

# HOME INSECURITY

The State of Social Housing Funding in BC



by John Irwin



**CCPA**  
CANADIAN CENTRE  
for POLICY ALTERNATIVES  
BC Office



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# Summary

This report analyzes recent trends in social housing in BC. The issue has gained new urgency as senior levels of government have largely abandoned the social housing field, and left those people who cannot afford housing, or who do not already have access to existing social housing programs, to fend for themselves.

## Key findings:

Social housing in BC is being transformed by a shift away from affordable housing for those on a low income to assisted living for those with health care needs.

- Federal money for the construction of new social housing—\$89 million in capital funds between 2002 and 2007—is being channeled by the province into the health care system. The funds are being used for assisted living units for the elderly and those with physical and mental disabilities in order to meet the provincial government's goal of constructing new long-term care beds/spaces.
- Had this federal capital funding been properly allocated, up to 2,500 new affordable housing units could have been created in BC.

The provincial government is playing a shell game with housing, counting the same units as assisted living units, long-term care beds, and affordable housing units.

- The number of publicly-funded home support hours and long-term care beds is actually in decline.
- Assisted living is not social housing, nor is it a substitute for a community-based and continuing care strategy that belongs in the provincial health care system. The provincial and federal governments should address the need for a continuum of care that includes home care, assisted living, and long-term care for the elderly and those with physical and mental disabilities—but not at the expense of new social housing.

The BC government has abandoned the provision of new social housing at a time with the demand for affordable housing is rising.

- The waiting list for affordable housing in BC has risen over the past two years, after declining slightly from 1996 to 2001, and is likely to increase further.
- New provincial rental housing policy allows for annual rent increases (consumer price index plus 2% per year) that will place added pressures on low-income people, and will likely increase the demand for affordable housing.

BC Housing's service plan sets out a strategy that could result in the privatization of our publicly-owned housing stock. (BC Housing is the provincial agency that manages and delivers affordable housing.)

- BC Housing is negotiating with the federal government for sole control and ownership of these public housing units (which are currently jointly owned by the federal and provincial governments). Once they are under provincial ownership, BC Housing will seek public-private partnerships (P3s) with the non-profit and private sectors to provide this housing with less financial support from the provincial government.

Investments in social housing save money down the road.

- It costs more money to provide government services to the homeless than it does to those who are housed—even when the costs of providing affordable housing are included. A 2001 provincial-government-sponsored study found that the

costs of service and shelter for homeless people ranged from \$30,000 to \$40,000 per year, compared to \$22,000 to \$28,000 per year for housed individuals (affordable housing residents who were previously homeless).

## Key recommendations

If housing insecurity and homelessness are to be addressed, federal, provincial and municipal governments must all play a role in a reinvestment in ongoing, sustainably-funded affordable housing programs and the provision of new publicly-funded affordable housing for those in economic need.

- A comprehensive federal-provincial housing policy and action plan should be created in partnership with Canadian municipalities.
- When the federal government puts money into affordable housing programs, it needs to be clearly earmarked for this purpose. Federal funds should be delivered to the provinces with the condition that it go towards affordable housing, and not health-based programs such as assisted living.
- The provincial government should stop playing a shell game with affordable housing by directing federal capital funds to the creation of assisted living units. Real investments in new affordable housing for low-income British Columbians are needed. Assisted living units should be funded from the health care budget.
- The province should add the ability to charge development cost levies for affordable housing to the Community Charter.
- The province can empower local government to implement rent regulations or controls to keep rents affordable.

Municipal government can also play an important role in the development of affordable housing using tools such as:

- Investment in single-room occupancy (SRO) hotels as a stop-gap measure.

- Working with non-profit affordable housing providers to re-develop city-owned properties into more liveable affordable housing stock.
- Zoning and regulation that allows secondary suites.
- Conversion regulations that protect the stock of existing vital affordable housing.
- Cash grants and low-interest or interest-free loans for affordable housing developers.
- Development of publicly-owned affordable housing.

### What is social housing?

**Social housing** refers to affordable housing that is:

- Publicly-owned and funded; or,
- Publicly-supported (either through capital or operating funds) non-profit and co-operative housing.

**Affordable housing** is often used interchangeably with the term “social housing.” However, it can also include policy tools such as:

- Rent supplements for market rental housing units that cap household spending on rent at 30% of gross income;
- The use of rent controls;
- Regulations that protect the existing stock of rental housing, or that encourage or subsidize the development of new rental housing stock.

**Public housing** refers specifically to housing units that are owned outright by federal, provincial or municipal governments.

Social housing provides an important base for those who are unable to pay for housing at the market rate. Without secure, safe, adequate and affordable housing, people living on low incomes have great difficulty finding and keeping employment, pursuing education, or maintaining their health.

Canada now has the dubious distinction of being the only OECD country without an ongoing national housing program. From 1993 to the early 2000s, BC and Quebec were the only provinces that continued to fund new social housing projects. The BC government will discontinue its commitment to the creation of new social housing in 2005.

Affordable housing can be a central plank in an effective anti-poverty strategy, if combined with other policy measures.

# Introduction

In the latter decades of the last century, Canada was lauded as a “kinder, gentler” place to live, especially when compared to our American neighbours. This was mostly due to progressive public policies in health care, social welfare, and education. A key part of social welfare programs was the provision of publicly-funded affordable housing for those living on a low income.

