

NHHN 2005:

Promises made, Promises betrayed



National report card grades federal housing effort as failure

HALIFAX (September 21, 2005) – **“Too much political spin, not enough truly affordable housing”**: That’s the verdict in the latest national housing report card released by the National Housing and Homelessness Network on the eve of the federal, provincial, territorial housing ministers’ meeting on September 22 and 23. The ministers are meeting at a remote, luxury resort in rural Nova Scotia as more than 1.7 million Canadians are suffering in a nation-wide affordable housing crisis and homelessness disaster. Exactly four years ago (September 19, 2000), federal, provincial and territorial housing ministers emerged from a national housing summit to proclaim, in the words of then-federal housing minister **Alfonso Gagliano**, “we have a working plan” to create more desperately-needed new affordable homes. Six weeks later, federal Liberals promised to fund up to 120,000 new affordable homes over four years. Four years on, Canada has **no comprehensive national housing strategy – just a loose patchwork of funding and programs** that has delivered just 10% of the new homes that were promised.

336 housing announcements, few new homes

“Federal, provincial and territorial housing ministers made an impressive 336 announcements since they signed the Affordable Housing Framework Agreement in 2001 and agreed to invest \$1.36 billion over five years,” says Michael Shapcott of the National Housing and Homelessness Network. “That’s a lot of political spin, but it hasn’t produced many new homes. Ministers have made promises, signed agreements, issued announcements and called press conferences. But they have failed to build new homes. That’s why the **National Housing and Homelessness Network has graded federal housing efforts over the past four years as a failure.**”

There is always **an uptick in the number of media releases** leading up to a housing ministers’ meeting. There have been 45 announcements in the three months leading up to the Nova Scotia meeting. There were a record 71 announcements in the three months leading up to the last housing ministers’ meeting in Gatineau in November of 2004. Bilateral housing deals signed by the federal, provincial and territorial governments require an annual audited financial statement and performance report, but almost no reliable information has been released. The best estimate from the National Housing and Homelessness Network is that less than 12,000 new homes – or 10% of the total promised – have actually been committed.

Ontario promised 46,332 new homes, but delivered only 63

The only province that has released independent information is Ontario, which issued three years of audited financial statements. Comparing audit numbers with announcements is revealing:

<i>Fiscal year ending</i>	Ontario promised: <i>(number of new homes announced by federal and Ontario governments)</i>	Ontario actually delivered: <i>(number of new homes committed as reported in audited statements)</i>
2002	9,800	22
2003	13,912	23
2004	22,620	18
Total	46,332	63

There are several reasons why Ontario has promised so much and delivered so little:

- federal and Ontario politicians have a habit of **re-announcing the same units again and again and again**. For instance, on August 31, 2005, the federal and Ontario governments signed an affordable housing memorandum. It was the 11th major announcement involving the same units, the third written agreement between the two levels of government on the same units and the second regional allocation of the same units.
- federal and Ontario politicians **confuse regional allocations with unit commitments**. A regional allocation means that some units are assigned to various regions. But it will be months or years before those units are tied to a particular project and construction can begin.
- Ontario politicians, like many of their counterparts in other parts of Canada, are **reluctant to commit matching provincial dollars**, which means that the federal funds have been stalled. Ontario will announce unit allocations, then assign the dollars to support those units to future budget years. That means that project commitment and construction is further delayed.

