
Leaks in the Roof, Cracks in the Floor: Identifying Gaps in Canada's Housing System

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1. Introduction

This paper was commissioned by the Canadian Housing and Renewal Association (CHRA) to help frame the debate on a national housing strategy for Canada. Produced for the national symposium, *Building Housing: Building The Nation*, it is intended to highlight current gaps and weaknesses in the housing continuum, suggest potential remedies and identify key actors to improve and repair the housing system in Canada. While it suggests possible directions, it also leaves it to national symposium participants to expand on necessary actions and areas of weakness.

This paper presents housing as a continuum – with a range of options. An effective housing system facilitates choice and enables opportunity. Conversely, an ineffective system has weaknesses or breaks in the continuum, which can create bottlenecks and difficulties – often with wider consequences.

While a fully functioning continuum is a prerequisite to an effective housing system, housing must not be the ultimate goal. We need to set our sights higher and establish housing not as an end in itself but as a means to a larger end – a competitive, prosperous economy with a supportive social infrastructure. As experience elsewhere shows, a healthy and inclusive housing system is the foundation for a strong, healthy community, and ultimately, a strong nation.

The central premise of this paper is that an effective housing system, abetted by an appropriate public policy framework, can address the need for affordable housing, and more significantly, directly the health and well-being of individuals as well as the economy. Further, the paper argues that these non-shelter effects constitute the primary public policy rationale for increased attention to and investment in housing. It is incumbent on housing professionals to demonstrate the larger payback on strategic investment in certain types of housing policies, programs and assistance.

The paper then lays out the argument that traditional housing policies and programs have focused too narrowly on housing outcomes. While there has been tacit recognition that housing, and housing assistance in particular, has wider impacts, this notion has not been levered to generate a broad constituency of public and political support for housing programs and related funding.

In terms of remedies, volumes of previous work have catalogued an array of specific housing policies and programs, and can provide the information necessary to repair and improve the system. The fact that we have not done so suggests two fundamental problems: first, sustained and consistent levels of funding have not been available; and second, the institutional framework through which we have sought to implement solutions may also require modernization and reform. Part of this reform is a reassessment of how to divide or consolidate the fragmented responsibility for housing – as a shared obligation it has become too easy to shirk. Housing has too often been a policy “orphan” or political “hot potato,” in part because it implies large expenditures with inconclusive evidence on payback.

The need for housing policy

In a market-based system such as Canada's, there is a critical need for public policy to complement and mediate market forces to ensure appropriate outcomes. Specifically, we need policy to respond to those elements of the overall system that the market has not or cannot address (for example, the emergency and supportive housing parts of the system as well as low-rent options to facilitate transitioning).

Over the past three or four decades, the focus of housing policy in Canada has largely been on improving the effectiveness and efficiency of the market – and in this regard Canada is seen as a success, especially in areas of building technology and establishing an effective housing finance system. Canada has achieved success in developing and evolving an effective market system of housing production and housing finance. Arguably, however, we have been less successful in the public policy domain, particularly where housing issues intersect with health, social and economic policy objectives. The issue in Canada, perhaps even more than in other countries, is not market failure but public policy failure – particularly in inter-sectoral and inter-jurisdictional dimensions.

For more than five decades, Canada tried an array of programs to address housing need, but as Dennis and Fish eloquently stated in 1972, all were programs in search of a policy – they lacked a comprehensive scope and sustainable impact. It is further argued that the primary failure of the housing policy framework is in the traditionally narrow parameters of that debate. The focus has been almost exclusively on shelter outcomes (*except NIP and RRAP, which had more of a community focus*), particularly quantitative measures of units produced, rather than on monitoring the impact of housing interventions on non-shelter outcomes (which may provide a better assessment of the true payback on housing investment). Housing policy and programs have also been designed and implemented in a relatively isolated fashion and despite obvious links and benefits across broader social and economic activities.

Also, although this is slowly changing, housing in Canada has not developed strong support from affected constituencies beyond the traditional scope of the sector. Other jurisdictions have engaged a range of interested parties, from bankers to environmental advocates to the community development sector.

The result is that outcomes in terms of both shelter and non-shelter considerations have been inconsistent and sometimes contradictory. Canada has regularly achieved a high ranking in the UN's *Annual Human Development Report*, which gauges a country's progress by ranking quality of life based on life expectancy, education and income per person. Despite ranking among the top three countries in the world for more than a decade, almost one in every six Canadian households still experiences a housing problem as defined by the federal housing agency, Canada Mortgage and Housing Corporation (CMHC). Moreover, while some progress was made between 1973 and 1993, the impacts of this investment have been undermined by an almost total

lack of investment in the past decade. In 2001, the level of need was almost identical to that in 1974.¹

The consequences of an inadequate policy and program framework have been clearly enumerated in the companion paper by Andrew Jackson (2004), which draws from a diverse range of literature and research. This comprehensive review identifies the array of areas where housing, or lack thereof, either contributes to or undermines a healthy economy and supportive social infrastructure.

Notably, Jackson concludes:

The housing system could and should provide affordable and adequate housing; help promote an equitable distribution of assets; support the development of socially inclusive and supportive communities; help bring about successful immigrant settlement; and help secure stable economic growth and efficient and equitable labour markets. While far from a failure, our housing system is falling short on too many fronts.