Publicly-owned and funded affordable housing, or social housing, provides an important base for those who are unable to pay for housing at the market rate. Without secure, safe, adequate and affordable housing, people living on low incomes have great difficulty finding and keeping employment, or getting an education. For those on low incomes with substance abuse or mental health issues, a lack of safe, affordable housing can make it very difficult to deal with these conditions. It is hard enough to “kick” an addiction—living without secure housing makes this doubly challenging.

It has long been known that having safe, adequate, affordable housing is a key determinant of health. Housing provides more than just shelter. It supports the physical, psychological, and social well-being essential for a healthy life. Adequate affordable housing is a preventative health measure. In the late 1990s, Cathy Crowe, a public health nurse who works with homeless people in Toronto, described her experiences in a presentation to Toronto’s City Council: “The most common health problems I see are related to trauma, tuberculosis transmission (38% of homeless people in Toronto have TB), spread of acute respiratory infection, hunger, malnutrition, diarrhea and lice, and, more serious than any of the above, deprivation of human spirit.”<sup>1</sup> Clearly, those without any housing at all are more prone to illness than those who are housed. However, homelessness is just the tip of the iceberg. Many families and individuals lack adequate and safe housing. Many more are only one pay-cheque away from living on the street.

From 1953 to 1993, publicly-funded social housing was provided through federal and provincial government funding for cooperative housing, non-profit housing, urban native housing, and public housing projects. The federal government jointly funded these housing programs with the provinces, and the cost-sharing formula was two-thirds federal and one-third provincial dollars.<sup>2</sup> This included capital funds to support the building of new social housing, operating funds for social housing projects, and rent supplement programs for those without adequate incomes. BC Housing is the provincial agency that manages these funds for social housing, and rent supplement programs (see the box “What is social housing?” in the summary for a discussion of the differences between rent supplements and social housing). BC Housing also provides matching funding and works with non-profit and cooperative housing societies to provide social housing.

In 1993, the federal government limited funding for social housing programs across Canada to about \$2 billion in annual operating subsidies. Despite a change in government in late 1993, from 1993 to 2001 no federal money to build new social housing was provided (even after the deficit was eliminated in 1997).

Canada now has the dubious distinction of being the only Organization for Economic Cooperation and Development (OECD) country without an ongoing national housing program—even though Canada is a signatory to the Universal Declaration of Human Rights, which states that everyone has a right to an adequate standard of living, including housing.<sup>3</sup> Unfortunately, in Canada housing is not recognized as a right; it is a commodity that is bought and sold in a market system. This market system fails to meet the housing demand of those who cannot afford the market rate. More than a million Canadians are in housing need, and there are an estimated 200,000 homeless people in Canada.<sup>4</sup>

From 1993 to the early 2000s, British Columbia and Quebec were the only provinces that continued to fund new social housing projects. Yet, even with additions to social housing stock in British Columbia, there has been a constant waiting list for affordable housing of roughly 10,000 applicants over the last eight years. In late 2001, the federal government put some funds back into affordable housing (\$89 million in one-time capital funding from 2002 to 2007, to be matched by the province<sup>5</sup>). However, to date, the provincial government has diverted these funds into assisted living units for seniors and people with disabilities, as part of the health care system.

# The State of Social Housing Funding in BC

## Affordable housing as a shell game

The new BC government, in 2001, remained committed to some of the social housing projects announced by its predecessor, but put an end to funding new social housing for those in economic need. Instead, it switched to funding housing for seniors and people with disabilities who require assisted living due to health and mental capacity issues (although many of these people may require long-term care, which is also being markedly reduced). This basically amounts to a version of a “shell game,” where the provincial government counts the same units as assisted living units, long-term care beds, and social housing units. Assisted living units may be needed, but they should be provided through the health care budget.

The current provincial government claims that it is funding more social housing than the previous government. Although it did complete those units already underway before it took office, as of 2005 there will be no new capital funding for social housing. The government’s claims also include ongoing operating funding for existing social housing. A year-by-year breakdown of provincial and federal funding follows below.

## BC Government ends the Provincial Housing Program

In its 2001 pre-election budget, the last provincial government made a commitment to provide 3,400 new social housing units. Immediately after the election, in June 2001, the newly-elected government froze these projects. It later committed to providing 3,400 units of social housing under BC Housing’s Provincial Housing Program,<sup>6</sup> which was the main program to deliver social housing in BC. The last 337 of these 3,400 units will be built in the fiscal year 2004/05.<sup>7</sup> After April 1, 2005, no new social housing will be built under the Provincial Housing Program. The only other new social housing to be built in BC is largely municipally-driven—100 units in the Woodward’s re-development in 2006/07,<sup>8</sup> 250 units that may be built in the 2010 Olympics athletes’ village in Southeast False Creek,<sup>9</sup> and a number of homeless-at-risk units.<sup>10</sup>

In stark contrast to the winding down of the Provincial Housing Program, the government will provide 3,500 assisted living units between 2004 and 2007.

