



Recession and Stimulus Spending: A Preliminary Examination of Stimulus Spending on Affordable Housing in Ontario

Arif Jinha
Student Intern

CPRN Research Report | December 2009



Arif Jinha

Housing Intern

MA Student, School of International Development and Global Studies, University of Ottawa

The Housing Internship and Scholar Program is organized and run by CPRN's Director of Housing and Environment, Dr. Michael Buzzelli. Foundational funding is provided by the Social Housing Services Corporation (SHSC). The program's overall aim is to develop Canada's housing research and policy capacity by attracting and retaining the best and the brightest in the housing sector. The program is an intensive four-month policy research training experience that results in the publication of original housing policy research. For more information on SHSC research, go to www.shscorp.ca.

The views expressed in this paper are those of the author and do not necessarily reflect the opinions of the Social Housing Services Corporation or Canadian Policy Research Networks.

Canadian Policy Research Networks (CPRN) is a not-for-profit, independent think-tank. Our mission is to help make Canada a more just, prosperous and caring society. We seek to do this through excellent and timely research, effective networking and dissemination, and by providing a valued neutral space within which an open dialogue among all interested parties can take place. To obtain further information about CPRN, visit www.cprn.org.

Contents

Figures and Tables	ii
Abstract	iii
Executive Summary	iv
1. Introduction	1
1.1 Housing Affordability and the Financial Crisis	2
1.2 Canada – Affordability and Housing Today	3
1.3 Contemporary Public Policy, Economics and Affordable Housing	5
2. Purpose and Approach of the Report	5
2.1 Research Questions	5
3. Methods	6
3.1 Literature Review and Historical Analysis	6
3.2 Tracking Housing Indicators	6
3.3 Interviews	6
3.3.1 Respondents	7
3.3.2 Semi-Structured Interviews	7
3.3.3 Interpretation	8
3.4 Policy Review	8
3.5 Study Strengths and Limitations	8
4. Building Canada – Stories of Global Economics and Housing Systems	9
4.1 1945 to the 1970s: Laying the Foundation	10
4.2 Pressures on the Social Welfare State	12
4.3 Federal Withdrawal from Non-Market Housing	13
4.4 Ontario’s Shift	14
4.5 Summary of Outcomes	14
5. Household Economics in the 21st Century	15
5.1 2009 Recession and Stimulus	17
6. Interview Results	18
6.1 Implementation of the Stimulus Budget	18
6.1.1 New Affordable Housing in Ottawa	19
6.1.2 The Three-Month Shovel-Ready Rule	19
6.1.3 Will the Money Be Spent?	21
6.1.4 Energy Efficiency	21
6.1.5 Seniors and Disability Housing	22
6.1.6 Affordable versus Social Housing	22
6.1.7 Rent Supplements Not Included in Stimulus – The Mismatch	23

6.1.8	<i>Prepared to Repair</i>	24
6.1.9	<i>Common Theme – A “Drop in the Bucket” Compared with Need</i>	24
6.1.10	<i>Risk of Pushback and Step-Outs</i>	25
6.1.11	<i>A View from the Health Sector</i>	26
6.2	The Recession	26
6.3	Financial Crisis	30
6.4	Standing Issues, Recommendations and Long-Term Change	32
7.	Conclusion and Recommendations	34
7.1	Recommendation #1 – Develop a National Long-Term Strategy for Housing	34
7.2	Cross-Fertilize the Benefits of Social Housing with Other Policy Domains	35
	Bibliography	36
	Appendix 1. Interview Guides	41

Figures and Tables

Figure 1.	Households in Core Housing Need, by Income, 2001	4
Figure 2.	St. Jamestown Public Housing in Toronto	11
Figure 3.	Habitat for Expo 67. Advances in Architecture and Construction through Non-Profit Affordable Housing	12
Figure 4.	Annual Step-Out of Federal Social Housing Programs	12
Figure 5.	Protest against Homelessness	14
Figure 6.	Average Weekly Wages Adjusted for Inflation, 1961 to 1985	16
Figure 7.	Year-to-Year Unemployment Rate	26
Figure 8.	Rise in Ontario Works Caseload during Recession	27
Figure 9.	Affordability Index Canada in RBC Economics	28
Table 1.	Stages of Canadian Housing Policy.....	10

Abstract

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

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

Executive Summary

As in other jurisdictions, affordability continues to define the Ontario and Canadian housing markets. For a host of reasons, climbing real estate values continue to outpace real incomes. Housing is not only a durable economic good but also a basic need and human right. Housing policy therefore should be about raising affordability on the premise that housing is a public good unlike other durable goods in our economy.

The role of government in the economy is often debated during difficult economic times. During the long boom after World War II, there was collective commitment to build nations and make them equitable. In responding to the recessions of the 1970s and 1980s, we focused on budgetary constraint. The current crisis has rekindled debate about the role of government in propping up the free market. Though our demands for equitable and responsible government have not changed, one general finding of this study is that the 2008/09 recession expands our range of choices because it calls upon us to think differently about the economy and the government's role within it.

This paper is about the significance of the moment for housing policy in Ontario and Canada. In the short run, the stimulus funding for housing in Canada is part of a global response to a global recession. In the long run, the crisis, recession and stimulus implementation expose the cracks in public policy regarding the housing system and create a space for change. In particular, advocates of social and affordable housing have faced a steep uphill battle in recent decades, while more and more Canadians have fallen short of being able to afford adequate and suitable shelter. And yet the recession brought about an unanticipated \$2 billion for affordable housing to be spent over the next two years. The funding will result in better housing for some in Ontario, but many will feel that it falls short of addressing the ongoing problem of affordability. Conducted through background research and interviews with a wide range of informants, this study is an early look at the implementation of the housing stimulus, the immediate impacts of the recession and stimulus, and the challenges that lie ahead.

Future federal and provincial budgets will certainly be affected by this recession even as the economy recovers. What will happen once the reality of deficits sets in amid economic recovery and once the one-time stimulus spending is complete? This paper will argue that the crisis creates opportunity to think in a longer-term way about social housing for sustainable affordability in Canada and, in particular, the need to mount a national long-term housing strategy.

Recession and Stimulus Spending: A Preliminary Examination of Stimulus Spending on Affordable Housing in Ontario

A crisis can be an opportunity for introducing better social programs.

– World Bank Development Research Group. In *Lessons for World Bank Research on Financial Crises*.

1. Introduction

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

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

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

The global financial crisis and recession of 2008/09 has particular relevance to housing policy because it is an outcome of housing finance in the United States (primarily asset-backed securities that were leveraged within sub-prime mortgages), and it calls for change in how we confront housing affordability. Stimulus spending is a short-term response. How will we respond into 2011 and beyond? Let us begin with a context for this argument in the crisis itself.