The goal of housing policy and a comprehensive national strategy should therefore be to facilitate and promote a complete and inclusive housing system. It should be well-connected to the other elements of public policy that depend on it so that, over time, the level of housing need is progressively reduced while the benefits of investments in housing for the broad set of public policy objectives are better realized.

2. Housing as a continuum

Conceptually, the housing system can be described as a continuum of options with all individuals or families (referred to hereafter as households) situated at points along its range. To a large degree, the location of a household is influenced by income. This is illustrated below in Figure 1.

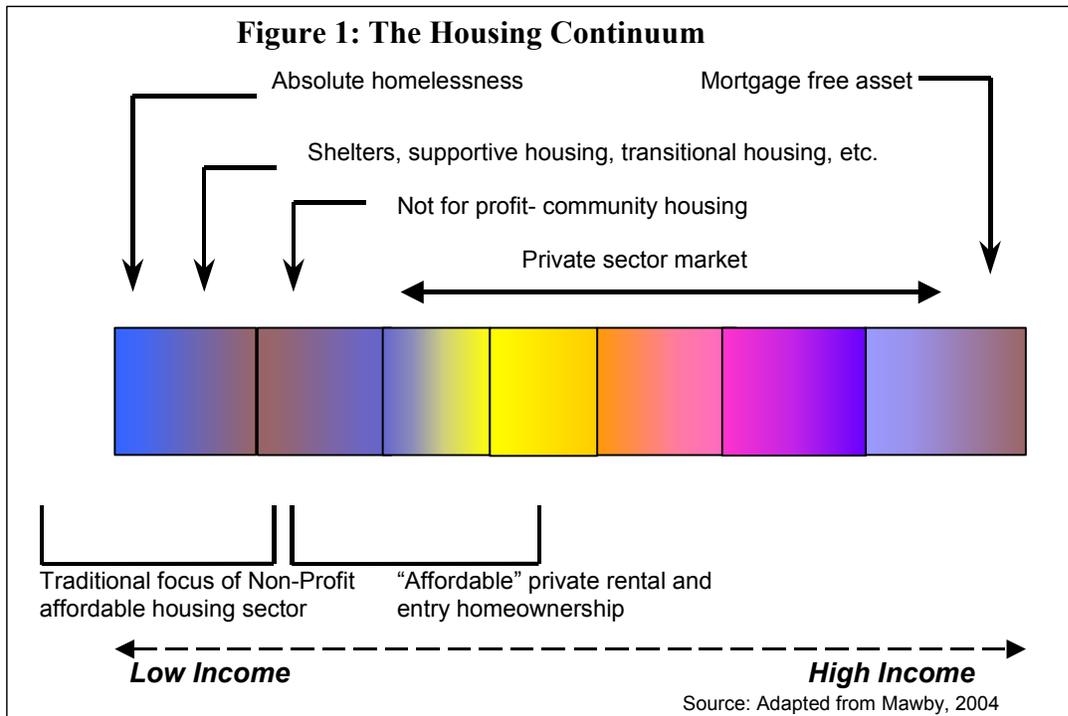
Households with little or no income predominate among homeless populations, with ongoing efforts to expand options for these individuals and families in the supportive and transitional part of the continuum. Those with higher incomes have an increasing capacity for self-reliance (assuming good health) and higher-quality housing, often associated with higher levels of neighbourhood amenity and a mortgage-free asset.

In certain cases, households may seek to progress along the continuum (notably, from an emergency or transitional situation to one of more stability). For some, supportive housing may be a desirable end state as the individual or household has a chronic need. In other cases, a home in adequate repair at an affordable price and in a safe neighbourhood may fulfil their need.

Use of the continuum model here is not intended to suggest a need for individuals or households to progress along the entire continuum. Rather, it is used to illustrate a complete set of

¹ For example, Goldberg (1983), citing a 1978 CMHC study, noted that one in five Canadian households were in housing need in 1974. This statistic was virtually identical in 2001: CMHC recently reported that 15.8 percent of households were in core need in 2001.

opportunities and options so that all members of society, at any stage of the lifecycle, have a choice (clearly, homelessness is seldom a choice but is used here as the commencement of the continuum, a reality in our society).



The current housing system could be understood to show an increasing fragmentation, with lack of meaningful choice for many housing consumers, growing gaps between the haves and have-nots based largely on whether they own or rent. The system also shows the continued and growing concentration and residualization of low-income households into ever worsening rental housing, and the growing disenfranchisement of vulnerable populations.²

Household characteristics and situations at any point in the continuum are a function of both housing and non-housing factors. Income is obviously a major influence in housing choice, but other characteristics are also relevant. Homelessness, for example, is often associated with substance abuse and mental illness. While not the cause, the lack of appropriate supportive housing may contribute to persisting and chronic homelessness. Further along the continuum, access to homeownership is either supported or constrained by current interest rates, which can significantly affect carry costs and mortgage affordability.