The provincial government is correct when it claims that it continues to fund the existing social housing stock. But to do otherwise would be foolish: these units exist and their mortgages and infrastructure must be maintained. The total program cost for social and affordable housing in BC for the fiscal year 2004/05 is \$287.1 million. Of this total, 7.1% (\$20.5 million) is allocated to administration. The remainder is allocated to the various types of affordable housing available in BC: 10.3% (\$29.7 million) provides rent supplement assistance to British Columbians (keeping the rent expenditures of low-income households at 30% of gross family income); 18% (\$56.1 million) covers the annual operating expenses for public housing; and 64.6% (\$180.8 million) provides subsidies to non-profit and co-operative housing.<sup>11</sup> Funding for these



programs includes revenues such as: tenant rent, which averaged \$30 million per year from 1996 to 2001; \$12 million from other provincial ministries; and \$4.5 million in “other” funding.<sup>12</sup> Residents of social housing pay 30% of their gross income to rent their units.

The provincial government is also correct when it says it is providing *more* funds for social housing. But, again, this is funding that has consistently increased due to the rising operating costs to maintain the existing social housing stock and rent supplements (for example, cost increases driven by inflation, repairs to leaky social housing buildings, etc).

With the exception of 1997, in each of the past 10 years the provincial government increased funding for social housing (see Table 1). Throughout the 1990s, this increased funding included the provision of *new* social housing units. In 1994 (the year that federal funding for new affordable housing came to an end), there were 27,503<sup>13</sup> social housing units funded by the provincial government. By 2002/03, there were 40,500 units.<sup>14</sup> The current provincial government will not build any new social housing as of 2005.

Since 1994, the federal government has only provided funding for the maintenance of *existing* social housing (including mortgage and operating costs). Federal funding for operating costs increased in 2001, primarily due to increased costs for building envelope failures, or “leaky” social housing. (See Table 1 for federal affordable housing funding from 1992 through to 2004.)<sup>15 16</sup>

Table 1: Federal and provincial funding for affordable housing in British Columbia		
Year	(\$millions) Federal Funding	Provincial Funding
1992	\$60.8	\$44.5
1993	\$67.4	\$48.3
1994	\$18.9*	\$13.5*
1994/95	\$70.2	\$53.9
1995/96	\$94.6	\$72.7
1996/97	\$72.9	\$62.7
1997/98	\$72.5	\$89.9
1998/99	\$73.2	\$96.6
1999/2000	\$72.7	\$98.5
2000/01	\$79.3	\$111.9
2001/02	\$79.7	\$123.1
2002/03	\$95.6	\$128.1
2003/04	\$89.3	\$139.3

Source: BC Housing Annual Reports 1993 to 2001, and BC Housing 2004. *Service Plans: 2002/03-2004/05, 2003/04-2005/06, and 2004/05-2006/07*. Victoria: BC Housing, February.

\*BC Housing’s fiscal year end changed from December 31 in 1993 to March 31 in 1995, therefore these amounts are for three months of federal and provincial funding (January through March 1994). BC Housing also receives revenues from other sources that are not shown in this table, such as tenant rents (which averaged \$30 million per year from 1996 to 2001), funds from other supporting provincial ministries, and other unspecified funding.

In December 2001, the federal government announced \$89 million in new, one-time, capital funding over five years, to be matched by the province.<sup>17</sup> This agreement, however, leaves the province with the 35-year responsibility for carrying the mortgage and maintenance costs of this new social housing. A similar new federal social housing program is rumoured to be in negotiation.

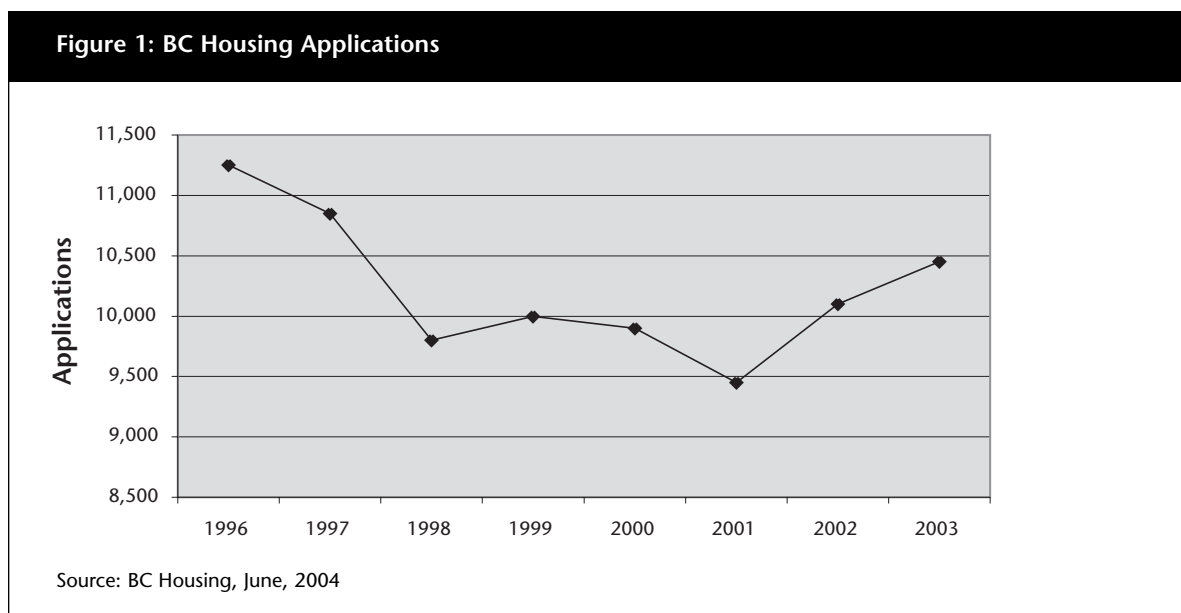
While it is good public policy that the provincial government continues to fund the existing social housing stock, there are still thousands of individuals *and* families who are in need of social housing. Those living on low incomes are forced to live in insecure, or inadequate housing. This sets up conditions where you may find a family of three or more living in a one-bedroom apartment. Or those with very low incomes, or no incomes, may have no access to housing, and may be forced into some form of homelessness.