1.1 Housing Affordability and the Financial Crisis

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

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

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

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

1.2 Canada – Affordability and Housing Today

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

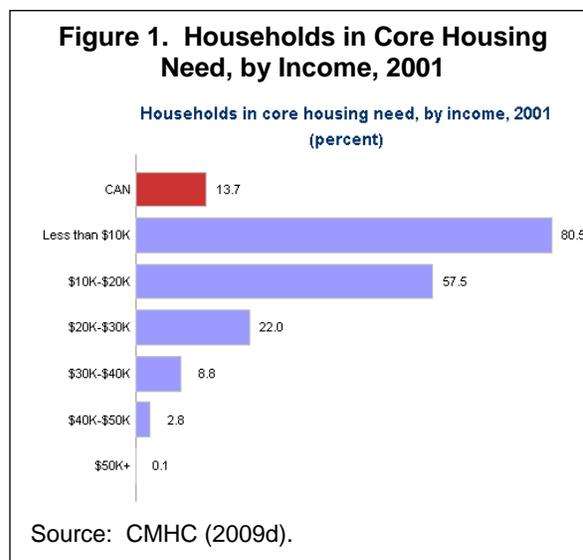
In recent decades, government policy in the United States and, to a lesser extent, Canada had come to heavily subsidize ownership housing (relative to the treatment of the housing market in other advanced Western economies, especially northern European countries), to neglect rental, to withdraw from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

In Canada, the majority of the population (69.5%) are adequately and suitably housed in shelter that they can afford (CMHC, 2009d). About two-thirds of Canadian households are owner-occupiers, and just over 30% are renters (Statistics Canada, 2009a). One-fifth of renters and 5% of Canadians live in some form of social housing and pay rent geared to income (Dalton, 2009). As shown in Figure 1, a total of 13.7% of Canadians are in Core Housing Need¹ (CHN; see CMHC, 2009d). When last documented in 2001, 6.5% of Canadians were paying more than 50% of their income on shelter costs – considered a severe affordability problem. Two-thirds of those in CHN have household incomes lower than \$20,000 (HRSDC, 2009). Though adequacy and suitability are included in the definition of core housing need, affordability problems are the primary drivers and create the greatest social risk to households (CMHC, 2009d).

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

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

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



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

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

The last quarter of the 20th century was one of decline rather than progress in Canada's ability to provide a housing system for all. There has been only modest improvement in the first decade of the 21st century. These were decades of prosperity for most Canadians. This has been called Canada's housing paradox and is lamented as a policy failure that compromises Canada's longer-term progressive social policy orientation (Laird, 2007;). The economic and social costs of inadequate housing and homelessness are frequently cited, and housing for all has been recognized as not only a moral imperative but also good economic policy (TD Economics, 2003).

1.3 Contemporary Public Policy, Economics and Affordable Housing

Social policy is a domestic issue, and in Canada provincial governments are largely responsible for the delivery of health care, income supports and social housing. But like housing markets, social policy has clearly been shaped by international norms and entangled in globalization (Banting, 1995). To be sure, domestic and local influences such as demographics and regional economic cycles continue to be important. But policy borrowing, for example, has become "*inter-mestic*" (Held, 2004) as well as intergovernmental (Hulchanski, 2003).

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

2. Purpose and Approach of the Report

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

2.1 Research Questions

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

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

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

3. Methods

3.1 Literature Review and Historical Analysis

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

3.2 Tracking Housing Indicators

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

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

3.3 Interviews

The author conducted 20 semi-structured key informant interviews with policy-makers at three levels of government, elected officials representing three parties, economists and housing experts, as well as with affordable housing program leaders and housing advocates in the non-profit sector. Interview text is reported anonymously to protect informant identity.

3.3.1 Respondents

Civil Servants – Civil servants interviewed worked in senior positions in housing in a large Ontario municipality, the Ontario government and Human Resources and Skills Development Canada (HRSDC).

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

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

Non-profit Sector – Program leaders from private non-profit housing and advocacy organizations were also interviewed.

Other – A director of a local health integration network (LHIN), with interests in housing issues for those with addictions, was also interviewed.

Gaps – Efforts were made to cover a wide variety of perspectives, and this was made possible in part by interviewing key informants through a snowball sampling frame beginning with the author’s own network and contacts made through the Internship program mentors. Some people were reached through Internet research and contacts, and throughout interviews respondents were able to provide further contacts (a snowball sample). Gaps existed because there was no response within the time period or contact couldn’t be initiated in time through the snowball sample.

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

3.3.2 Semi-Structured Interviews

As shown in Appendix 1, the interviews focused on the themes of the recession and stimulus spending. Interviews were initiated using the prepared questions in the relevant interview guide. As the interview process continued, interviews were adapted to follow leads and fill in gaps. Throughout, efforts were made to tailor interviews to respondents’ positions and experience. Each interviewee was asked to give some background on the informant’s work in the sector and perspective on recent housing developments before starting the discussion on the topic of the

crisis, recession and stimulus. The interviews were conducted with a view to allowing the informants to focus on what they felt was most significant while also addressing the research questions. The guide was helpful in prompting new questions. Interviews ranged from 30 minutes to two hours, depending on the time that respondents could provide.

Experts provided the critical foundations for analyzing housing policy in the context of the current economic changes. Key informants at each level of government provided an early look at how federal policy is being implemented in Ontario, what immediate outcomes are occurring as a result of crisis and stimulus, and the limitations and ongoing challenges. Economists provided critical perspectives on the dynamics of the crisis, recession and stimulus, and the potential impact on economic thinking and affordable housing. Elected officials provided varying perceptions on the nature of the affordability problem, the crisis and the political realities. Key informants often provided leads for other interviewees as time permitted. Respondents were generally in senior positions and had many years of experience in their field of work. In total, over 20 individuals participated in the study. Only general details about respondents are given in order to ensure anonymity.

3.3.3 Interpretation

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

3.4 Policy Review

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

3.5 Study Strengths and Limitations

Given the long-term impact of external economic shocks on housing policy-making, an early look at policy triggers and changes in the context of the current crisis can be useful information for the public and policy-makers alike. Past changes stimulated by recessions have led to lasting norms. This seems particularly useful now, given the scope and magnitude of the current crisis and the dramatic shift in spending policy across the G8 nations. The study was strengthened by the body of knowledge and recommendations that have accumulated over the last 10 years. The fundamentals of good economic policy in housing, of good social housing policy, have been established but during a time when governments were not investing in social housing.

However, an early look is also subject to a great deal of uncertainty. Therefore the study, though founded in established knowledge, is exploratory given that its context is one that is new and still evolving. Accordingly, few strong conclusions can be drawn, but it is hoped that the research will provide clues as to how to leverage changed conditions toward better outcomes in affordable housing and social housing policy in Ontario and Canada.

4. Building Canada – Stories of Global Economics and Housing Systems

In a democracy like Canada, the question of why the financial and affordability crises have occurred and how to change the situation ultimately has to be answered by the public at large. However, an analysis of the history of housing policy and of international economic and social policy norms since WWII gives clues about the kinds of choices the public has had, and what has shaped decisions made by governments. The brief history included in this report provides a background for the current policy challenges provided by the ongoing affordability problem and the recent global economic crisis and recession. We are just beginning to tell the story of the economic crisis of 2009 as part of a longer history of ideas, economics and politics in Canada's housing policies. The history demonstrates the close linkages between global domestic economic and political realities. The most recent stage provides the current context where the economic crisis and the housing affordability crisis meet. From this we can identify the specific challenges facing Ontario today and in the future as regards housing affordability and housing policy in general.

Like houses, policies are durable products that we live with for a long time. The original design does not always stand up over time; it does not always do what it is supposed to do or allow people to get what they need from it. Policies, like housing, are built, renovated, and sometimes demolished and rebuilt. Changes carry some kind of cost, whether direct or indirect, and rarely are changes made without purpose. The design is complex, and so it is often understood through public narratives – our stories of the purpose of state, markets and policies between these two.

The periods of housing policy change described below are based on Hulchanski's four periods of social housing (2004) and Carroll and Jones's five phases of housing policy (2000; see Table 1), as well as Banting's (1995) review of transnational norms in social policy. In this review, the word "story" is used to describe stages. This reflects the economic historian's view of our current economy as being built upon an edifice of social evolution, like stories in a building. Each story is layered upon previous ones rather than replacing them. "Story" also represents the public narratives of these periods. In this history, there are two key economic stories – the Keynesian story and the Monetarist story. Within these, three stories are identified for Canadian housing policy: the foundational post-WWII story, the building of Canada's non-profit housing sector and, finally, the withdrawal from non-market housing.