Entire sections of the country, including Ontario (the most populous province and the one with the largest homelessness disaster and affordable housing crisis) and the Atlantic provinces, have been left behind, with relatively few new homes built. Other parts of the country – notably British Columbia and Alberta – have seen the provinces cut their own housing spending and replace it with federal dollars. **Only Quebec has been able to achieve close to its target.**

Limited funding: Grade D

Federal Liberals announced plans on November 1, 2000, for a cost-shared housing program of \$1.36 billion (\$680 million each from federal and provinces / territories). Feds, provinces and territories signed Affordable Housing Framework Agreement on November 30, 2001, to implement plan.	Cost-sharing with provinces / territories has delayed roll-out almost everywhere except Quebec. <i>Toronto Star</i> (Nov. 2, 2000): “This \$680 million initiative is welcome and long overdue. Its success, however, is contingent on the participation of the provinces. Ontario's record does not inspire optimism.”
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<p>Provinces and territories signed individual bilateral housing deals with the feds, mostly during 2002 and 2003.</p>	<p>In fact, Ontario is just one of many provinces that fails to honour its commitment. And the federal government has consistently refused to use its powers under the accountability framework to by-pass unwilling provinces and territories and deal directly with municipalities and community-based housing providers.</p>
<p>The 2003 federal budget announced an additional \$320 million to top up the cost-shared affordable housing program.</p>	<p>To date, Alberta, New Brunswick, Nova Scotia, Saskatchewan, British Columbia and Quebec have signed phase two agreements. Ontario, which never implemented phase one, has leapfrogged into phase two. The delays in rolling out phase one and phase two are cited by federal politicians as an excuse for refusing to commit additional housing dollars.</p>
<p>Bill C-48 – the Layton budget bill – allocates \$1.6 billion over two years for new housing, plus \$100 million for energy efficiency in low-income housing. The housing money is to be used for Aboriginal housing, urban redevelopment and new affordable homes.</p>	<p>The single biggest chunk of new money since the feds cancelled housing funding in 1993. But it’s short-term – only two years. We need a long-term commitment. Federal officials say they cannot authorize new spending until next March. The money is needed now!</p>
<p>The feds promised in the last Throne Speech to “renew and enhance” national homelessness strategy (Supporting Community Partnerships Initiative – SCPI) and national housing rehabilitation fund (Residential Rehabilitation Assistance Program – RRAP). Both are in the third year of a three-year funding cycle and due to expire in March of 2006.</p>	<p>No new funding was allocated to SCPI or RRAP in the last federal budget. These programs need to move from “initiatives” to permanent programs with core funding. The money needs to be allocated before the end of the year. During the last transition (2003), homeless people suffered as services were disrupted, staff were laid off and programs cut.</p>

No federal / provincial accountability: Grade F

<p>The federal housing strategy is based on cost-shared funding and bilateral housing deals.</p>	<p>There are big loopholes in the Affordable Housing Framework Agreement and bilateral housing deals. For instance, provinces and territories can claim money spent by municipalities and third parties as their</p>
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<p>The provinces are supposed to submit annual audited financial statements and performance reports giving detailed information, and these reports are supposed to be public.</p>	<p>contribution. The feds signed a leaky deal, and they haven't bothered to enforce even the meagre current provisions.</p> <p>Despite repeated requests, neither the feds, nor any province or territory, have released the audited financial statements and performance reports. Ontario issued partial statements for the first three years of the program.</p> <p>The feds have the power under the bilateral deals to stop or clawback funding, if the provinces or territories don't met their obligations. The feds have refused to use the accountability mechanism.</p>
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Lack of new supply: Grade D

<p>The Liberal Red Book 2000 stated: “A new Liberal government will work with our provincial partners to create the Affordable Rental Program (ARP), a cost-shared capital grants program to help stimulate the creation of more affordable rental housing, both private and non-profit. Under this initiative, we expect to see the construction of 60,000 to 120,000 new rental units over four years.”</p>	<p>The Red Book number was pure political spin. To achieve 120,000 units over four years would have required a per-unit capital subsidy that would have been unrealistically low.</p> <p>Even the low-end number (60,000) is more than double what the feds actually were able to target with the AHP.</p>
<p>The first phase of the federal-provincial Affordable Housing Program was supposed to deliver 27,200 units over five years.</p>	<p>At the end of 2003, then-federal housing minister Steve Mahoney reported the feds had committed 3,500 units. Several thousand units have been committed since then.</p>
<p>The second phase of AHP was supposed to deliver another 9,000 or so new units.</p>	<p>Only half the provinces have signed phase two agreements and, outside of Quebec, none have fully implemented AHP. Some provinces – including B.C. and Alberta – cut provincial housing dollars and replaced it with federal dollars, leading to no net increase in new units.</p>