## Demand for affordable housing in BC

The wait lists for social housing in BC have remained consistently high and reflect steady demand. Generally, the accepted guideline for providing social housing is based on those households that spend more than 30% of their gross income on housing—referred to as households “in core housing need.” This is the income threshold for getting on the wait list for social housing. Roughly 65,000 households in BC are in deep core housing need, spending more than 50% of their income on rent.<sup>18</sup> BC Housing’s registry had 9,408 applicants in the Greater Vancouver Region waiting for affordable housing in 2003, 62% (5,849) of whom were families.<sup>19</sup>

As Figure 1 shows, in 1996 the BC-wide waiting list had an average of 11,250 applicants. The waiting list declined until 2001, when it hovered at roughly 10,000 applications. By 2003, the number of applications for affordable housing rose to 10,450.<sup>20</sup>

As the market price of housing is driven up (fuelled largely by low interest rates), there is a subsequent impact on rents. For example, since 2000, in the Greater Vancouver Region, rents for a one-bedroom apartment have increased by a total of 7.7%.<sup>21</sup> The provincial government recently passed a new *Residential Tenancy Act*, which allows for a 4.6% rent increase in 2004. Each and every following year, the new *Residential Tenancy Act* will allow an increase of 2% plus inflation as measured by the consumer price index (CPI).<sup>22</sup> Under the former *Residential Tenancy Act*, all rent increases could be taken to arbitration at the Residential Tenancy Office, and landlords had to explain why the rent was raised (i.e., increased property taxes or maintenance costs). Under the new *Residential Tenancy Act*, a renter can only go to arbitration over an increase if it is greater than the inflation plus 2% figure.



The province uses the BC CPI, and the amount is set by an order-in-council based on annual growth of the CPI plus 2%. A conservative estimate of CPI inflation is 2%.<sup>23</sup> Using this total increase of approximately 4% to make a rough projection of what could happen with these new regulations, the average rent for a one-bedroom apartment in the Vancouver region could be \$1,005 by 2010.<sup>24</sup> The average rent for a one-bedroom apartment in the Vancouver region was \$759 per month in 2003.<sup>25</sup> These rent increases are occurring at a time when most working people are receiving little or no pay increases, or even wage rollbacks. This projection also leaves out the move-out effect, where landlords can raise rents to whatever rate they think the market can bear after the tenant moves out. The rent increase regulations only apply for ongoing tenancies.

Some point to higher vacancy rates as a possible counter-trend to rising rents. The notion is that higher vacancy rates will cause landlords to lower their rents in order to attract renters. But the vacancy rate in BC remains well below a healthy rate of 3%, which might provide this kind of effect.<sup>26</sup> For the three municipalities in the Lower Mainland with the largest concentration of renters, the vacancy rates remain very low (2003 vacancy rates for a one-bedroom apartment were: 1.9% in Vancouver; 0.9% in Burnaby; and 1.0% in North Vancouver).<sup>27</sup>

This increase in rents will likely put greater pressure on low-income earners and will drive up the demand—and the need—for affordable housing. This is happening at a time when the supply of new affordable housing has been cut off by the provincial government.

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## Privatization of BC's publicly-owned housing stock

To its credit, the provincial government has to date maintained a commitment to publicly-owned social housing in BC. However, BC Housing's Service Plan calls for an enhanced federal/provincial relationship that could lead to privatization of the publicly-owned housing stock:

Future partnership opportunity with the federal government involves the devolution of the administration of the federal housing portfolio to BC Housing. At present, the ownership of the public housing sites (7,800 units in 98 properties) is shared with the federal government. A devolution agreement would provide the province with 100 per cent ownership allowing for Public Private Partnership (P3) redevelopment of these sites to ensure that the government's housing priorities are met.<sup>28</sup>

The provincial government might say that non-profit societies and cooperatives will be given the opportunity to acquire this housing stock. However, private sector involvement is a very real possibility, given this provincial government's commitment to using P3s for new infrastructure development. Instead, one of the key strategies listed in BC Housing's Service Plan is the "identification of opportunities to partner with other levels of government as well as the non-profit and private sectors in the development of housing options that do not require on-going government subsidy."<sup>29</sup> A plan to privatize BC's publicly owned housing stock seems to be under consideration.