Table 1. Stages of Canadian Housing Policy (see Carroll and Jones, 2000)

TABLE 1 Canadian Housing Policy Stages					
<i>Characteristics</i>	<i>Economic Development</i>	<i>Social Development</i>	<i>Financial Restraint</i>	<i>Disentanglement</i>	<i>Disengagement & Privatization</i>
<i>Time</i>	<i>1945-68</i>	<i>1968-78</i>	<i>1978-86</i>	<i>1986-94</i>	<i>1994-present</i>
Economic conditions	reconstruction and prosperity	prosperity and inflation	recession and recovery	high government deficits	economic growth and widening social gap
Major demographic force	pent-up demand and returning veterans	"baby boom"	aging population and single families	40 & 50 somethings dominant	smaller non-traditional family unit
Overall goals	economic development	social reform	financial restraint	reduced government presence	rediscovery of social need
Market philosophy	filtering and infrastructure support, planned urban landscape	intervention, participation, and flexibility	reduced intervention	free market privatization	neo-liberalism globalization
Housing goals	industrial development, suburban development, physical planning	community development, income integration, demand support	supply support	deconstructionism "fix up, patch up"	?
Delivery instruments	direct federal loans and grants	cost-sharing and direct subsidies and loans	loan guarantees and mortgage insurance	co-production private sector partnership	volunteers local government
Intergovernmental	federal leadership	trilevel consultation, "province-building"	provincial leadership	solely provincial	solely provincial
Outcomes	large projects "corporate city"	widespread, uncontrolled subsidies	administrative overlap	non-policy small scale intervention	?

4.1 1945 to the 1970s: Laying the Foundation

After World War II, there was a need to finance the reconstruction of war-torn European countries that was delivered through the Marshall Plan. This "stimulus" occurred along with the General Agreement on Trade and Tariffs (GATT) that liberalized trade between North America and Europe, driving strong growth on both continents. The growth that resulted financed the social welfare state as an international norm. Universal secondary education and subsidized university and college education were key priorities, as was public health care and housing. A modern, industrialized country had to prepare for competitive trading and a globalizing economy. Stronger state obligations to basic social security, outlined in modern constitutions, meant that investing socially was necessary for a productive and inclusive society. In essence, this period laid the foundations for today's societies in the North, in their systems of education, health care and social security (Banting, 1995). In general, the period of 1965 to the 1980s was considered particularly strong for Canadian housing policy. Until the 1970s recession, both markets and government performed well in the context of a long global boom under generally Keynesian economic thinking (active public policy responses to smooth business cycles). Market failures triggered policy shift toward Monetarist economic thinking (management of growth rate of money supply), ushering in the retrenchment of Canadian housing policy from the mid-1980s onward (Carroll and Jones, 2000; Dalton, 2009).

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

Canada was slower to develop public housing for low-income households, building only 12,000 units between 1949 and 1963 (Hulchanski, 2004: 180). Most of Canada's 200,000 public housing units were built between 1964 and the 1970s (e.g. Figures 2 and 3). The building of these was accomplished through major redevelopment and zoning for large housing projects that ran up against resistance from the public (Dalton, 2009). The right of citizens to decent housing was a pillar of public policy in Canada during this period.

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

Figure 2. St. Jamestown Public Housing in Toronto



Source: Wikimedia Commons (http://en.wikipedia.org/wiki/File:St_James_Town1.jpg).

In reaction to criticisms and the cost of public housing, the 1970s saw a move away from direct government ownership and management of housing. Non-profit housing corporations were formed in municipalities to take over non-market housing, and co-operatives continued to play a strong role. The majority of Canada's rent-supported units of housing for low-income households were built between 1973 and 1993 through federal capital grants and ongoing subsidies under 35-year agreements. There were roughly 630,000 units remaining under these agreements as of 2004/05 (Crowe and Shapcott, 2005). The potential “step-out” (see Figure 4) of the provision of affordable housing upon expiration of these agreements is a significant concern to housing advocates and to social housing policy-makers (M. Shapcott, personal communication, 2009). Nonetheless, the period laid the foundation for Canada's non-profit housing sector.

Figure 3. Habitat for Expo 67. Advances in Architecture and Construction through Non-Profit Affordable Housing

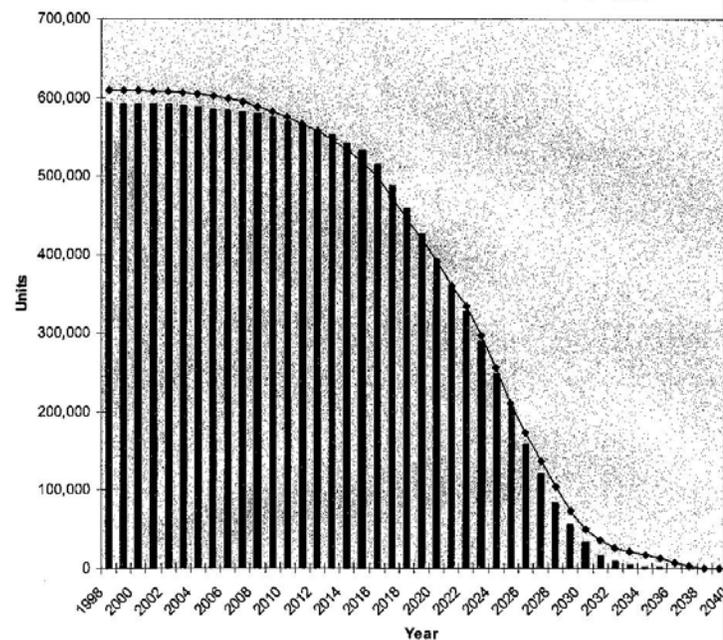


Source: Photo from Wikimedia Commons (http://commons.wikimedia.org/wiki/File:Habitat_67,_Montreal.jpg).

4.2 Pressures on the Social Welfare State

The long post-WWII boom faced its first significant challenges in the 1970s. From 1960 to 1973, the average rate of growth in the real gross domestic product (GDP) per capita in countries in the Organisation for Economic Co-operation and Development (OECD) had ranged from 3.5% to 4.0%. It fell to less than 2% between 1973 and 1990. Unemployment rose to 7.8% in OECD countries by 1993. Governments faced many crises as inflation and unemployment took turns battering the economy. GATT-driven growth had produced “fierce competition.” Firms restructured by consolidating, centralizing or taking advantage of free trade by moving labour abroad. All of this pressure on employment ought to have meant lower inflation; however, oil shocks were driving up prices instead. The two major post-WWII recessions where negative growth lasted more than two quarters were those of the early 1970s and 1980s, respectively. These were crises for governments, and they effectively put an end to the Keynesian period of economic policy-

Figure 4. Annual Step-Out of Federal Social Housing Programs



Source: Crowe and Shapcott (2004).

making. The numerous challenges placed contradictory pressures on the social welfare state. As Banting (1995) states:

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

The “stagflation” recessions of the 1970s and 1980s together with the pressure on budgets and Cold War politics paved the way for the “neo-liberal” economic paradigm to come to dominance, as expressed by the Washington Consensus (Dalton, 2009). The deepening of the Cold War, the failures of state socialism and, finally, the fall of the Berlin Wall in 1989 meant that by the close of the 20th century, the centre had shifted toward free market capitalism and away from government involvement in the economy. The Keynesian compact (or neo-classical synthesis) that had served the global economy well in the post-WWII period was broken (Krugman, 2009).