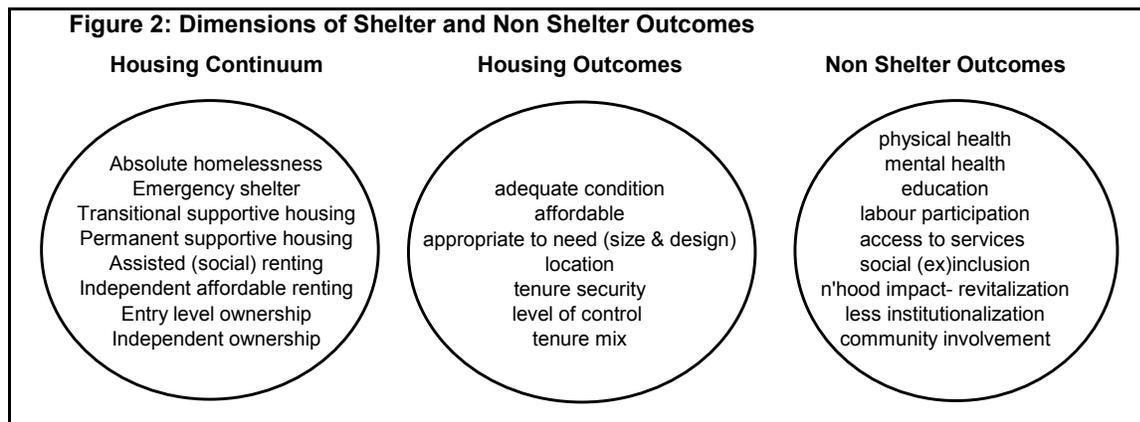
² Rental tenure is “residualized” as renters with higher income and greater capacity for self-sufficiency move on to ownership while a core group, with less education, lower employability and higher dependence on income support, remain in the rental sector.

While the continuum portrays the supply choices (and may imply some characteristics of need and demand), by itself it does not reveal how well the housing system responds to this need (i.e., outcomes). Conceptually, each part of the continuum can be associated with both housing and non-shelter outcomes, and as noted above, these may be positive or negative as well as varying in magnitude.

Again looking at the extremes, independent, mortgage-free ownership is associated in a positive way with the list of housing and non-shelter outcomes. Typically (although not in some communities), ownership units will be in a good state of repair and of good quality, appropriate to the households’ needs, and provide enhanced security of tenure and control, all features that contribute to good mental and physical health. In many (but not all) cases, individually owned homes may be located in well-serviced neighbourhoods with amenities, social networks and access to opportunity, as reflected in proximity to employment and educational facilities. While still vulnerable to crime, strong neighbourhoods (“eyes on the street”) combined with alarm systems (and in the extreme, gated, guarded communities) may minimize risk of crime and insecurity but present an undesirable form of social exclusion. Income mix may also be absent in higher-priced communities.

The absence of shelter – absolute homelessness – is closely associated with poor mental and physical health, no security of tenure, low control over one’s circumstances, vulnerability to crime and victimization, lack of work and income and often a social network with no opportunities.

Figure 2 replicates the continuum of housing circumstances and includes a set of shelter and non-shelter outcomes.



Thus there is a set of interdependencies with both shelter and non-shelter outcomes, each influenced by housing as well as by other external factors. In some cases these influences are simply part of the market system, in others they reflect explicit and purposeful public policy interventions. For example, homeownership enhances security of tenure and control and has been associated with greater levels of community involvement (owners are more likely to vote, to join community associations, etc.). Supportive housing reflects a specific policy intervention aimed at facilitating semi-independent living in a community setting. It also combines the housing

objectives of appropriate and affordable shelter with the non-shelter outcomes of improved or stabilized health, access to services and inclusion in an array of economic and social activities.

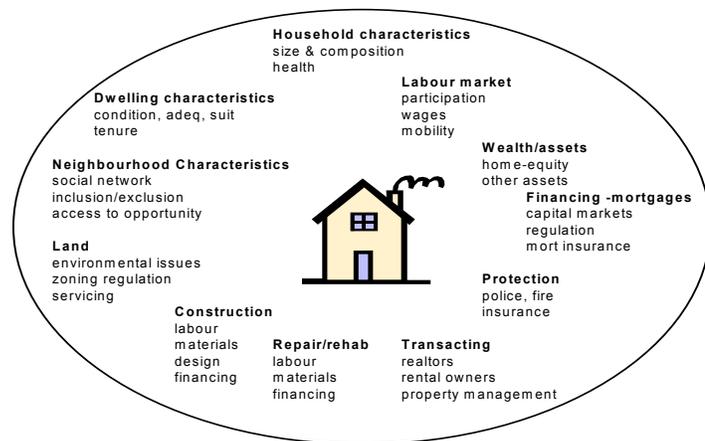
The shortage of suitable, adequate, affordable housing may not have direct, non-shelter, negative consequences, but conversely, the availability of well-located, sound and affordable housing can help to improve undesirable situations, such as limited access to good schooling for children, ability to balance home and parenting with easy access to employment, and reductions of risk to crime and anti-social activities. It also contributes to poverty reduction by freeing up income for other necessities.

3. **Housing as a system**

More than bricks and mortar, housing is a broad, complex and multi-jurisdictional issue. Comprised of a very wide set of activities and actors, as illustrated in Figure 3, it is best described as a holistic system.

The actors include a wide variety of public, private and community organizations. Governments at all levels are implicated in creating and maintaining the ever-evolving public policy environment in which housing operates.

Figure 3



If housing were defined narrowly as the provision of four walls and a roof, then most would acknowledge that Canada has a relatively effective housing system. Collectively, the actors in this market-based system effectively produce, rehabilitate, buy, sell and finance the structures in which most people live. However, there are qualitative deficiencies. While just under 85 percent of Canadians are deemed to be well and affordably housed, the current system has been persistently unresponsive to the needs of more than 15 percent of households.³ Further, the full potential of these housing activities in addressing other public policy goals (the array of non-shelter outcomes introduced above) is not being realized.