## Assisted living versus affordable housing

Assisted living provides an intermediate form of care for seniors and people with disabilities who have traditionally been cared for either in long-term care facilities or through home support programs. Each person in assisted living resides in their own apartment and must be capable of directing their own care. Assisted living provides a basic level of: housing (a range of housing from individual, lockable rooms to self-contained units); hospitality services (meals, housekeeping, laundry, social and recreational services); personal assistance (help with personal care such as dressing, eating, bathing, and taking medications); and trained staff (who are certified college home support/resident care aides or have an equivalent combination of education and experience, and are professionally supervised for tasks like giving medications). Even though people living in assisted living units are renters, the units are not covered by the *Residential Tenancy Act* and regulations, which regulate landlord and tenant issues (rent increases, evictions, and standards of maintenance).

This model of care is appropriate for those who require it, but should not come at the expense of social housing. Moreover, the assisted living program is cannibalizing the existing social housing stock through conversions of existing social housing units to assisted living units. The provincial government's assisted living program is provided through Independent Living BC, which has a target of creating a total of 3,500 assisted living units by 2006/07. Of these "new" assisted living units, Independent Living BC will provide 1,500 newly constructed units, 1,000 converted units (from existing social housing or long-term care and other health facilities), and 1,000 new rental-housing supplements to private assisted living developments.<sup>30</sup> As of the end of 2003, funding for 1,200 of the total 3,500 assisted living units had been allocated under the Independent Living BC program<sup>31</sup>—including 110 existing social housing units that have been converted to assisted living units.<sup>32</sup>

Independent Living BC is cited as a "cost-effective alternative to long-term care."<sup>33</sup> Yet, according to Ministry of Health Planning documents, the population of seniors in BC is expected to rise significantly over the current decade. The population of seniors aged 75 or older is expected to increase by 32% (77,000 people) between 2000 and 2011.<sup>34</sup>

Moreover, during the last few years, 862 acute care beds and 1,890 long-term and extended-care beds have been removed from the BC health care system.<sup>35</sup>

Will the assisted living program be able to meet growing future demand for care from seniors over the age of 75? The current provincial government acknowledged the problem in 2001 when it promised to provide an extra 5,000 new intermediate and long-term care beds by 2006.<sup>36</sup> Now it is instead delivering assisted living beds (and fewer of them) but counting them as long-term care beds.<sup>37</sup> Although the provincial government plays up the benefits of housing seniors in assisted living versus more institutionalized settings (such as long-term care), one major reason why the government may prefer assisted living over long-term care is that it is much less costly to provide. The Ministry of Health Planning estimates that assisted living costs \$50 to \$75 per unit per day compared to \$125 per day for long-term care.<sup>38</sup>

However, with its 24-hour-a-day supervision, long-term care is the only appropriate model for those not able to direct their own care. Concerns with assisted living residents arise, for example in relation to the capacity to continue in an assisted living unit when dementia, complex health problems, poor physical mobility, or other conditions worsen over time. While assisted living is very appropriate for some and is a good addition to the health care system, it is one piece of the continuum of care—it is not a sufficient replacement for home-care or long-term care. The system needs a complete continuum of care that includes

well-funded home-care, assisted living, and long-term care in order to meet all levels of care that the growing number of seniors will require.

Aside from the question of whether assisted living will meet the needs of an aging population, it is also a questionable practice to channel federal social housing funds to areas traditionally funded by health care dollars, as this leaves no funding in place to build new social housing for those living in poverty.

While assisted living is very appropriate for some and is a good addition to the health care system, it is one piece of the continuum of care—it is not a sufficient replacement for home-care or long-term care.

## Affordable housing, homelessness, and fiscal accountability

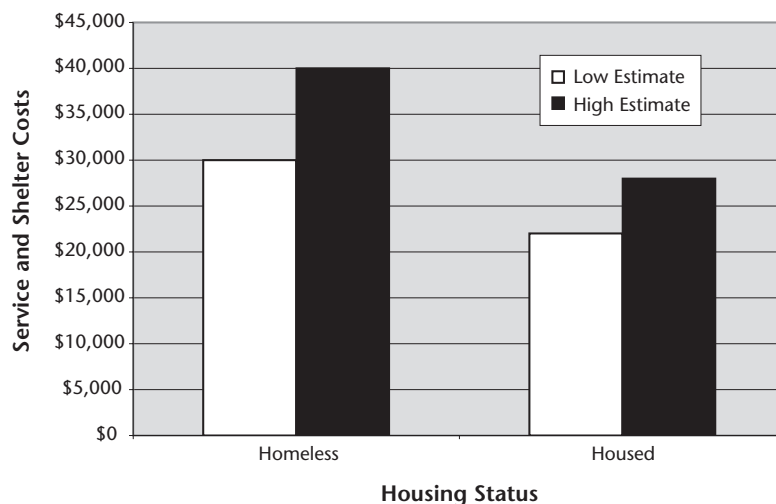
Another question that arises from this shift in policy is: does cutting off the supply of new social housing actually save financial resources in the long run? The lack of new affordable housing in a housing market that has spiralling costs will do little to stem an increase in homelessness. While a just, progressive, and compassionate society would seek to house all of its citizens, even a society that is based on narrow bottom-line economics should pay attention to the increased costs that result from homelessness.

