



Building the Future

Public Policy Considerations for Affordable Housing in Canada

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Seizing the opportunities and effectively addressing the challenges facing Canada's big cities is critical to both economic prosperity and quality of life in Canada. The Canada West Foundation's *Western Cities Project* has been providing timely and accessible information about urban issues since 2000. The project is focused on six western Canadian urban areas (Vancouver, Calgary, Edmonton, Regina, Saskatoon and Winnipeg) but it speaks to issues that affect urban areas across Canada.

Core funding for the *Western Cities Project* has been provided by the Cities of Vancouver, Calgary, Edmonton, Regina, Saskatoon and Winnipeg.

In 2000, the Canada West Foundation partnered with the Alberta Real Estate Foundation to produce a report entitled *A Roof Over Our Heads: Affordable Housing and Urban Growth in Western Canada* by Dr. Shannon Orr. The report provides additional information on affordable housing policy options and can be downloaded at no charge from the Canada West Foundation's website or by following this link: <http://www.cwf.ca/V2/cnt/5dc30bc11a98806b87256bd5005c7a02.php>

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Introduction

The need for more affordable housing is becoming increasingly evident in many Canadian cities, large and small. In some cases, affordable housing is required to house low income wage earners, people with disabilities, or university students. In other cases, affordable housing is needed to house growing numbers of homeless persons, seniors, or seasonal workers.

The affordable housing issue is not new. However, growing demand, a scarcity of supply and a sense of urgency are elevating the issue on the public agenda, and affordable housing has emerged as one of the greatest public policy challenges facing Canadian communities. The factors contributing to the growing demand for affordable housing include the rise in housing costs (both home ownership and rental prices), the general rise in the cost of living (e.g., utilities, food and transportation), record low vacancy rates, and the growing gap between high and low wage earners. The scarcity of supply is explained by condominium conversions, a lack of new rental units being built, funding cuts to government programs, neighbourhood gentrification, and urban population growth. Cumulatively, these factors are putting a lot of strain on Canadian housing.

Addressing affordable housing shortfalls and meeting the needs of individuals and families are key issues in many communities across Canada. However, identifying the need for affordable housing is just a first step. In order to effectively meet the affordable housing needs in a community, a number of considerations must be taken into account. Ten of these considerations are presented below.

1. *Communities must identify and clarify the type(s) of affordable housing required.*

Affordable housing is an umbrella term that is used to describe a number of different types of housing. Affordable housing can include emergency and shelter beds, transitional housing, supportive housing, social housing, affordable or subsidized rental units, and affordable home ownership.

Affordable housing means many things to many different people. In the same conversation, one person may be talking about affordable rental units for seniors while another person may be talking about supportive housing for people with addictions. It is important that communities identify and clarify which types of housing are required, and recognize that a “one-size-fits-all” solution will not work.

2. *Communities must take a two-pronged approach to meet the growing demand for affordable housing: i) new construction; and ii) maintaining existing forms of affordable housing.*

Affordable housing must be considered in two ways. First, communities must ensure the construction—be it public and/or private—of new affordable housing units to meet the needs of a particular group. Second, communities must focus on the maintenance of existing affordable housing options in communities; this may include limiting condo conversions, allowing for secondary suites, and maintaining single room occupancy accommodations. The loss of existing affordable housing options in communities is fuelling the rise in the number of individuals and families in need of affordable housing.

Although new construction may be required in communities, the costs of these initiatives make it unlikely that a community will be able to meet all of their affordable housing needs with this approach. Therefore, new construction must be coupled with identifying the existing affordable housing options in a community and maintaining these options in order to sustain a diverse housing stock.

3. *Communities must recognize that, in many cases, “bricks and mortar” are not enough. The needs of the residents must be “built in.”*

People in need of affordable housing are diverse and include men, women, youth, seniors, families, long-time Canadians, and new immigrants. In some cases, people just need a roof over their heads, but in many circumstances social supports are required to help those with mental illness, a violent past, or suffering from an addiction.