If housing is defined broadly as the creation of homes and living environments, then the scope of a strategy must be far wider than just ensuring a sufficient supply of suitable and affordable housing. It must embrace issues of community, individual health and well-being and the role that a home plays as a foundation for personal development and social interaction. Arguably, housing

³ A recent CMHC release on housing need based on the 2001 census shows 15.8 percent of all households in core need (30.4 percent among renters; 8.6 percent among owners). Also, while the core need measure assesses need and as a methodology assumes any household above specified income thresholds is not in need, some households do continue to experience a degree of difficulty. An effective housing system should continue to monitor and seek to improve these situations, rather than focusing *only* on core need households.

is not an end in itself but a means to an end – it’s an important element in a supportive social and economic system.

So the key question is, can the system be improved in such a way that it will progressively reduce this level of need and also make a direct and tangible contribution to other areas of social welfare, health and economic progress?

As Jackson and others (e.g., Galster (1994), McLennan (1995), Bridge et al (2003)) have observed, the physical nature of housing also yields important local impacts. We typically associate poor housing with undesirable neighbourhoods (and vice versa). The media frequently highlights problems of crime, drugs, prostitution, street gangs, etc., which mark these communities as dangerous and undesirable. At the same time, because of this reputation, housing costs tend to be lower than in more desirable areas and households with more limited choice (low income) inevitably migrate to these areas, exposing themselves and their children to a variety of risks and potential paths to “anti-social behaviour.” Therefore, the impact of linking housing interventions to broader neighbourhood stabilization and revitalization can be much more significant than just improving housing conditions or affordability. Beyond health and social service efficiencies, these benefits extend to reduced costs to policing and the criminal justice system.

In other neighbourhoods, we associate success with nicer homes, cleaner streets, and clean parks where children play in relative safety. These areas are also noted for the absence of visible signs of distress like homeless individuals living and begging on the streets, dwellings in disrepair or abandoned, vacant stores and businesses. Many households aspire to live in such neighbourhoods but are often confronted with housing costs that exceed their means. For them, the choice is to spend too much for a better place to live, or spend less to live in a less desirable area.

As a society we strive to eradicate the visible signs of poverty and distress, but in doing so we may in fact cause affordability problems. The challenge, therefore, is to remove the negative non-shelter attributes of poor areas while preserving and enhancing the affordability that distressed areas often provide.

By ensuring affordable housing opportunities across communities, with a mix of tenures and housing costs, we can enable greater access to the attributes of good neighbourhoods. This is the goal of a US program, Moving to Opportunity, which provides rental assistance to households seeking to relocate to better areas. The success of such programs is measured by the long-term impacts on children’s educational attainment, school drop-out rates and parents’ participation in employment.

Given the many impacts and the degree of interdependency, ***a broader and more comprehensive approach is required, both across and beyond the housing sector, and with specific responsibilities identified and coordinated collaboratively.***

In taking such a broad, system-wide approach, any discussion of a national housing strategy must examine some key questions:

- How well does Canada’s housing system work – what have been the recent successes (e.g., rising ownership rates, relief of pressure in rental sector by increased ownership access) and negative impacts (e.g., persistent high levels of renter affordability problems and absolute loss of low-rent units)?
- Does the housing system meet our broader economic and social goals? (For example, does it contribute effectively to a prosperous and healthy economy? does it contribute to a sustainable social infrastructure? to what extent does it operate to exacerbate polarization of incomes based on tenure or location?) Is the system sustainable and inclusive?
- What outcomes have resulted from past and current housing expenditures and investments and to what extent have housing investments had broader (sometimes unintended) beneficial impacts? To what degree are these impacts identifiable and measurable, and do we have a way to monitor them?
- Which junctures within this overall system are associated with beneficial or undesirable outcomes? To what extent can government policies reinforce and build on these strengths and improve or alleviate these undesirable outcomes? Are these outcomes an unintended consequence of public policy or a result of policy neglect?
- Does the strategy reflect our values? For example, many believe that homelessness is not an acceptable feature of our society and that no one should be without shelter.

4. *Exploring Gaps in the System*

Using the above framework, it is possible to identify in the current continuum and broader housing system those parts where outcomes are sub-optimal. This can then help shape the debate about what type of policies and program interventions might be effective in alleviating or filling these gaps or weaknesses.

Figure 4 summarizes an assessment of the housing continuum and shows where critical gaps exist. The graphic of a ladder with broken rungs represents the continuum and its weaknesses. This suggests gaps and weaknesses are more prevalent as one moves down the housing continuum.