Homeless people are much more likely to use health care services, to be pushed into criminal activity as a survival tactic, and to access the social service system more often. When the health care, criminal justice, and social service costs of homelessness are added up, they are estimated to be greater than the cost of investing in longer-term affordable housing solutions. A study of the costs of homelessness in British Columbia, conducted for the former Ministry of Social Development and Economic Security in 2001, concluded that it costs more to provide government services to the homeless than to those who are housed, *even when one includes the costs of providing social housing*.<sup>39</sup> This study found that the service and shelter costs of homeless people ranged from \$30,000 to \$40,000 per year, on average, compared to \$22,000 to \$28,000 per year for housed individuals (formerly homeless persons housed in social housing).<sup>40</sup>

The study's findings on the costs of homelessness to the health care system are reinforced by the increase in the number of patients with no fixed address at St. Paul's Hospital, an inner-city hospital located in downtown Vancouver. The number of patients with no fixed address grew by almost 300% from 1994/95 to 1998/99.<sup>41</sup> This likely reflects a trend identified by housing researchers: If people cannot access a limited number of social housing units, and if other less desirable options like single-room occupancy residential hotels are dwindling, then the end result will be an increase in homelessness.<sup>42</sup> The increase in homelessness was also exacerbated by restrictions on eligibility and cuts to Employment Insurance<sup>43</sup> and welfare benefits, and persistent high unemployment levels in an economy that provides fewer unskilled employment opportunities.

The conversion of existing social housing to assisted living units is highly questionable in this context. This conversion will further tighten the supply of affordable housing and will likely exacerbate the growing homelessness problem.

**Figure 2: Cost of Homelessness versus the Cost of Housing**



Source: Eberle et al, Homelessness: Causes and Effects, 2001, prepared for the Ministry of Social Development and Economic Security

## The federal and provincial solution

To maintain levels of affordable housing that keep pace with the rising demand, the federal and provincial governments need to reinvest in ongoing, sustainably-funded affordable housing programs. Housing should be treated as a fundamental right in Canada; it should be recognized as a preventative health measure and be prioritized; and a comprehensive federal-provincial housing policy and action plan should be created in partnership with Canadian municipalities.<sup>44</sup> Moreover, this housing must be available to all those with low incomes—not just seniors or people with disabilities. Without this re-investment, the growing social deficit in Canada and British Columbia will continue unabated.

When the federal government puts money into affordable housing programs, it needs to be clearly earmarked for affordable housing—and not allowed to go towards health-based programs such as assisted living.

The federal and provincial governments could also provide tax benefits for individual investors in affordable housing.<sup>45</sup> The provincial government should add the ability to charge development cost levies (discussed below) for affordable housing to the Community Charter. They should also empower local governments to implement rent regulations or other controls to keep rents affordable.

## Solutions at the local level

But what if the higher levels of government don't put money back into affordable housing for those vulnerable citizens who need it? A number of solutions can be found at the local level. Local municipal governments have control over many aspects of planning and development, and they have many tools in their policy toolbox that could be used to increase the supply of new affordable housing stock.

As a stopgap measure, they could invest in single-room occupancy (SROs) hotels. Municipal governments can purchase SROs and improve them to provide interim housing. Governments can also incubate non-profit organizations to acquire, renovate, and operate affordable housing. The land could be leased at a lower rate to these organizations, such that the value of the land stays on the local government's books<sup>46</sup> (this has been done for a few SRO hotels in Vancouver), and the non-profit, or the government, could re-develop the properties into more liveable affordable housing stock in the future, perhaps at higher densities.

Other ways municipal governments can increase the supply of affordable housing:

- zoning and regulation that allows homeowners to build and rent out secondary suites<sup>47</sup> (the City of Vancouver recently made “illegal” secondary suites legal);
- cash grants, and low-interest or interest free loans for affordable housing developers;<sup>48</sup>
- conversion regulations that prevent the loss of vital affordable housing stock<sup>49</sup> (especially rental housing), or interim housing (i.e. SRO anti-conversion bylaws, such as the one recently passed by the City of Vancouver);
- development of new self-contained affordable housing units through new construction and conversions of existing buildings to new affordable housing;
- rental housing stock rehabilitation assistance (forgivable loans, technical assistance, and grants);
- foster non-government, non-profit, community-based affordable housing development corporations, which are provided with acquisition grants and deferred construction loans<sup>50</sup> (i.e., the Downtown Eastside Resident's Association and the Portland Hotel Services Society in Vancouver); and
- create an “affordable housing first” policy, where affordable housing is the first option considered in re-development projects, rather than the last, which is often the case.<sup>51</sup>

From 1986 to 1994, Seattle implemented a special housing levy on the property tax bill, which voters approved at the municipal ballot box. These “levy” units were provided by non-profits for families, special needs populations, and the homeless.<sup>52</sup> Seattle also allocated a portion of property taxes from new development projects for low-income housing (*not an additional tax, it directs existing taxes towards affordable housing*).<sup>53</sup>

There are also many ways for local governments to encourage private sector involvement in the provision of affordable housing. Developers who provide affordable housing can be fast-tracked through the development approval process, and have their development fees waived.<sup>54</sup> Development cost levies are monetary fees put on new development, usually on a per-square-foot basis. Targeted development cost levies can be put in place by local governments to contribute to new affordable housing development.<sup>55</sup> Currently in BC, Vancouver is the only local government with the power to charge development cost levies.

