shelters over dangerous rooming houses; or they have been evicted. Further, some are new to Canada as immigrants or refugees, some rise early to pick up temporary work to save for a place of their own, some have lost everything through gambling, drinking or drugging, some have severe mental illness and many have severe addiction and mental illness. Despite the diversity in how people arrive at homelessness, they have much in common. They have little or no access to capital. They have few or none of the supports that prevent most of us from becoming homeless, and they are largely excluded from the job market because they lack job skills or their illness or addiction stands in the way. Once homeless, they are in a situation that reduces their ability to cope with mental illness and addiction and offers few opportunities to overcome employment barriers. Shelter allowances are too low and rents are too high. The only affordable accommodations are often predatory landlords and substandard rooming houses. They quite often face discrimination and find it difficult to access the secondary rental market and retirement homes. The social housing wait list is years-long and the waiting lists for addiction treatment are too long, and many programs will treat concurrent disorders of mental illness and addiction. People have little power, and are vulnerable to abuse of power by other shelter residents, staff, police, health providers and management.

Re-housing will require a variety of transitional and supportive housing approaches tailored to what works for communities and individuals. Providing scattered units would work for some who are trying to stabilize, and this would also work within the inclusive model for creating mixed communities. Other models, such as the Portland Hotel Society in Vancouver provide housing support with a minimum of rules and work better for the hardest to house. Bridges Place at the Shepherd's of Good Hope provides communal housing for women who benefit from the power of peers and community. There needs to flexibility therefore in providing a range of models. Stability allows people to change over time, and one informant who has worked for over a decade with this population described that even she was surprised at how long it took.

### **7.3 Bottom-Up: Toward Good Economic Policy**

- **Use 'wasted money' in the economic crisis to resource much needed investments in social, community and green infrastructure.**

The economic crisis and recession open space for discussing the economic arguments for affordable housing where such debate has been constrained by the general trend towards austerity. However, the current economic climate also permits governments to expand the money supply without risk of harmful inflation, particularly if it is directed towards improving the well-being of the poorest. This has been recommended by leading economists (Krugman, 2009, Cooper 2008, DRG, 2009, Yalnizyan, 2009). In ‘the origins of Financial Crisis’, Cooper (2008, pgs 167-168) even recommends unleashing the ‘Inflation Monster’ by using the printing press to pay off debt as a form of redistribution as the best short-term response while working at long-term solutions for financial stability. Inflation will benefit the most direct recipient of new money and direct transfers to the poorest are the most efficient means of stimulus. The argument is that the economic crisis opens monetary space and that the Bank of Canada and the federal government should seize this opportunity to make much needed investments.

- **Introduce better social programs: Make more money available to the poorest.**

Research into the lessons learned from economic crises suggests that improved direct transfers to the poorest are not only the most ethically defensible response but the best economic one. The World Bank Development Research Group (DRG) argues that transfers to the poorest represent the best stimulus for aggregate demand, since they are most likely to use that money to spend on things that they need.

The World Bank Development Research Group argues that unhealthy subsidies can be replaced by improvements to the social safety net in reaction to crisis:

“the social policy response must provide rapid income support to those in most need, giving highest on the poorest amongst those affected, while preserving the key physical and human assets of poor people and their communities.” (DRG, 2009, pg. 24-25).

The DRG argues that apart from the need to direct transfers to households in need, a crisis creates an opportunity for better social programs. Canada’s housing stimulus has been described as a ‘drop in the bucket’ as compared to need. To achieve ‘good economic policy’ on housing (TD Bank, 2003) many elements are still missing. In particular, there is an acute problem of weak income supports that has received particularly widespread acknowledgement in Ontario since they were cut in the mid-1990s. These have not been addressed in the stimulus.