Figure 4: Summary Assessment of Gaps

	<u>Shelter outcomes</u>	<u>Non-Shelter outcomes</u>	<u>Overall gap assessment</u>
	secure tenure, control, affordable, appropriate condition/quality, location	Physical, mental health; education; labour participation, income, access opportunity; n'hood, social inclusion	
Independent ownership mortgage free	high	high Social Exclusion? Overhousing?	nil
Independent ownership with mortgage	med-high	med-high build equity, reinvestment	nil
Entry level ownership (unassisted)	conditional tenure, conditional control, modest appropriate quality, reasonable location, may have >30 burden (voluntary)	deplete savings; labour mobility constrained, locational trade-off for price	Is supply available; access to credit?
Independent renting <30%	conditional tenure, conditional control, modest appropriate quality, reasonable location potential to save for HO	disposable income labour mobility	minimal
Transitional mentored and assisted ownership	conditional tenure, conditional control, modest appropriate quality, reasonable location	realizing aspirations, self esteem	significant gaps in service and programming
Independent renting - high rent burden	core need (adeq/suit/afford)	no capacity to save or build assets high stress, insecurity, impact on labour market, childrens educational	lack of sufficient low rent stock; inadequate shelter allowance
Independent rental (lower rent/modest size/quality)	eroding stock, deteriorating asset some substandard conditions, locational/n'hood issues	health impact, limited savings/assets - elderly poor	lack of shelter assistance and incentives for private reinvestment
Assisted/social housing	inadequate voume, weak links rehousing to health & social supports inadequate resources vs magnitude need	enabled, potential LF participation, skills development incr self esteem	significant resource constraints
Permanent supportive group homes	recent initiatives seek to address chronic need, inadequate resources	stability, security, health	significant resource constraints
transitional and supportive housing	moderate - recent initiatives seek to address chronic need, inadeq transition options inadequate resources	active mentoring, support	significant resource constraints and opportunity to transition on
emergency shelters	very basic shelter - short term solution	access to health support, nutrien impacts of broad range of services	short term only - constrained by above weaknesses
absolute homelessness - no shelter	no shelter outcomes	high cost to society	n/a

Shelter outcomes

The shelter outcomes identified in Figure 4 are well known and most actors in the housing system can readily identify them. These outcomes reflect the basic goals of housing policy – to ensure that homes are in a sufficiently good state of repair to provide shelter from the elements: safe, suitable and affordable dwellings. Tenure security is also regularly identified as a key feature of a housing system. To a large degree, this is a function of the regulatory framework for residential tenure and mortgage lending – which conveys legal rights to owners and occupants of properties as well as to lenders.

As suggested earlier, location is a key feature of real estate but tends to have more meaning in terms of the non-shelter outcomes that location conveys – including access to amenity, perceptions of quality or conversely insecurity and implications for social network and related neighbourhood effects.

When viewed solely from the perspective of housing outcomes, the continuum is relatively complete – and in many respects Canada has a strong and effective housing system. Where weaknesses exist, they are defined more by degree rather than by a total absence. However, there are mismatches on the continuum between available options and choices and demand or need, particularly in the areas of supportive and transitional housing. There is a lack of options to transition into (i.e., moderate rent, affordable units in a reasonable state of repair and in safe neighbourhoods and communities).

The most critical weaknesses are typically identified as:

- Insufficient quantity and level of resources for transitional and supportive housing to facilitate movement out of emergency shelters;
- Insufficient number of lower-rent units to enable continued progress from transitional housing into permanent or semi-permanent rental options;
- Lack of an effective shelter allowance/rental assistance program to help alleviate severe rent burdens;
- The ongoing erosion of relatively affordable housing options, including loss of the rooming house stock that has informally provided housing to low-income urban singles (both non-participants and participants in the labour market) as well as loss of self-contained apartments;
- Declining state of repair in the existing lower-rent housing stock (disincentives for owners to maintain assets);
- Very low levels of new rental construction, with negative consequences for vacancy rates and upward pressure on rents;

- Lack of capacity in the community non-profit sector to facilitate construction of new moderate and low-rent housing;
- Limited capacity and policy support to facilitate access to ownership for households at margin (lower incomes and impaired credit status); and
- Emerging mismatches between demographic and health requirements and existing dwelling forms.

These weaknesses are well understood and documented in a variety of reports, so it is not necessary to elaborate here.⁴

Non-shelter outcomes

In examining the efficacy of our housing system, it is perhaps more important to examine the non-shelter outcomes highlighted in Figure 4, above. We can use the non-housing impacts to develop the necessary partnerships and build support to break down program and policy “silos.”

As discussed in more detail by Andrew Jackson, many non-shelter impacts (and indeed, even some housing impacts) are ***not necessarily caused by*** housing factors, but are often nonetheless influenced by them. Notably, non-shelter outcomes can be directly and positively influenced by housing assistance programs – but if we measure only housing results, these impacts go unnoticed. For example, reducing shelter costs to 30 percent is in itself relatively meaningless; it is the consequence of reducing this burden and freeing up income for other needs that is significant. Increased affordability reduces risk of arrears and is related to security of tenure, stability of housing, and thus stability of households and their communities. This has a direct bearing on participation in school and the workforce, as well as on physical and mental health.

A more pointed example is the reduction or alleviation of poverty. Few poverty reduction strategies focus on the fundamental role that housing affordability plays in enabling a reasonable quality of life. Many shelter allowance programs (within welfare programs) pay a fixed monthly rate, regardless of prevailing shelter costs, leaving some families paying upwards of 70 percent of their assistance income to rent because of a lack of suitable affordable housing. Housing assistance programs (outside of the income assistance framework) that limit out-of-pocket expenditure to a fixed percentage of income, typically 30 percent, mean that the remaining 70 percent is available for non-shelter expenditures. Thus housing-based shelter assistance directly contributes to income redistribution and alleviation of poverty.