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

4.3 Federal Withdrawal from Non-Market Housing

For Canada, changes in social policy to reduce federal spending meant devolving responsibilities to lower levels of government, but without transferring sufficient capital and capacity to lower levels that would provide shelter. The first Canadian government to embrace the path of downloading was the Conservative government that came to power in 1984. Between 1984 and 1993, \$1.8 billion was cut from the social housing budget. The same sorts of trends were in place in the United Kingdom and the United States, owing in part to demographic shifts and increasing the pressure to reduce taxation (limiting the sources for funding less visible programs like housing). In this context, in 1990, the Liberal Task Force on Housing produced a set of recommendations to address the housing problem, stating the following:

The federal government has abandoned its responsibilities with regards to housing problems ... The housing crisis is growing at an alarming rate and the government sits there and does nothing ... The federal government’s role would be that of a

partner working with other levels of government, and private and public housing groups. But leadership must come from one source; and a national vision requires some national direction.

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

4.4 Ontario's Shift

In 1995 the Progressive Conservatives (PCs) came to power in Ontario with a far more explicit “belt-tightening” platform. In the midst of the recession of the 1990s, Ontario’s social assistance was cut by 21.6% and has never since been indexed to inflation (Herd, 2002). The rates for social assistance do not provide sufficient income for people to rent in the private market in most urban centres. The rates for disability in Ontario have those people unable to work living on annual incomes below the poverty line, incomes that most certainly place them in core housing

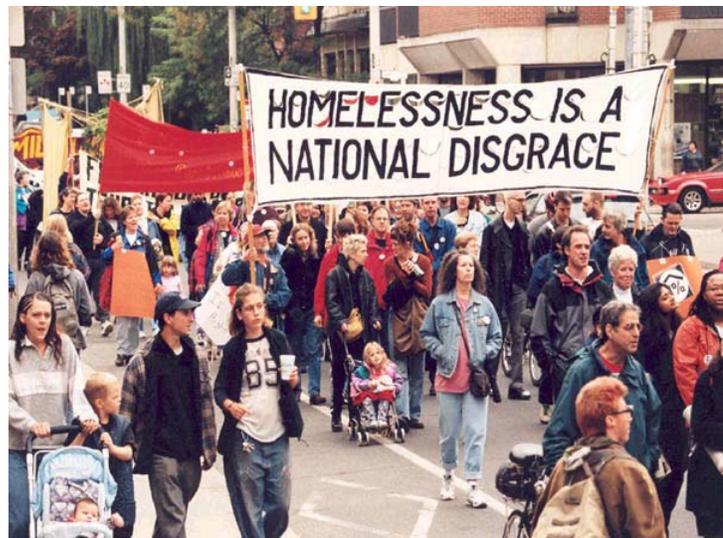
need if they are not able to access rent-g geared-to-income housing. When the Ontario PCs came to power, they cancelled 17,000 new social housing units that were already approved for development (Crowe, 2006). In the longer run, the provincial government devolved social housing in 2001 via the *Social Housing Reform Act* (2000) such that municipalities are now responsible for social housing.

4.5 Summary of Outcomes

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

- a decline in incentives to build affordable rental housing and a decline in the proportion of rental housing in general;
- a decline in social housing stock;
- a decline in capital grants to non-profit housing providers to build affordable housing;

Figure 5. Protest against Homelessness



Source: Toronto Disaster Relief Committee (www.tdrc.net/).

- a decline in rental vacancy rates;
- a rise in housing need – as expressed through a worsening rent-to-income ratio;
- a static income against inflation for the average worker and falling income for the poor;
- a weakening of unemployment, social security and disability benefits;
- deinstitutionalization without adequate community support.

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

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

5. Household Economics in the 21st Century

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

Canadians currently have the highest debt-to-income ratio in history. Low-income workers are particularly vulnerable, and in the first decade of the 21st century we have seen “dramatic growth in the debt-income ratio among households in the first income quintile, who are likely more sensitive to rising interest rates and negative income shocks” (Meh et al., 2009: 15). Since the beginning of the recession, unpaid credit card bills have skyrocketed to record levels (*Toronto Star*, 2009, July 3). Risk and responsibility has been downloaded through the levels of government and from government to households, but it has been downloaded without real gains in capacity and capital.

The average person has no more money available for housing, and low-income people have less. As shown in Figure 6, real incomes grew substantially up to the mid-1970s but have flatlined since. Real incomes have not grown substantially in Canada, in part due to stalled workforce/economic productivity gains after 1975 as well.

Figure 6. Average Weekly Wages Adjusted for Inflation, 1961 to 1985



Coupled with stalled real income growth are the effects of speculation and real estate inflation. Housing itself has become

more expensive, and when combined with stalled incomes, it is certainly less affordable. During the recession of the 1990s, weak incomes and higher social welfare caseloads explained increases in severe and moderate affordability problems (Pomeroy, 2001). During the growth period that followed, incomes recovered unequally. Higher income earners moved into ownership housing, and the median income of renters fell (Pomeroy, 2001). The demand for rental housing outstripped the supply, pushing rents up, with an average increase of 25% between 1996 and 2000. Rent has increased faster than inflation in the 21st century, with diminishing delivery of new rental units (Shapcott, 2007). Homeownership affordability declined rapidly with the housing boom from 2005. With the 2009 recession, affordability has been restored to pre-boom levels but still represents a gap with regard to average household incomes (RBC Economics Research, 2009). Moreover, the contradiction is clear – when prices rebound, owners and particularly sellers rejoice while affordability diminishes for buyers. With the recession, weak incomes, unemployment and rising social welfare caseloads, we see that weak demand may again reflect and reinforce unaffordability.

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

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

The economic argument favoured advocates for community living for people with mental health and developmental disabilities since the 1970s. Deinstitutionalization – the closing of institutions that housed these individuals – was carried out as an international norm throughout developed countries. It was led by civil society, while governments saw the value in folding costly government institutions (Kendrick, 2000). However, the gains in quality of life, equity or dollars cannot be realized without adequate community supports. Canada's long-term users of homeless shelters are people with mental illness, people with addictions and quite commonly people with concurrent disorders (addiction and mental illness). If we can call this process "shelterization," we can say that it has also led to re-institutionalization in jails. Quigley and Raphael (2001: 326) explain that:

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

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

5.1 2009 Recession and Stimulus

With the United States at the centre of the financial and economic recession, Ontario's economy has been particularly hard hit. More than any other province, Ontario's economy is heavily invested in manufacturing, particularly auto assembly. Flagging demand in the United States in 2007 though 2009 has had a huge impact on unemployment in the province as have recent gains in the Canadian dollar (now near parity) that further reduces demand for Ontario-made manufactured products. About 60% of Canadian trade to the United States is from Ontario. Six months into the crisis (May 2009), Ontario's unemployment rate reached 11.4% (Statistics Canada, 2009b), the highest in 15 years. Labour income in Canada dropped 0.7% in the first quarter of 2009. The Ontario Works (OW, Ontario's welfare program) caseload grew an average of 23.42% across the province during the first four months of 2009. Loss of income from middle- to low-income earners could result in higher demand and tighten the lower end of the housing market further, and hence more households in core housing need and more homelessness could result from this recession.

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

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

The author of this paper discussed the issues of the crisis, recession and stimulus with over 20 informants involved in housing from a variety of perspectives. The following section reports on how these informants saw things unfolding during the summer of 2009.

6. Interview Results

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

6.1 Implementation of the Stimulus Budget

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

- \$704 million to repair social housing units and make them more energy efficient;
- \$365 million to create new affordable housing for low-income seniors and persons with disabilities; and
- \$175 million to extend the Canada-Ontario Affordable Housing Program.
- In addition, the allowable funding per unit increased from \$70,000 to \$120,000.

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

6.1.1 New Affordable Housing in Ottawa

Interviews began in the midst of project announcements in the City of Ottawa. At that time two new affordable housing projects were announced in the City under the January 2009 budget, *Canada’s Economic Action Plan*. These are financed through the cost-shared Canada-Ontario Affordable Housing Program (AHP):

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

Discussion on the Ottawa projects was with municipal and provincial officials from the Ottawa areas. Three further informants from a large private non-profit agency providing a range of services, including supportive and affordable housing in Toronto, supplied further perspective on the stimulus spending.