- **Index shelter allowances to the maximum allowable rent designated in affordable housing programs.**

Recall the argument here that the basic economic problem that has been occurring across the continuum is that households do not have enough money and housing is too expensive. For the target population of the stimulus program for new affordable housing in Ontario, people on disabilities and low-income seniors on the social housing wait-lists, there is a mismatch between shelter allowances and affordable BMR rent (at 80% of AMR). This mismatch creates inefficiency and inequity since these individuals can only afford affordable housing with rent supplements provided by municipalities, available to some but not all.

A solution to this problem is to index shelter allowances to the BMR rents set out by affordable

housing programs. Thus, the poorest among Canadians who are on fixed incomes can afford 'affordable housing'. This would eliminate the need to manage rent supplements and it would create demand for new supply of housing in this price range. It would also improve the sustainability of rent-gear-to-income housing by increasing the minimum rent earned from tenants who receive shelter allowances. As social assistance is uploaded to the provincial level this creates a far better situation for municipal housing programs. Despite unprecedented levels of funding the current supply measures have been consistently described by informant as a 'drop in the bucket' next to the need. This is a bucket that supply measures cannot fill. A guaranteed, portable shelter allowance available to people on assistance and people who are working and in core housing need are what is needed to make the size of the bucket manageable with regard to investment in supply.

Current levels of affordable housing supply would likely be adequate for straightforward improvements to the shelter allowance program as described above. There would be an incentive for governments to boost rental supply as needed through incentives to purpose-built rental development or through intervention with capital grants to non-profit providers. Governments would have incentive to promote healthy rental markets since rent inflation would increase their outlays to shelter allowances. That would also mean that rental housing in general would be more affordable and there would be less pressure for households to own before they can afford ownership. Such a system would create stabilization in the market for the largest consumer good while creating greater efficiency and stable stimulus for the housing industry.

- **Direct capital from the bottom-up:**

Putting these arguments together, it is recommended that money flow on the demand side first and from the ground up. First, income supports for households shelter need to be improved. Then money needs to be invested in community infrastructure including the provision of adequate supply of affordable housing and supports. Moving up, municipalities need to have greater capacity to respond to housing needs. This can be achieved through continuing the uploading of disability and social assistance including shelter allowances and exploration of alternatives for revenue generation as suggested by some (TD Bank, 2003). Provinces need a partnership with the federal government to restore financing to scale in terms of social and disability assistance and affordable housing supply.

Research can be ground up as well. Participatory research with low-income people living in various housing situations will be very useful in identifying what works and what does not in non-market housing solutions. As recommended by many informants, a better system for compiling and assessing disaggregated data about people and the housing and neighborhoods they live should be considered a core responsibility of government and essential to outcomes for efficiency and equity in public spending on affordable housing.

In terms of addressing addictions, mental illness, employability barriers, adequate funding to preventative, community-based programs will always deliver better results in quality of life and in cost, in contrast to the alternative of higher use of emergency rooms, hospitals, treatment centers, and use of police services, courts and jails. There are two ways to address the shortage of health professionals. The first is to train more health professionals and the second is to train more personal support, social service and community workers on the front lines. Without the latter, the former approach will always cost more without being able to keep up with the demand. Without resolving the economic

determinants of homelessness, however, more community-based programs will be needed to serve the homeless rather than the housed. Street-involvement requires long-term approaches in terms of creating situations where people can regain stability starting with housing. Preventing chronic homelessness and street-involvement from being entrenched in someone's life is equally valuable as creating the opportunities to stabilize and recover from it.

Similarly, without improving income supports for shelter, simply building more supply of affordable housing will not entirely meet the social housing and homeless populations' needs. It is impossible to determine the right level of investment from government in supply and ongoing maintenance of affordable housing when we do not know how many housing and homelessness problems arise purely from inadequate income for housing people already have or could obtain.