Unaffordable new homes: Grade D-

<p>The Affordable Housing Framework Agreement states: “This initiative needs to create affordable housing for low to moderate income households.”</p>	<p>The AHP defines affordable as average private market rents. Average market rents are not a measure of affordability. As many as two-thirds of renter households cannot afford average market rents, which means that the households that need the new homes the most are effectively priced out.</p>
<p>New “flexibilities” in the affordable housing program allow provinces and territories to spend housing dollars on rent supplements / housing allowances. These subsidies cover the difference between the amount that a tenant can afford to pay and the average market rent.</p>	<p>While private sector rent supplements are successful in the short term in housing low-income households, they are more costly over time than investment in social housing. Rent supplements work best when incorporated into a comprehensive social housing strategy.</p> <p>The Ontario government has announced 5,000 new rent supplement units, but it is not clear whether the rent supplements will be co-ordinated with the new affordable supply.</p>
<p>The bilateral housing agreements limit affordable ownership programs to 25% of the total spending.</p>	<p>Some provinces are putting more funding into ownership. For instance, 40% of the new homes in Ontario will be ownership. Owners have incomes that are twice that of tenant. Most low and moderate-income households are too poor to move into ownership, even low-end-of-market condominiums.</p>

Scarce development assistance: Grade D

<p>A comprehensive housing program requires support for individual, community-based development groups, including development assistance and mortgage insurance.</p>	<p>Effective political pressure convinced the feds to reduce mortgage insurance premiums. Development assistance remains limited and is not co-ordinated with new supply.</p>
<p>Sector support for non-profit and co-op groups will assist in development in maintaining the capacity of the sectors not only to develop new</p>	<p>After a determined, seven-year campaign by the co-op sector, the feds have finally agreed to co-operate in the development of a new co-op</p>

homes, but also to maintain the hundreds of thousands of existing units.	management agency. There is no co-ordinated, federal sector support strategy .
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Haphazard consultation: Grade F

The feds launched a major consultation initiative in January and February of 2005 to help develop a new national housing strategy.	Very little has been heard from the feds since the last consultation session ended and a wrap-up paper was released. The federal housing minister has appointed a small advisory group and set a two-hour meeting in October. Community-based housing and homeless groups are ready to build, but they have not been meaningfully engaged .
Federal-provincial-territorial housing ministers' meetings lack a coherent consultation strategy.	The National Housing and Homelessness Network has called for an inclusive and effective consultation process . The ministers responded with a short meeting with co-chairs. NGOs with particular expertise have no opportunity to meet directly with provincial ministers or elected officials at FPT meetings.

The NHHN national housing agenda

We have four recommendations.

1. **Fully and immediately commit the \$1 billion in federal housing dollars** in the federal-provincial-territorial Affordable Housing Program.
2. **Fully and immediately commit the \$1.6 billion in new housing dollars and the \$100 million in energy retrofits** promised in Bill C-48.
3. Implement the last Throne Speech promise to **“extend and enhance” the federal homelessness strategy, Supporting Community Partnerships Initiative and the Residential Rehabilitation Assistance Program**.
4. Commit **\$2 billion annually for new social housing** – what we call the One Percent Solution.

To support this new spending, the federal government can draw on three sources:

1. **Reinvest the annual surplus** of Canada Mortgage and Housing Corporation, the federal government's national housing agency, in new social housing and related programs.
2. Allocate a significant portion of the **annual federal surplus** to new national social housing and homelessness programs.
3. Draw additional funds from the **general revenues** of the Government of Canada.