Some jurisdictions have gone further and allowed targeting of social assistance to support development of affordable housing, including affordable homeownership. This ensures that the public investment in shelter has lasting benefits to the recipient and wider-reaching benefits to society, for example by supporting neighbourhood reinvestment strategies.

⁴ Panelists in the symposium will elaborate on a select few of these gaps: problems in the rental market; improving access to ownership; pervasive issues among Aboriginal populations, and efforts to address homelessness. In addition, delegates will have an opportunity to discuss and expand this list, and identify remedies.

When each sector – here meaning housing and income assistance – works in isolation and without comprehensive measures of success, such opportunities are missed, or worse, thwarted, by conflicting policies. An example of this is the high tax-back rate (i.e. reduced benefits) that results from stacking income and housing assistance. This is counter-productive to encouraging movement into work and off benefits. Instead, it creates unintended poverty and dependency traps.

In a comprehensive international literature review, Bridge et al (2003) identify a range of influences and impacts of providing housing assistance.⁵ As suggested earlier in Figure 3, (drawing from this work), four broad categories of non-shelter outcomes can be identified:

- Health – physical and mental
- Labour market, educational status and earned income
- Community participation, social cohesion, crime and urban insecurity
- Locational and neighbourhood impacts

Certain features of the housing system and specific program and policy interventions directly influence outcomes in each of these categories. One of the key findings in the Australian research, which applies in particular to Canada, is the lack of empirical evidence with which to examine and measure the suggested impacts. Without good data, ongoing research and a system of assessment, it is difficult to clearly identify which programs and policies have the greatest impact and payback for public investment. This in itself is a weakness in the current housing system.

The key outcomes identified across these categories are briefly overviewed below (and reflect a number of the issues also raised in more detail by Jackson (2004)).

Health – physical and mental

Since housing provides basic shelter and protection from the natural elements, lack of it contributes to a number of undesirable outcomes, notably, poor physical and mental health. This explains the efforts of homeless outreach and street workers to provide basic medications, coats, gloves, blankets, etc., as well as counselling and help in securing shelter.

However, simply providing shelter does not necessarily lessen negative impacts. As discussed earlier, housing may be affordable but in poor condition and in an unsafe neighbourhood, with long-term implications (and costs) for youth exposed to anti-social activities. So, in examining effects, housing cannot be divorced from its location and related influences.

Poor-quality dwellings have long been associated with poor physical health outcomes. Although this is less an issue now than it was in the past, it is still a serious problem in remote and especially Aboriginal communities, as well as in some urban areas. In the main, Canada's housing system monitors dwelling condition and habitability, and with few exceptions, mainly in remote and reserve areas, this is not a critical issue. However, 7.8 percent of Canada's housing

⁵ *Housing Assistance and Non-Shelter Outcomes*, Bridge et al (2003).

stock is reported to need major repair (although 5.6 percent of households are deemed to have sufficient income to undertake repairs, leaving only 2.2 percent with a problem).

High shelter costs cause stress for households, especially when the household falls into arrears and spirals through the eviction process, again adding costs in the justice system. The housing-related impact of high cost is associated with two outcomes. First, to avoid these costs, some households may accept dwellings in poor condition. Second, financial burdens may contribute to stress and arrears and lead to mental instability and eviction. Unable to retain housing, individuals and families may turn to friends and relatives for support. Eventually exhausting their goodwill and resources, these people become alienated from their support network, and may experience further stress and mental illness.

There is an ongoing process of integrating health care into the community – including deinstitutionalization as well as approaches to reducing demand for entry into more formal health care facilities. For these approaches to be effective (beyond simply reducing or managing health budgets), there must be a supply of appropriately designed housing combined with community-based outcall support services (and in some cases, project-based support outlets). While designed to reduce pressure on the formal health care system, the issue of who saves and who pays has yet to be resolved across programmatic (and in some case jurisdictional) boundaries. In part, this lack of resolution reflects the characterization of costs and expenditures as subsidies versus investments (which implies a payback or return on investment).

Given the broad implications of an aging population and pressures on the health care system, how can housing responses best complement health needs (and vice versa)? Is the BC model of independent living, with the housing agency creating and managing the physical asset and the health care system managing provision of support services, one to evolve and emulate? Can this approach be adapted to meet the needs of younger populations similarly in need of community-based support? Again, which level of government is best equipped to take a lead role? And does our existing system of separate funding envelopes and competition for limited funding encourage or inhibit such collaborations?

Labour market, educational status and earned income

While housing is both a social issue and a health issue, it is also an economic issue. This reality was highlighted recently by the TD Bank and the Toronto Board of Trade – important allies in raising the policy profile of housing. High housing costs affect the labour market both by influencing wage levels and, in areas of high housing cost, by acting to ration the supply of labour by discouraging families from moving to areas with high housing costs (especially when coming from low-cost areas). As Drummond stated in the summer of 2003, “Affordable housing is frequently viewed as a social and health issue, but the fact of the matter is that it runs deeper than that. Working to find solutions to this problem is also smart economic policy.”⁶

The ability to work and earn a wage sufficient to meet or exceed basic needs is influenced by housing in a number of ways, with both positive and negative outcomes. Stable housing conditions help to develop social networks, and when well located, link to opportunities – e.g., a

⁶ *Affordable Housing In Canada: In Search Of A New Paradigm*. TD Bank (June 2003).

neighbour who knows of an employment opportunity at her place of work. Stability for families means children are not constantly changing schools and having their education disrupted. Thus, they have a greater opportunity for life success and future labour market participation (a long-term perspective that few programs embrace). As real shelter costs decline with inflation, more income is available to owners for non-shelter costs.