To ensure the success of an affordable housing project and the success of the residents who live there, multidisciplinary needs assessments must be conducted to identify the supports that are required. Different people have different needs that must be met in order to ensure the success of the residents living in affordable housing. After all, affordable housing is not just about the building, it is about the people who will reside there. Housing alone will not address the complexity of the issues that some individuals face.

4. *Determining where affordable housing units should be located is critical.*

Determining the best location for affordable housing within a city should be based on the populations that the housing will serve, their needs, and the desired proximity and accessibility to other community services. Location may differ depending on the type of affordable housing that is needed. For example, affordable senior apartments need to be located in close proximity to health facilities, public transit, pharmacies, and grocery stores, whereas emergency shelters need to be located in areas that are most accessible (be it directly or by provided transportation) to their clients.

Decisions regarding location must evaluate if affordable housing should be concentrated into one development project, neighbourhood or area of the city (e.g., the downtown and inner city core), or if a more decentralized approach should be taken, where affordable housing is integrated throughout the city.

Both approaches have benefits and downfalls. The benefits of the more concentrated approach are that affordable housing can be located in close proximity to community and social services that may be required by residents, and there is the potential for less opposition from community residents if other affordable housing types are already located in the neighbourhood. The downfalls of this approach include the further isolation of individuals and families living in poverty, which would add to the social fragmentation in cities.

The benefits of the decentralized approach include better integration of residents into the larger community and the creation of socially inclusive neighbourhoods. However, the access to support services, community resources, and areas of employment may be more difficult due to increased travel times.

Regardless of which approach is taken, affordable housing is a shared responsibility across a city's communities and a diverse portfolio of options will require that affording housing is not concentrated in only one part of a city (i.e., a ghetto).

5. *Communities must identify and address barriers to affordable housing.*

A number of barriers could limit the establishment of affordable housing in cities. Two potential barriers that must be considered at the onset of any project are community opposition and a city's development regulations.

Community opposition can be powerful. The two concerns that frequently arise are the fear of crime and the potential for property values to decrease. The needs and concerns of the community must be heard, and community forums and other citizen engagement opportunities must be sought out. Ideally, community viewpoints should be heard early in the planning stages of a project, and in small sessions that allow for true dialogue. In some cases, it may be possible to address community concerns, but in other cases it simply may not. Broader community education and marketing may be required to ease the tension. Overall, working *with* communities is key.

City bylaws and development regulations can influence where and how an affordable housing project moves forward. In some cities, zoning restrictions and parking requirements have been problematic for affordable housing initiatives. In general, municipal bylaw officials should be engaged early on in the process to identify and work through potential limitations.

6. *Partnerships must be established.*

To meet the housing demand in Canadian communities, governments at all levels must work together and recognize that affordable housing is a shared government responsibility. There is a role for each order of government to play, although specific roles and responsibilities will need to be sorted out, particularly the issue of where the money will come from. As well, individual governments will need to ensure coordination and cooperation among their own departments and agencies.

However, developing and enhancing partnerships must go beyond government and should build on the existing relationships with local social service agencies that operate at the community level. These organizations work at the frontlines, are closest to the people, and are in a good position to identify the needs of the individuals and families that they work with. In some cases, the nonprofit sector is already providing affordable housing and related programming. Existing programs and initiatives must be recognized, aligned, and integrated into future plans. Overall, working positively with the local nonprofit community will be critical.

There is also the potential to establish new partnerships with the private sector in local communities. The private sector has a vested interest in creating sustainable communities. Ensuring a high quality of life and a diverse housing mix is important for businesses in order to attract and retain employees. If a city is viewed as unsafe or if housing is beyond the reach of employees, the private sector will have difficulty in attracting and retaining workers. In some cities, these types of partnerships have been established (Habitat For Humanity, for example), but new opportunities should be sought.

The federal, provincial, and municipal governments along with nonprofit organizations and the business sector must work together to establish clear affordable housing benchmarks and the strategy to achieve them. Then they must work together to execute the strategy. A lack of coordination and one-off efforts will undermine our response to the affordable housing challenge.

7. *Affordable housing is not just a job for government. The free market has an important role to play.*

There is a role for all three orders of government, the nonprofit sector, and the broader business community to play in ensuring the affordable housing needs of individuals and families are met. However, there is also a role for the free market to play.