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

6.1.2 The Three-Month Shovel-Ready Rule

The three-month shovel-ready rule is one of the changes to the AHP for the one-time additional funding under *Canada’s Economic Action Plan* (the stimulus funding), and, for some, it is the most difficult. The rule requires that a project be ready for construction or renovation within three months of approval. The time frame for the application to approval process is very tight. The federal budget was announced at the end of January 2009, but municipalities had to wait for the Province of Ontario to announce its commitment to allocate its share of the financing and put out the call for proposals.

Since the research interviews began in July, informants at the municipality stated they had only just received the rules. As projects are approved, they are contingent on providers signing an attestation that work can begin within three months and be completed within the two years specified, that is, by March 31, 2011. With projects signed off in early July 2009, this leaves only one construction season left in the fall of 2009 and the summer of 2010 to complete them. However, half of the money is meant to be spent this year.

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

One informant indicated that this rule incurred some risk to providers. The cost to prepare a project was estimated by the informant to be \$250,000 in planning. (It bears noting that these are multi-unit multi-million-dollar projects. This amount is about 5% of the total cost of a building with 61 modestly sized units costed at \$200 per square foot). Thus, if projects did not meet program criteria or deadlines, this upfront investment could be lost. This risk, however, may be shared with higher levels of government, and so it may be visibly and politically awkward to withdraw funding and leave projects half-complete. The most significant factor of the three-month rule is that it is likely to eliminate any new proposal from being created on the basis of the funding announcement. It means projects that were already “in the pipeline” – that is, being prepared already to compete with many others for expected or hoped-for funding from the AHP – are likely to be funded. The non-profit informants all reported “lucky timing” in the stimulus to be of key significance to them.

One informant felt at the same time that a five-year term with more planning would deliver better results, but felt on the other hand that governments could be too risk-averse for longer time horizons. From a practical standpoint, the three-month shovel-ready rule was problematic for those closest to the implementation process, providers and municipal managers. Some “didn’t see the benefit” in the rush to new projects, while others pointed directly to the “three-month rule” as too restrictive.

Municipalities are adapting, but often not in ways that were seen as ideal. For instance, the issuing of phased building permits was necessary given the short time frame. Phased permits are not desirable and never issued under normal circumstance since there is no utility in a building that is half-constructed. Informants also stated that the rules were muddier. There was concern about the emphasis on “bricks and mortar,” the lack of planning in this process and the lack of resources for planning in general. Some were concerned also about unhealthy competition among cities, with the large amount of money being spent so quickly. Without planning, the long-term concerns of healthy cities, neighbourhoods and integration of services may be compromised. One informant took inter-city competition as an indicator that there is a lack of coordination and planning. Another felt that this lack of planning up front resulted in over-runs.

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

6.1.3 Will the Money Be Spent?

Although housing advocates will find it hard to argue against stimulus spending, even if earmarked as “one-time spending,” some interviewees felt that the terms (again, mainly the three-month shovel-ready rule) were unduly restrictive. This has been a frequent criticism of previous AHP programs along with the fact that many provinces did not match federal funding, thereby leaving it unused.

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

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

6.1.4 Energy Efficiency

The energy retrofit portion of the federal and Ontario budgets is relatively small in comparison with the money for new builds and for repairs. However, built into the Ontario budget is an early deadline for new builds to meet the 2012 Ontario Energy Efficiency building codes. New projects involving purchases of existing buildings for renovation to affordable housing units will also have to meet the new codes. A welcome reprieve in the federal budget was the raising of the per-unit limit for funding from \$70,000 to \$120,000, and informants said that this was essential in being able to cover extra costs in building to the new codes.

In general, however, “green is in,” according to informants. There are many sources of funding, private and public, and it is non-controversial to support. If a provider was in a position to replace appliances, for instance, the provider was likely to purchase energy-efficient ones because it would reduce occupancy costs. One municipal official felt that, in general, energy-efficient renovations would be implemented if providers saw improvements to the bottom line

and had the capital to invest. However, repairs for health and safety were highly urgent needs that were the first priority, according to many informants.

This round of stimulus funding focuses on job creation, repairs and new builds. With the early enforcement of the 2012 codes and the general “green” trend, the energy efficiency aspect of the stimulus has to be looked at in a broader context. Non-profit housing providers and co-operatives have been ahead of the trend, and new projects such as Beaver Barracks are expected to exceed the energy efficiency codes and display state-of-the-art green, affordable housing construction. Based on the interviews, observation and the literature, some developers in Toronto and Ottawa are already among many “third sector” providers that have earned strong reputations for their leadership in community-based and progressive affordable housing programs. However, with the backlog of safety and health priorities for repair and the fact that green retrofits and building are still very recent trends, there is still much work to do to see a conservation impact on the whole. In the long run, energy efficiency investments are likely to pay off in reduced operational costs.

6.1.5 Seniors and Disability Housing

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

Informants indicated, however, that there is room for flexibility in the process. It seems that the three-month shovel-ready rule remains the most important factor, and the projects “in the pipeline” that could meet this rule could be made to fit the program. Rules on disability housing are more flexible as well. Indeed, the Shepherds of Good Hope project is an example of the overlap in providing transitional supports to the homeless and also is a sufficient fit for disability and seniors housing. There is concern, however, that new units of housing last for a long time, while funding for supportive programs runs on two-year cycles.

6.1.6 Affordable versus Social Housing

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

The definition of affordable housing can be as flexible as referring to buildings where the highest rent is the average market rent (AMR) or below. The AHP funding itself can provide grants to providers of affordable housing, but it only funds units that are below market rent at a maximum of 80% of the AMR. From the supply side, affordable housing programs are the more recent model, where governments provide capital grants delivered at the municipal level with agreements to provide affordable rents and units that are eligible for supplemented RGI housing for those on the waiting list. One informant felt that current programs divert money away from social housing. Private developers could use subsidies but end up delivering AMR units in the long run.

6.1.7 Rent Supplements Not Included in Stimulus – The Mismatch

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

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

The AHP extension to the 2009 program rules stipulates that new units have to be set to at most 80% of the average market rent, and “strong Community Rent Supplements and other existing rent supplement program funding can be applied to an AHP-funded unit.”

For seniors “to qualify as low income, the household must be on, or eligible to be on, a social housing waiting list.”

For people with disabilities, the AHP project guidelines state the following:

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

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

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

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

6.1.8 Prepared to Repair

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

6.1.9 Common Theme – A “Drop in the Bucket” Compared with Need

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

In terms of the need for a new supply of affordable housing, informants unanimously agreed that “we'll get a few good projects” but that it would be a drop in the bucket relative to need. The City of Ottawa's assessment of need led to establishing targets of 500 new units per year. Until this year, no units were being built, although the 248-unit Beaver Barracks project had been in the planning stages with construction scheduled to start this year even without the stimulus. The estimate from City staff in the interview was that 350 new units would be established over the

two-year stimulus period. This is still less than 20% of the needs-based target and is 350 out of the 5,000 units called for in the City's 10-year plan. In Toronto, one provider reported that the biggest challenge there in building new housing was in obtaining the land. Provincial respondents were encouraged by action to convert "brownfields" – deserted (and potentially contaminated) land formerly occupied by industry. This would have environmental benefits and free up land for affordable housing.

The overall message was that new units of supportive, transitional and affordable housing in Ontario are a drop in the bucket against a need that has built during decades of decline throughout Canada. But they are a step in the right direction from a base of next to zero.