Office building development linkage fees can also assist in funding new affordable housing (similar to development cost levies). New office development often increases housing demand. Therefore, developers of new offices should contribute to the provision of affordable housing in the local area.<sup>56</sup> Developers of residential housing units can be given density and height bonuses for the provision of affordable housing.<sup>57</sup> Development rights can be severed from one piece of property and sold to the holder of another piece of property in return for funding new affordable housing.<sup>58</sup>

Inclusionary zoning for affordable housing policies can be implemented.<sup>59</sup> For example, the City of Vancouver has a 20% affordable housing policy for all large block new development. Developers of large parcels of land contribute financial resources to achieve new affordable housing for core need individuals and families. Twenty per cent of the housing stock in these large new developments is to be affordable units (although this target is often not met). Comprehensive development zoning can create higher targets for affordable housing, similar to official community plans.<sup>60</sup> For example, when the South False Creek area in Vancouver was re-developed from industrial land in the 1970s, the community plan set out a target of one-third low-income, one-third middle-income, and one-third market housing. These targets were met, and the area is rated by residents as a highly liveable integrated community. The City of Vancouver recently decided to set the same target for its model sustainable community in Southeast False Creek.

The federal or provincial tax benefit, recommended above, could encourage the use of bank or credit union funds directed towards productive public interests like providing affordable housing. For example, VanCity Savings and Credit Union has a social housing fund, in which investors take a lower return on their investments in order to support socially conscious investment. There are many different ways we could provide affordable housing at the local level and begin to address the social deficit left behind by the deficit fighting and tax cutting of senior levels of government.

# Conclusion

Given the increased demand for affordable housing, channeling federal social housing funds into assisted living is a questionable policy. Coupled with the conversion of existing social housing into assisted living units, this approach leaves those in need of affordable housing due to poverty out in the cold. It is also unlikely that assisted living will prove to be an adequate replacement for long-term care and home support programs, which are needed to care for a rapidly aging population.

The federal government should fully fund new, ongoing social housing programs. This federal government funding should be delivered to the provinces conditionally. If the provinces move the funds into health-based programs, such as assisted living, they should be penalized, or the federal government should simply claw the funding back. In the absence of federal or provincial government funding for new affordable housing, municipalities should forge ahead and provide new social housing on their own, using the many policy tools outlined above. Affordable housing provision is an effective way to curb cost pressures on the health care, social services, and criminal justice systems when people are left with no housing. More importantly, increasing the supply of affordable housing to meet growing demand results in healthier outcomes for those seeking home security in an increasingly insecure era.



# Notes

- <sup>1</sup> Crowe, Cathy. 1998. Cited in Geary, Vanessa. Presentation. Winter Speakers' Series of the Canadian Centre for Policy Alternatives. Vancouver. 17 February 1999.
- <sup>2</sup> Geary, Vanessa. Presentation. Winter Speakers' Series of the Canadian Centre for Policy Alternatives. Vancouver. 17 February 1999.
- <sup>3</sup> *Ibid.* p. 4.
- <sup>4</sup> *Ibid.*
- <sup>5</sup> CMHC. 2001. *Canada and British Columbia Sign Affordable Housing Agreement*. News Release, December 18, 2001. Victoria: CMHC.
- <sup>6</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 10.
- <sup>7</sup> *Ibid.* p. 26.
- <sup>8</sup> *Ibid.*
- <sup>9</sup> The 2010 Olympics' bid book promises funding for the equivalent of 250 units, however, Vancouver's local government has the discretion to spend this funding on whatever it likes, as it is not clearly earmarked for affordable housing in the 2010 Olympics' bid book.
- <sup>10</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 8. BC Housing has worked with non-profit societies, the private sector, and three levels of government and has provided over 2,600 units for the homeless or at risk of homelessness.
- <sup>11</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 5.
- <sup>12</sup> *Ibid.*
- <sup>13</sup> BC Housing, *Annual Report*, 1993/94, p. 27. These numbers exclude rental supplements. The decision to exclude the rent supplements is based on the fact that in the mid to late 1990s 15,100 Supported Independent Living units were transferred to BC Housing from the health ministry, making it difficult to compare the number of units provided across time. The exclusion of rental supplements also means that the 12,000 units of housing under the Shelter Aid for Elderly Renters are not included.
- <sup>14</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 5; and BC Housing. 2002. *Service Plan 2002/03-2004/05*. Victoria: BC Housing, February, p. 4. These numbers exclude rental supplements. See note 10.
- <sup>15</sup> BC Housing, *Annual Reports*, 1993 through 2001.
- <sup>16</sup> BC Housing. 2004. *Service Plans: 2002/03-2004/05; 2003/04-2005/06; and 2004/05-2006/07*. Victoria: BC Housing February. These funding amounts were not clearly laid out in past budgets, and capital funding appears to be mixed in with operating funding. It would increase transparency if BC Housing were to make these two types of spending clearer.
- <sup>17</sup> CMHC. 2001. *Canada and British Columbia Sign Affordable Housing Agreement*. News Release, December 18, 2001. Victoria: CMHC.
- <sup>18</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 9.
- <sup>19</sup> BC Housing, Administrative Data from Research and Corporate Planning, January 29, 2004.
- <sup>20</sup> BC Housing, Administrative Data from Research and Corporate Planning, June 7, 2004. BC Housing's wait list numbers were provided as a range. Based on these numbers, the author calculated the mean number of applications for each year.