Rental housing does not offer similar longer-term reductions in real cost. Also, high rents can disrupt labour markets as lower-paid service workers seek lower-cost accommodation further away from work (implying a need to link employment, transportation and housing assistance policies).

Homeowners in areas of economic decline may become trapped – unable to find work due to constrained employment opportunities and unable to sell their homes to relocate. A similar impact has been identified in relation to socially assisted housing – the non-portability of the project-based assistance restricts mobility and thereby access to labour markets.

Lack of moderately priced housing indirectly affects labour markets – to attract or retain employees, employers must pay higher wages to compensate for high housing costs. This is particularly problematic in high-cost cities, especially for service workers and some entry-level professionals. Thus, some US and UK housing programs include options to create housing for so-called key workers – teachers, nurses, police officers and firefighters, who might otherwise be unable to afford to relocate to these higher-cost communities.

The ability of low-income households on income assistance to return to work is similarly constrained by housing costs, especially since most income assistance programs provide explicit shelter assistance, which at least guarantees households some capacity to pay rent. In leaving such programs, households give up this security (even though it may not have been sufficient to fully cover the rent). Currently there is no coordination of income assistance, return to work and housing initiatives – even though high housing costs impose the highest cost on the household budget and are the greatest risk if employment is not secure. (Most households initially move from benefits to casual part-time or contract work, with limited employment security.) The success of the back-to-work programs could be strengthened through parallel transitional housing assistance and better coordination of housing and income assistance policies and programs (focused on outcomes).

Community participation, social cohesion, crime and urban insecurity

Surveys on crime and insecurity often measure fear of crime rather than actual reported crimes, and perceptions typically exceed actual reported levels. Nonetheless, perceptions are an important factor and can lead to stress, mental illness and social isolation. Housing in and of itself contributes to this outcome through neighbourhood effects.

Well-designed communities with “eyes on the street” programs and defensible space are understood to be safer neighbourhoods. Also, strong communities where neighbours know each other and communicate openly and frequently are deemed preferable. Finally, there is again a strong connection between housing stability and positive housing outcomes, which includes a sense of belonging, pride of place, even “ownership” of a neighbourhood and its housing.

Locational and neighbourhood impacts

Neighbourhoods are typically viewed as an aggregate of the characteristics of their buildings and populations, which are a function of ongoing market and natural sorting processes. However, research has identified a direct link with housing programs that create a high concentration of low-income and disadvantaged households.

The behaviour and actions of neighbouring individuals affect others and, in the aggregate, can have either positive or negative impacts. Social, health and economic outcomes are fundamentally linked to the housing opportunities and choices in a neighbourhood. Also, how we design, build and live in neighbourhoods is a fundamental concern for a healthy housing system.

Concluding observations – gaps in the system

This discussion focuses on indirect and broad consequences of weak or absent housing policies. It also addresses the potential benefits of well-designed housing initiatives that are consciously and comprehensively connected to other sectors.

The largest weakness in the system is the limited success of cross-sectoral and inter-jurisdictional approaches. Constrained funding and jurisdictional turf battles (including lack of ownership, which results in housing being a political football) are perpetuated by government structures that departmentalize and compartmentalize issues. These narrow structures and outmoded practices make it difficult to arrive at the comprehensive solutions necessary in an increasingly complex society.

While not an easy task, the challenge is to improve mechanisms to encourage and perhaps reward collaborative approaches – but as discussed later, this requires better data and the capacity to assess outcomes in a more comprehensive way.⁷ It also requires some level of institutional reform.

5. *Repairing Gaps in the Housing System*

The preceding overview suggests that there is a high level of interdependence between housing and other sectors, with a range of outcomes influenced by both housing and non-housing drivers. Moreover, these impacts often reach far beyond housing, which suggests that good housing policy can have a broader impact. Conversely, weak policies and an incomplete housing system can undermine our larger goals of being a prosperous nation with a supportive social system.

Accordingly, if we are to address some of the gaps or weaknesses in the housing continuum and generate greater success, the challenge is not simply to develop specific programs or policies within the housing sector. Rather, we need to re-examine the broader system and the existing institutional structure, from how we finance housing to how we ensure that the community surrounding a particular housing unit works to support the resident household. We need to re-

⁷ A subsequent session at the symposium will focus on recent efforts to develop collaborative, comprehensive mechanisms through formal agreements.

engineer and restructure the governmental and institutional framework, possibly in a radical way, to change and improve the outcomes.

Institutional reform

All three levels of government are engaged and implicated in the housing sector, although this changes over time and across jurisdictions. Sometimes there is a duplication of effort. Some government activities are complementary but others are at cross-purposes, especially when we consider non-shelter results, such as incentives to work, health care impacts and neighbourhood impacts. A recent case in point is the latest Ontario budget, which strengthens education and health but fails to address election promises to fund affordable housing. In particular the budget fails to fund 6,600 supportive housing beds, which link directly to health improvements as well as to reduced costs in the institutionalized part of the health care system.