6.1.10 Risk of Pushback and Step-Outs

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

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

The fact that the current funding is a one-off with a set end date is a concern along with whether there will be enough financing to maintain the new and existing stock. Another worry is whether the affordability of the AHP program's units will be protected over the long term. In addition, an enormous concern is the lack of a plan for dealing with "step-outs" – housing programs on 35-year contracts that will expire over the next two decades – which represent potential longer-term funding reductions.

6.1.11 A View from the Health Sector

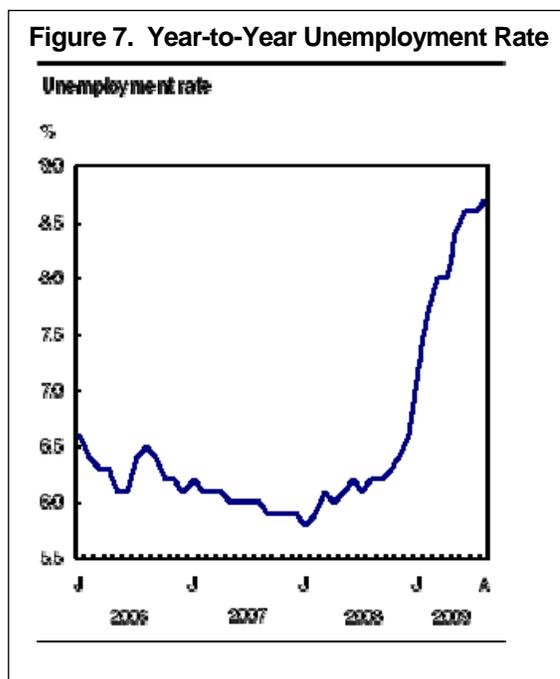
One informant reported the same during a radio interview on the subject of new supportive housing units made available with funding support from the Ontario Ministry of Health and Long-Term Care. The informant estimated the need to be roughly 1,000 people who fit the criteria for the program within the local health integration network (LHIN). Currently, the three-year program from the Ministry will provide 1,000 units of housing with supports for people battling addiction for the entire Province of Ontario (Champlain LHIN, 2009). As a parallel to the devolution in housing to municipalities, the informant felt that the flexibility of the LHIN to respond to local needs was constrained by the lack of capital. The lack of affordable housing and supports puts pressure on hospitals, and it makes sense for the health system to focus on this issue.

The informant felt the stimulus was too high on the scale of bricks and mortar. It is better to “think small and local” and to put more emphasis on community. The informant estimated that, at a more local scale, there would be around 120 people staying in hospital that could be at home if there were adequate affordable housing and supports. It is more effective to focus on personal support workers and community and social service workers than on training more doctors and nurses. In terms of the role that the health sector can play in change, the informant reported that health professionals give voice to a public health approach to community infrastructure and housing but that they are also in powerful professional groups that continue to focus on tertiary health care to promote their interests. Nevertheless, the movement in addictions and in mental health toward affordable housing was felt to be an encouraging step in the right direction.

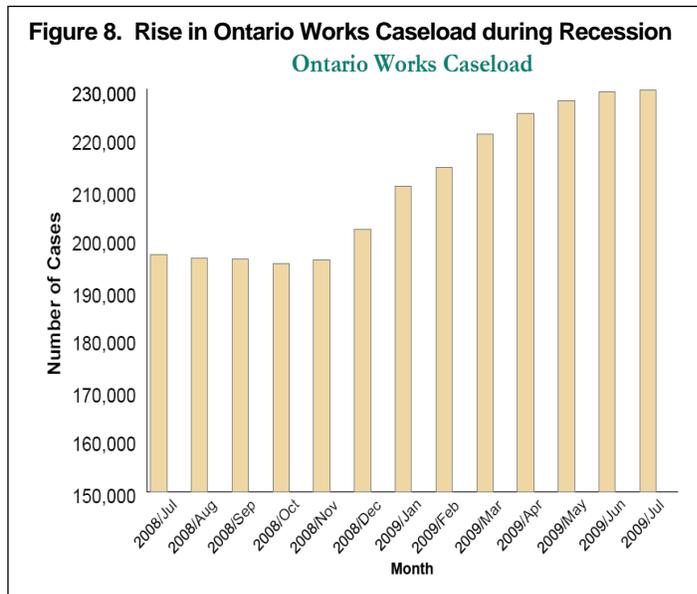
6.2 The Recession

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

1. **Income and Unemployment:** There has been a decline in income or greater income insecurity for the working poor and an increase in demand for social services, as reported anecdotally by providers and based on increased unemployment and Ontario Works (OW) caseloads (social welfare income support; see Figures 7 and 8).



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



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

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

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

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

The increase in OW caseloads could put pressure on municipal budgets and will also be difficult for those now earning the very low assistance rate. Social housing providers receive very limited funds for shelter for people receiving OW assistance. For people moving from jobs to employment insurance, their rent contributions will decrease along with their reduction in income. For those paying RGI to landlords who receive supplements from the municipality,

those supplements will increase proportionally. If people move from employment insurance to OW, the municipality will pick up most of the tab for housing along with 80% of the assistance cheque. However, it is expected that people in social housing will be better able to recover from job loss and gain new employment. The impact of the recession on RGI and rent supplements and on municipal budgets will not be seen for 18 months. Mandated capital reserves for social housing providers, along with RGI and rent supplements, cannot be cut by law, so they are safe. However, the municipal budget on the whole may be under pressure.

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

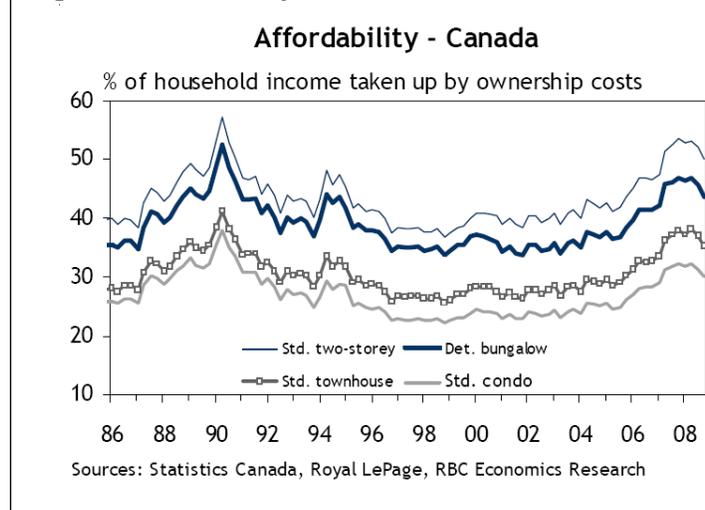
The informant from the Homelessness Partnering Secretariat (HPS) expressed concerns over the recession and reported that there definitely was an increase in demand for social services. Though figures for core housing need are not scheduled to be reported until 2011, it was felt intuitively that job loss would increase core housing need and make those already in need more vulnerable to homelessness. The informant stated that all of the cities that have done shelter counts over the winter – Vancouver, Edmonton, Calgary and Toronto – showed an increase. Service agencies have expressed concern to the HPS about the effects of the recession on vulnerable populations. Increases in shelter visits also mean increases in the number of “turn-aways.” Many of these figures will be recorded in the next Homelessness Report Card. An informant from a non-profit organization that serves the homeless also felt that, despite new housing, homelessness was likely to increase over the course of the downturn.

3. **Affordability:** There has been a slight improvement in affordability indicators (Figure 9).

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

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

Figure 9. Affordability Index Canada in RBC Economics



4. **Major Gifts Endangered:** Private non-profit groups that rely on philanthropy risk losses.

Particularly where larger non-profit organizations have major gifts programs, there may be some loss of donations due to the impact of the financial crisis on donors' investments. This was raised as an issue by one informant, but the author did not verify this directly.