- <sup>21</sup> A calculation based on CMHC's annual 2003 average rental rates for a one-bedroom apartment in the Greater Vancouver Region.
- <sup>22</sup> Residential Tenancy Office. 2004. *Residential Tenancy Regulation*. Part 4 – Rent Increases, Section 22 (1) and (2). Victoria, Queens Printer.
- <sup>23</sup> The projected CPI is based on the Bank of Canada's target of 1-3% inflation, the mid-point being 2%.
- <sup>24</sup> Author's calculations based on the CMHC's average rent of \$759 increased by 4.6% for 2004, and 4% for each subsequent year.
- <sup>25</sup> CMHC. 2003. *Rental Market Report*. Vancouver: CMHC.
- <sup>26</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 13.
- <sup>27</sup> CMHC. 2003. *Rental Market Report*. Vancouver: CMHC.
- <sup>28</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, pp. 14-15.
- <sup>29</sup> *Ibid.* p. 18.
- <sup>30</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 27; and BC Housing, Administrative Data, June 3, 2004.
- <sup>31</sup> BC Housing, *594 New Assisted Living Units Allocated for Seniors*, News Release, December, 16, 2003.
- <sup>32</sup> BC Housing, Administrative Data from Research and Corporate Planning, June 3, 2004.
- <sup>33</sup> BC Housing. 2004. *Service Plan 2004/05-2006/07*. Victoria: BC Housing, February, p. 10.
- <sup>34</sup> Ministry of Health, Continuing Care Model Working Group. *Continuing Care Residential Services Planning Model*. September 24, 1999.
- <sup>35</sup> Koch, Tom. Lecture. 14th John K. Friesen Conference – *The Romanow Report 2 Years Later: Impact on Health Care in Canada*. Vancouver. 20 and 21 May 2004.
- <sup>36</sup> BC Liberals. 2001. *A New Era for British Columbia: A Vision for Hope and Prosperity for the Next Decade and Beyond*. p. 25. 14 July, 2004 <http://www.bcliberals.ca>.
- <sup>37</sup> See <http://www.bchousing.org/ILBC>, the government clearly counts assisted living units as long-term care units.
- <sup>38</sup> BC Ministry of Health Planning. 2002. *The picture of health: How we are modernizing British Columbia's health care system*. November, 2002. p. 34.
- <sup>39</sup> Eberle, Margaret et al. 2001. *Homelessness – Causes and Effects, Volume 3: The Costs of Homelessness in British Columbia*. Ministry of Social Development and Economic Security, p. 39.
- <sup>40</sup> *Ibid.* p. 39.
- <sup>41</sup> *Ibid.* p. 6.
- <sup>42</sup> Hulchanski, J. David. 1991. *Maintaining Low Rent Central Area Housing Stock: A Survey of Innovative North American Municipal Initiatives*. Vancouver: UBC Centre for Human Settlements, p. 6.
- <sup>43</sup> Geary, Vanessa. Presentation. Winter Speakers' Series of the Canadian Centre for Policy Alternatives. Vancouver. 17 February 1999.
- <sup>44</sup> *Ibid.*
- <sup>45</sup> Hulchanski, J. David. 1991. *Maintaining Low Rent Central Area Housing Stock: A Survey of Innovative North American Municipal Initiatives*. Vancouver: UBC Centre for Human Settlements, p. 33.
- <sup>46</sup> Ministry of Community, Aboriginal and Women's Services. 2004. *Planning for Housing 2004: An Overview of Local Government Initiatives in British Columbia*. Victoria, p. 17.
- <sup>47</sup> *Ibid.* p. 11.
- <sup>48</sup> *Ibid.* p. 15.

- <sup>49</sup> *Ibid.* p. 21.
- <sup>50</sup> Hulchanski, J. David. 1991. *Maintaining Low Rent Central Area Housing Stock: A Survey of Innovative North American Municipal Initiatives*. Vancouver: UBC Centre for Human Settlements, p. 23.
- <sup>51</sup> *Ibid.* p. 28.
- <sup>52</sup> *Ibid.* p. 29.
- <sup>53</sup> *Ibid.* p. 30.
- <sup>54</sup> Ministry of Community, Aboriginal and Women's Services. 2004. *Planning for Housing 2004: An Overview of Local Government Initiatives in British Columbia*. Victoria, pp. 13-14.
- <sup>55</sup> Hulchanski, J. David. 1991. *Maintaining Low Rent Central Area Housing Stock: A Survey of Innovative North American Municipal Initiatives*. Vancouver: UBC Centre for Human Settlements, p. 40.
- <sup>56</sup> *Ibid.* p. 34.
- <sup>57</sup> Ministry of Community, Aboriginal and Women's Services. 2004. *Planning for Housing 2004: An Overview of Local Government Initiatives in British Columbia*. Victoria, p. 7.
- <sup>58</sup> Hulchanski, J. David. 1991. *Maintaining Low Rent Central Area Housing Stock: A Survey of Innovative North American Municipal Initiatives*. Vancouver: UBC Centre for Human Settlements, p. 39.
- <sup>59</sup> Ministry of Community, Aboriginal and Women's Services. 2004. *Planning for Housing 2004: An Overview of Local Government Initiatives in British Columbia*. Victoria, p. 9.
- <sup>60</sup> *Ibid.* p. 8.

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