- **Seize the Day – The economic crisis, recession and stimulus are an opportunity to move forward the discussion of the role of government in the economy.**

The primary challenge of the global economic crisis to policymakers is the way we have conceived of the role of government in the economy. The notion that markets are most efficient when left alone and that the only direction for government's role in the economy is to reduce or remove it can no longer hold sway without critical thinking about whether it is true. This is an argument that has become so normative that the impression has been created that it represents the view of orthodox economics. If one were to turn to the most conventional source for an answer to this basic question, a good candidate would be the most widely used first-year macroeconomics textbook in North America. According to 'Principle #7' of the Ten Principles of Economics in 'Principles of Macroeconomics – Third Canadian Edition' *there are two broad reasons for a government to intervene in the economy, to promote efficiency and to promote equity*'. (Mankiw, Kneebone, McKenzie, Rowe, 2006, pg. 11). With the recognition that the globe is an economy of finite resources, a role in sustainability can be added to equity and efficiency. These basic principles should serve post-crisis policymakers well in conceptualizing the role of government in the economy for the 21<sup>st</sup> century.

The value for government in acting to meet their legal and ethical obligations are found both in efficiency of the use of taxpayer's dollars and in the argument from equity. Whereas the economic paradigm of recent decades has increased inequity in the name of efficiency, we are seeing more evidence that inequity breeds inefficiency all the time. The same can be said for unsustainable models for finance and for day to day consumption in the 21<sup>st</sup> century. Energy efficiency improvements require forward-looking investment now in order to realize returns later on that benefit both the bottom-line and the planet. During the recent period of growth, national governments were constrained by the perceived costs of government action to market efficiency and economic competitiveness. These perceptions may have helped bring about this recession but in any case, there are strong arguments all around for government to make-up the infrastructure deficit during a recession and for a permanent return of a stabilizing role for government that promotes efficiency, equity and sustainability.

#### **7.4 Can we spare some change?**

Barbara Carroll's review of Canadian housing policy in 2000 concluded that at that time we had entered a period of inertia in Canadian housing policy. She stated that change required the presence of broad advocacy coalitions and a trigger, neither of which were present at the time of writing.

“We do not consider the current phase of inattention to be a change. Rather, it is characterized by the absence of an impetus for change. Whether there is a need to take action on housing is not the question; the question is when, if ever, will some coalition between social, economic, and governmental interests become sufficiently committed and powerful to trigger changes in housing policy at either the provincial or federal level” (Carroll, 2000, pg. 292).

Arguably, the two preconditions for change that were absent in 2000 are present today. Advocacy coalitions have been building for a decade and are in a far stronger position than in 2000. Not only is the trigger there, the rationale for taking action has never been more salient. The financial crisis opens up space for expansion of the money supply through infrastructure, better social programs and assistance to the poorest. The affordability crisis and the financial crisis together call for a shift to more conventional roles for the government in equity and efficiency in the economy, a restoration of basic principles of adequate housing for all, the meeting of human rights obligations and efforts to match responsibility with capacity each levels from the household to the federal government. The homelessness disaster calls for a return to the convention that a household is composed of people that are housed. The financial crisis signals the need for more moderate dependence on consumption, more conventional household finances with less debt and greater savings, more conventional lending and conservative and healthy housing markets with balanced subsidized between rental, ownership and non-market housing. The lesson is also about the need for greater flexibility in balancing government budgets over the long-term to realize gains from infrastructure investments, for governments to assume responsibility for public goods so that firms and individuals can freely and fairly pursue private interests.

Together with these traditional roles for government is the new consensus on the critical need to address environmental, natural resource and energy sustainability as well as the climate crisis and the need to address international and global determinants of economic, social and ecological well-being. In each case there is the basic logic that strength in economic fundamentals is consistent with strength of long-term social and environmental sustainability. The evidence is in that inequity and market excess present a bad trade-off of short-term gain in return for long-term pain for national societies and for humanity.

One of the permanent fixtures of the domestic economy is housing, but we have witnessed the damage that an unsustainable housing system can do in a world of global finance as the US experience has shown. The knowledge exists in Canada to develop sustainable affordable housing for all and to lead on the global stage. We know that evidence-based strategy and action toward this goal represents sound economic policy. The shifts signaled by the global economic crisis are not radical new departures from convention. Rather, it is more likely that history will view the recent policy history that led to the crisis as exceptional.