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

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

The civil society economist interviewed also felt that the jobs economy in Ontario was closely linked to the United States. This reflects regionally specific impacts in terms of both the depth and kinds of impacts on the Canadian economy. For example the dollar was over par, and this has been hurting Canada's manufacturing exports as has the decline in demand from the US economy. There is concern that, as the global recession recovers, there will be a rapid rise in energy prices, once again putting the energy-exporting parts of the country ahead and hurting the rest of Canada's exports, relatively speaking. The informant also felt that demographic pressures would force greater public investment in socially assisted housing and that socially assisted housing made for greater stability in the face of job loss. Housing takes a significant component of income for consumption and removes it from the market. This informant viewed housing policy as linked to economic policy, income and wealth redistribution, family formation, and achieving greater equality in society. Another demographic affected by affordability is the next generation, as households wait longer and have fewer children, if any at all, if they feel they can't afford to house them. The economist felt that we are currently seeing an enormous squeeze on the lower end of middle-income families.

A provincial respondent also felt that the recovery would take longer in Ontario and that conditions in the United States would be critical. Along with peers, this informant felt that, with the downturn and the stimulus in response, it was an interesting time to discuss affordable housing. These discussions are under way in Ontario with the provincial housing consultations. Given the longer recovery expected for Ontario – owing to its exchange rate exposure and manufacturing base as noted earlier – the respondents felt that there was a need and rationale for Ontario to focus on infrastructure over a longer period.

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

6.3 Financial Crisis

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

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

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

The bank economist also felt that better regulation in Canada mitigated the effects of the crisis, with some provincial differences in prudent regulation. Our banking regulations prevented over-leveraging, and since the crisis Canada has tightened its lending regulation by requiring a minimum deposit. The informant felt that the entire global financial landscape would be changed along with the economics profession. The informant referred to the last 30 years as “post-Keynesian” shift and said that the model would move to a more centrist approach. The lesson has been in the importance of regulating markets. In terms of homeownership, the bank economist felt that complementarity was needed between homeownership and rental approaches to housing. The informant felt that it was good to encourage homeownership but that it was not in the reach of everyone. This informant also felt that primarily getting the macroeconomic environment right was important – the economy needs to create jobs. Both the bank economist and the civil society economist felt that the homeownership sector remains strong in Canada and that the foreclosure problem was barely significant here as compared with the United States.

The federal government MP felt that the sub-prime mortgage crisis had less to do with deregulation than with the American approach to housing policy, which by comparison is higher-risk, real estate-oriented and more prone to treating houses as investment assets. This was a government-subsidized industry. Sub-prime lending was a cost-free solution for governments to the affordability problem in housing, particularly by underwriting sub-prime mortgages to disadvantaged groups. The MP felt that the treatment of homeownership as an investment vehicle was not universal. For instance, it is much less common in the Maritime provinces and worse in the United States. Policies that encourage homeownership as the main asset and investment

vehicle were problematic. The MP felt that the role of government should not be directed toward helping those already doing well but toward helping those facing affordability problems. In terms of jurisdiction, this informant saw the federal government's role in housing during the stimulus period as temporarily occupying what is constitutionally a provincial domain. The MP had interest in further discussions and had a great deal of respect for MPs from all parties but stated that partisanship made it difficult to arrive at intelligent policy.

The opposition MP felt that people are rethinking a lot of things because of the financial crisis. It makes people ask fundamental questions and is an opportunity to come to grips with a number of public policy failures. There is an understanding that average people are affected, and so there has to be a role for government. With regard to the stimulus, the opposition MP felt that the lack of a long-term framework and national strategy makes it difficult to tell what impact the stimulus will have but that this period may give those efforts more traction. This informant felt that the housing movement had been building and is turning the corner. Change is incremental, however, and there is a lag between turning the advocacy corner and turning the corner on impact. This MP hoped to see real improvement in 10 years.

The civil society economist drew direct attention to the irony of the stimulus for affordable housing, because the origin of the financial crisis was the affordability problem. The Bush administration and Congress's answer to that problem was to ratchet up the importance of homeownership by removing obstacles to it. From the late 1990s until recently, a series of changes in regulations were made to make it easier to borrow and get access to housing. This economist felt that it was politically convenient to point the finger at Wall Street, but argued that one cannot analyze the problem without looking at housing and the laws governing it – specifically issues like no-recourse mortgages and mortgage-interest deductibility. The US tax code creates a powerful incentive to mortgage a property or at least a disincentive to reduce mortgage debt as in other jurisdictions (like Canada). On the question of the challenge to the economic orthodoxy, the informant made even stronger points:

From global economics perspective – the market fixation in the US had a major impact on IMF-World Bank policy-making ...The ideological underpinnings underneath the trashing of social housing programs don't exist anymore. The same sort of worldview that informs financial deregulation ... that whole structure had one thing going for it, it was coherent. The idea was, if you leave it alone, enough affordable housing will trickle down that we don't need to worry about affordability.

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

Another housing expert felt that social policy issues were emerging as important again. This expert felt that social welfare cuts have been sufficiently challenged in the past but that current trends are calling such policies into further question. The respondent felt that, for change to

occur, people would have to rediscover collective self-interest over private self-interest. The European example of success in social housing was attributed in part to taxation tolerance. The informant explained that people assume that tax phobia is a constant that has always been with us, but it has only really been present in the last 15 years of recent history.

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

The respondent from the housing advocacy organization felt that we were not quite there in terms of seeing a huge window for change but was definitely making the argument and treating the crisis as an opportunity. What this respondent saw as promising was that the timing of a real move toward developing a national vision for housing occurs during a time of increased spending, and this provides a different context. When funding is actually flowing toward affordable housing, it gives a better sense of it being reasonable to think about strategy.

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

6.4 Standing Issues, Recommendations and Long-Term Change

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

Some interviews suggested that a new phase of affordable housing has emerged in the last 10 years. Since the late 1990s, advocacy organizations began mobilizing around the growing problem of homelessness and developed the National Homelessness Network. By 1998, municipalities were leading the charge, declaring homelessness a national disaster. By December 1999, the Government of Canada announced its National Homelessness Strategy, and from 2000, the federal government began providing funding to address homelessness through the Supporting

Community Partnerships Initiative (SPCI). This led to 62 community-based programs in Canadian cities that develop local planning around homelessness, including transitional housing and moving toward the Housing First model borrowed from the United States. By 2003, the federal government had created a short-term affordable housing initiative, the Affordable Housing Partnership (AHP), allocating \$1 billion over five years that required provinces and territories to match funding in order to fund actual projects. The program was extended by the Liberal minority government in 2005 and by the Conservative minority government after 2006 until the stimulus budget. The Conservatives also extended the funding initiated by the Liberals to the Homelessness Partnering Initiative (HPI) and the SCPI.

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

One of the consequences of the income-integrated projects, however, was that two-thirds to three-quarters of the housing went to middle-income families while many families in need were not accommodated.

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

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

7. Conclusion and Recommendations

This study is a wide-ranging account of the 2009 federal budget and the social housing stimulus plan in *Canada's Economic Action Plan*. There is little historical precedent to draw upon to interpret early impressions that are themselves perhaps too close to fully interpret. The historian will be best able to trace the development, implementation and impact of social housing stimulus spending. At this point, we have early key informant interviews and other primary research to situate the program in historical context. Accordingly, we turn to the key short-term recommendation of this study and then discuss the longer-term implications for the treatment of housing as a centrepiece of social policy.