In a few cases, intergovernmental coordinating agreements have been developed to better coordinate services and programs. Winnipeg's "single window" approach to homelessness and housing, linked to city-based neighbourhood revitalization efforts, is a good example of a more coordinated approach. Similarly, the Vancouver Agreement seeks to integrate and focus the activities of three levels of government, but it reaches beyond housing to cut across a variety of policy and program areas that directly affect health and social services in the inner city. Unfortunately, these examples are exceptions rather than common practices.

The past four years offer a useful case study on the imperfections of federalism, particularly acute in the housing area. The affordable housing framework agreement establishes housing as a joint responsibility and respects provincial jurisdiction by agreeing to seek provincial concurrence for federal housing initiatives. The resulting negotiations have significantly impeded program implementation and development of needed affordable housing. One jurisdiction (Quebec) asserts sovereignty over housing matters and seeks both full responsibility and financial compensation from the federal government. For other jurisdictions, housing remains a shared responsibility. This has resulted in continued involvement by two levels of government but often neither takes full responsibility and sometimes one "partner" elects not to act while blaming the other.

A useful model to consider is Australia's – a federation with similar geographic, economic and institutional similarities to Canada. Australia has developed a predictable system that establishes a four-year funding framework and set of conditions but then leaves it to the state to design and implement programs. The long-term outcome has been predictable, sustainable funding. More significantly, states have evolved a high level of expertise, capacity and commitment. Meanwhile, the federal role is minimal in terms of ongoing involvement but critical in terms of providing funding and ensuring predetermined outcomes are achieved.

Improving research and capacity

The first step toward improving results is to measure how well we are doing now. Within the housing sector, CMHC has developed a need measurement to assess a core of specific housing issues – problems related to affordability, physical condition (adequacy) and crowding (suitability). However, the utility of this tool is limited by infrequent and delayed publication of

results. To the extent that this is related to existing data collection issues, including the frequency and size of Statistics Canada's samples, changes are needed.

In addition to improving housing need measures (especially the frequency thereof), the indicators need to be broadened to encompass the wider range of non-shelter outcomes discussed above. Better data supports better research – especially empirically-based analysis. Such research can effectively support policy analysis and program design to improve impacts and outcomes.

A further impact is that the availability of data combined with a need for information nurtures academic interest and the development of research expertise – something notably lacking in Canada. We have only a handful of university-based housing researchers and only two formal research centres that undertake any volume of research into housing issues (and even then this research has been limited of late). Publication of research findings adds perspective and stimulates constructive public debate on appropriate policies. Without research centres, interested academics and researchers, who will mentor and inspire the next generation of housing professionals in Canada? There is already a large deficit in intellectual capacity as well as in practical expertise.

Unlike many other countries (e.g., France, US, UK, Australia), a broad network of housing policy-research institutes has *not* emerged in Canada. In fact, the small network that existed in the 1980s has contracted. To a degree, this limits our capacity to develop expertise. The situation may in part reflect Canada's tendency to rely on sporadic funding programs to address housing issues rather than demanding a concentrated, systematic and integrated response of public policy.

Canada also stands out for its paucity of academic analysis and critique of the housing system, which in other countries has provided a way to both broaden the housing policy debate and employ applied, empirically-based evidence to refine and revise policies and programs. In Canada, this is particularly noticeable in the lack of research on the outcomes of housing programs.

Previously, the federal government, through CMHC, supported academic centres for urban and housing research and encouraged graduates with an interest in housing through its scholarship program as well as its graduate training program. Both helped to build expertise across the housing sector. The cancellation of funding for these types of activities was followed by an erosion of expertise. At this point, with increasing demands for staff at the community and municipal level (a consequence of downloading as well as renewed funding in the more recent federal-provincial/territorial (FPT) program), there is no systematic development of new employees.

The lack of trained and educated housing professionals is evident as municipalities seek to implement the FPT housing program. There is also a very limited capacity at the community level to develop and manage new initiatives. In addition, the current generation of housing professionals are nearing retirement with few protégés in place.

Repositioning housing policy and programs in a broader framework

The central thesis of this paper is that housing is seldom considered as part of a larger system, and, as a consequence, the housing sector has remained inwardly focused, without the larger constituency of support to create sustainable political support and funding.

The paper argues that housing, and specifically housing policy, needs to be repositioned in a broader context with a revised institutional infrastructure. Evidence from around the world and from scattered innovative interventions in Canada shows that when housing is considered as a means to a (set of) public policy ends, rather than as an end in itself, the investment pays significant returns. It is the role that housing plays in enabling citizens to fully participate in society, or not, that needs to be made central to the policy and program debate. This means thinking of the housing system and beyond, not just the housing project or program.

A systemic response would shift the question from “who pays for housing?” to “who invests in housing and for what benefit?” It would also allow for a more meaningful consideration of the broad range of public policy and regulatory tools needed to ensure a healthy housing system in Canada for all.

So, while there are weaknesses in the continuum— which we have the expertise to fix given an appropriate level of funding— the key to long-term success is in repositioning the debate and showing why housing is important and how investment in affordable housing can pay dividends. This is a prerequisite to establishing sustainable and consistent levels of support.

As the recent Accenture advertising campaign provocatively asks, displaying Tiger Woods winning a golf tournament: “Is it enough to strive to improve your game” (fix the gaps in the housing continuum); “or is the goal to change the game itself?” I suggest the time has come to change the game.

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