## **APPENDIX A - Interview Guides**

### **Interview Guide – Municipal Policy-makers**

1. What changes have you seen this year in the social housing portfolio at City of \_\_\_\_\_
  - a. As a result of the financial crisis and economic effects (eg, unemployment)?
  - b. As a result of stimulus spending?
2. What have been challenges and opportunities in implementing projects funded through the stimulus package? Has new money been accessed?
3. Has the emphasis on energy efficiency shifted priorities at the City? How has the City worked in the priorities placed on senior's and disability housing in the budget? How is the City addressing populations not specified?
4. What do you believe the long-term impact of the recession and stimulus on affordable and social housing policy and planning in \_\_\_\_\_ will be?
5. Has this new situation enable more and better communication across levels of government with regard to housing policy?

6. In your view, is the stimulus budget responsive to what we know (policy research and recommendations)? Is it responsive to the experience of those ‘on the ground’ (responsible for implementation)?
7. What can be learned from this stimulus budget? What would your recommendations be for future federal and provincial policy on social housing?

### **Interview Guide – Provincial Policy-makers**

1. What impact has the financial crisis and federal stimulus budget had on policy, spending and planning for affordable housing in Ontario?
2. What have been the challenges and opportunities in implementing housing policy in Ontario this year? How has this been different from previous years?
3. What impact will the emphasis on energy efficient housing have on the housing stock in Ontario? What impact will the emphasis on seniors and disability housing be? How will policy-makers at the province address the needs of populations not specified in this budget?
4. What do you believe the long-term impact of the recession and stimulus on affordable and social housing policy and planning in Ontario will be?
5. Has this new situation enable more and better communication across levels of government with regard to housing policy?
6. In your opinion, does the federal stimulus budget reflect what we know (policy research and recommendations)? How well does it connect with what those ‘on the ground’ (implementing housing in Ontario) have been saying is needed?
7. What can be learned from this stimulus budget? What recommendations do you have for future policy and spending in housing from the Federal Government?

### **Interview Guide – Federal Policy-makers**

1. What impact will the financial crisis have on affordable housing in Canada?
2. What are the main goals of the housing portion of the stimulus budget?
3. What challenges have there been in implementing the budget? What effects are expected from the emphasis on energy efficiency? On seniors and disability housing?
4. Has the new investment in housing enabled more and better communication across levels of government on housing policy?
5. What may be the long-term impacts of the financial crisis and the stimulus budget be on affordable housing in Canada? On homelessness and core housing need?

6. What can be learned from this experience? What recommendations do you have for future investments in housing, and addressing homelessness and core need?

**Interview Guide – Economists**

1. What impact will the financial crisis have on affordable housing in Canada? How will the stimulus budget (particularly housing) affect outcomes?
2. What effect will the changes to EI federally, and social assistance and disability in Ontario have?
3. Does the stimulus budget reflect advice from housing economists (such as TD Bank report)? How well does this budget reflect current thinking about how countries should respond to the crisis?
4. What are the long-term prospects for homelessness, core housing need and affordable housing? Have they changed as a result of crisis, recession and stimulus?
5. Does this crisis represent an opportunity for better economic policy on housing to take hold?
6. What recommendations do you have for future budgets and for housing policy in Canada going forward?

**Interview Guide – Social Housing Providers**

1. How has your organization been able to provide sustainable social housing in Ontario?
2. Has your organization been able to respond to demand?
3. Have you observed any effects of the financial crisis in terms of what you do (eg unemployment)?
4. Are there opportunities for you as a provider to meet more social housing need as a result of either the stimulus budget, or economic conditions of the recession?
5. Has the stimulus budget ‘stimulated’ more discussion around improving social housing, or affordable housing in general? Has it created opportunities for more and better communication with levels of government? Has it created confusion?
6. What long-term impacts of this recession and stimulus budgets do you see on the horizon?
7. What recommendations do you have for future spending and housing policy?