Zoning and incentives are two examples of how the free market can be used to increase the affordable housing options in a community. Zoning can enable homeowners to turn their basements into a separate, rentable apartment (secondary suites). Secondary suites provide affordable rental units in a community and can help to make homeownership more affordable for first-time buyers or those on a fixed income. Furthermore, zoning can designate the number or percentage of affordable units that must be provided in new housing developments (high rise and lower density developments). Often called inclusionary zoning, this approach has been adopted in a number of communities in the United States.

Incentives are another option. Incentives can provide private developers with a tax deduction, reduction in development fees, or a density-bonus if they include a set number or percentage of affordable units into their developments. Density bonuses enable developers to build at a higher density than would be allowed otherwise. This means a greater number of units can be sold at market value, even with setting aside the required affordable units.

8. *Housing is both a supply and demand issue and public policies need to address both sides of the issue.*

There are two sides to affordable housing: supply and demand. The supply side requires governments, the nonprofit sector, and the private sector to consider how to build or create new affordable units and to determine where they should be located, who will be housed in the new units, and what needs must be addressed. Also, governments will need to identify ways to maintain the existing affordable housing stock in their cities. To maintain adequate units, governments will need to address the condition, potential conversion, and demolition of these units. The supply side attracts much of the attention.

On the other hand, the demand side will require governments to evaluate the growing gap between incomes and housing costs. Low incomes and fixed incomes have not kept pace with the rising cost of living and would require government intervention to reduce the demand side of problem. Potential demand side interventions could include education and skills training, employment opportunities, and adjustments to low income and fixed income levels such as the minimum wage, employment insurance, and social assistance. The affordable housing need will require a two-pronged approach that addresses both sides of the issue.

9. *Affordable housing requires long-term thinking.*

Affordable housing requires long-term planning, funding, and commitment. The need for affordable housing was not created overnight, nor will it be solved quickly. Meeting the needs of individuals and families will require a long-term approach and policy-makers must look beyond the ribbon-cutting ceremonies.

10.

Addressing the affordable housing challenge in Canada will cost money.

While there is much that can be done through creative public policy and innovative private sector action, executing a comprehensive affordable housing strategy will require additional tax dollars. It is time for Canadians and their governments to meet this challenge head on and ensure that all Canadians have a roof over their heads.

Conclusion

The need for affordable housing in Canadian cities is growing and is not going to go away on its own. Identifying the need for affordable housing is the first step toward helping those in need. However, there are a number of public policy considerations that must be thought through. *Building the Future* identifies some of the key considerations.

Housing that is both affordable and adequate (in terms of size and condition) can contribute positively to a city. The potential benefits include: social inclusion; economic well-being; positive health outcomes; stability for individuals and families; and long-term community savings (due to the fact that emergency services are expensive). The short-term capital costs of ensuring the housing needs of citizens are met must be balanced with the long-term benefits and potential savings.

Overall, maintaining and investing in a diverse stock of housing is critical to a city's future in terms of creating a high quality of life for all residents, fostering social integration, and building sustainable communities that remain sustainable over the long-term. Investing in affordable housing offers a number of potential benefits and, from a public policy stand point, just makes sense.

About the Canada West Foundation

Our Vision

A dynamic and prosperous West in a strong Canada.

Our Mission

A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces, the territories, and all Canadians.

Canada West Foundation is a registered Canadian charitable organization incorporated under federal charter (#11882 8698 RR 0001).

In 1970, the One Prairie Province Conference was held in Lethbridge, Alberta. Sponsored by the University of Lethbridge and the Lethbridge Herald, the conference received considerable attention from concerned citizens and community leaders. The consensus at the time was that research on the West (including BC and the Canadian North) should be expanded by a new organization. To fill this need, the Canada West Foundation was created under letters patent on December 31, 1970. Since that time, the Canada West Foundation has established itself as one of Canada's premier research institutes. Non-partisan, accessible research and active citizen engagement are hallmarks of the Foundation's past, present and future endeavours. These efforts are rooted in the belief that a strong West makes for a strong Canada.

More information can be found at www.cwf.ca.

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