7.1 Recommendation #1 – Develop a National Long-Term Strategy for Housing

According to many advocates, Canada is the only country in the industrialized world without a national housing strategy (e.g. Hulchanski and Shapcott, 2004). One of the major drawbacks that limits the impact of the significant funding made available through the stimulus and identified consistently by informants has been the absence of a framework or national housing policy and a comprehensive strategy for the long term. Recently, a Private Member's Bill for a National Housing Strategy passed second reading in the House of Commons. The most consistent recommendation in the interviews, frequently stated as the top priority addressing the most significant gap, was the need for a long-term national strategy for affordable housing in Canada. Informants repeatedly spoke of the shortcomings of operating without a framework and without a plan. In addition, informants recommended the following:

- The strategy should be developed at all levels of government.
- We need a clear framework for infrastructure in general – how buildings fit in with other buildings, transportation, services, city growth and neighbourhood characteristics.
- We need to have more predictable funding programs over a longer period.
- It was also suggested that a “home” be found for social housing, such as within a Crown Corporation, such that it can operate free of the political cycle.

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

In this context, it bears repeating that it is beyond the scope of this paper to detail a framework for a national housing strategy. That said, there are some basic elements to a housing strategy that provide both clear targets and measurable objectives. These include, for instance, investment into new stock that goes beyond the limited window of funding of the current stimulus plan so that affordable/social housing can at a minimum keep pace proportionately with population growth, as well as the ever-growing need to invest in the maintenance and repair of existing social housing stock. Overlaid on these kinds of investment decisions is the need to be informed about the composition, dynamics, gaps and challenges of the social housing sector. At present, even with the provinces, data collection is largely uncoordinated, there exist few indicators with which to judge how social housing accomplishes its intended goals and there is little understanding in Canada of the value of social housing (for households, local communities and the wider economy). A long-term social housing strategy that makes informed investment decisions must ultimately rely on this kind of data infrastructure.

7.2 Cross-Fertilize the Benefits of Social Housing with Other Policy Domains

A national housing strategy must be the main recommendation coming out of this early report on stimulus spending and potential revival of interest in support for social housing. Though the stimulus funding is welcome investment after the federal government's 15-year absence from this sphere, a longer path must be planned, and one might argue that it could be planned strategically.

For decades housing observers, academics, activists and policy-makers themselves have argued that housing fails to gain traction beyond stops and starts or beyond programs in search of a policy, as it were. One problem often cited is the overly constitutional interpretation of housing responsibility taken by successive federal and alternative provincial governments (Banting, 1990). Perhaps one way to think of advancing social housing is to link it with complementary policy domains. One powerful movement currently in many provinces focuses on poverty reduction. Though most recognize the need to leverage policy co-benefits in general, it has not happened to any great extent in housing. Rather than continue to pursue its decades-long struggle for recognition within social policy, social housing may stand to gain by linking up with poverty reduction.

In general, poverty reduction focuses on some or all of the following: state-supported child care, directly tackling homelessness and protecting the value of work with fair wages (Saunders, 2005). As discussed earlier, the homeless are not at all addressed in the two-year stimulus package, though there is one obvious direct way in which shelter may be targeted via a parallel and compatible policy movement. Perhaps one downside of this kind of strategy is the loss of visibility of housing per se once woven into other programs, but advocates might see that as a small price to pay for long-term progress.

Bibliography

- Angus Reid. 2009. *Canadians Prepared to Accept Deficit; Want Budget to Secure Jobs*. Retrieved June 10, 2009, from www.angusreidstrategies.com/polls-analysis/opinion-polls/canadians-prepared-accept-deficit-want-budget-secure-jobs.
- Arnold, E. 2004. "The Municipal Role in a National Housing Policy." In J.D. Hulchanski and M. Shapcott (eds.). *Finding Room: Options for a Canadian Rental Housing Strategy*. Centre for Urban and Community Studies.
- Banting, K. 1990. "Social Housing in a Divided State: Federalism and Public Housing in Canada." In G. Fallis and A. Murray (eds.). *Housing the Homeless and the Poor*. Toronto: University of Toronto Press. pp. 115-163.
- Banting, K. 1995. "Social Policy Reform in Canada." In D. Morales-Gómez and A.M. Torres (eds.). *Social Policy in a Global Society*. International Development Research Centre/Earthscan On-Line Books. Available at www.idrc.ca/en/ev-27520-201-1-DO_TOPIC.html.
- Brushett, K. 2007. "Where Will the People Go. Toronto's Emergency Housing Program and the Limits of Canadian Social Housing Policy, 1944-1957." *Journal of Urban History* Vol. 33, No. 3: 375-399.
- Burt, M. 2001. *What Will It Take to End Homelessness?* Urban Institute. Available at www.urban.org/publications/310305.html.
- Carroll, B.W. 1989. "Post-War Trends in Canadian Housing Policy." *Urban History Review* Vol. 18: 1.
- Carroll, B.W., and R.E. Jones. 2000. "The Road to Innovation, Convergence or Inertia: Devolution in Housing Policy in Canada." *Canadian Public Policy* Vol. XXVI, No. 3: 277-293.
- CBC Digital Archives. 2006. *Prime Minister Jean Chrétien*. Retrieved August 10, 2009, from http://archives.cbc.ca/version_print.asp?page=1&IDLan=1&IDClip=13726&IDDossier=1062&IDCat=335&IDCatPa=260.
- CBC News. 2007. "The U.S. Subprime Mortgage Meltdown: Will It Spread to Canada?" *CBC News In Depth: Personal Finance*, August 31. Available at www.cbc.ca/news/background/personalfinance/mortgage-meltdown.html.
- CBC News. 2008. "Financial Crisis Creating the Perfect Storm for Charities: Donations Declining as Need for Help Rises, Say Community Groups." November 10.
- Champlain LHIN. 2009. *Supportive Housing for People with Substance Abuse Issues: Background*. Ontario Local Health Integration Network. Retrieved August 12, 2009, from www.champlainhin.on.ca/newsroom.aspx?ekmensele=e2f22c9a_72_190_btnlink.

- City of Ottawa. 2007. *City Housing Strategy: 2007-2012*. Ottawa: City of Ottawa.
- CMHC [Canada Mortgage and Housing Corporation]. 2005. *2001 Census Housing Series: Issue 8 – Revised-Households Spending at Least 50% of Their Income on Shelter*. Socio-economic Series 05-004. Ottawa: CMHC.
- CMHC [Canada Mortgage and Housing Corporation]. 2009a. *History of CMHC*. Retrieved August 2, 2009, from www.cmhc-schl.gc.ca/en/corp/about/hi/index.cfm.
- CMHC [Canada Mortgage and Housing Corporation]. 2009b. *What is an NHA Mortgage-Backed Security?* Retrieved August 4, 2009, from www.cmhc-schl.gc.ca/en/corp/faq/faq_001.cfm#1.
- CMHC [Canada Mortgage and Housing Corporation]. 2009c. *What Is CMHC Mortgage Loan Insurance?* Retrieved August 12, 2009, from www.cmhc-schl.gc.ca/en/co/moloin/moloin_010.cfm.
- CMHC [Canada Mortgage and Housing Corporation]. 2009d. *Research Highlight. 2006 Census Housing Series: Issue 3 – The Adequacy, Suitability, and Affordability of Canadian Housing, 1991-2006*. Socio-economic Series 09-006. Ottawa: CMHC.
- CMHC [Canada Mortgage and Housing Corporation]. 2009e. *2006 Census Housing Series: Issue 2 – The Geography of Core Housing Need, 2001-2006*. Socio-economic Series 09-005. Ottawa: CMHC.
- CMHC [Canada Mortgage and Housing Corporation]. 2009f. *Rental Market Report: Canada Highlights*. Housing Market Information, Canada Mortgage and Housing Corporation. Spring.
- Coyne, A. 2009. “Is Canada’s Banking System Really So Smart?” *Maclean’s Magazine*, April 13. In *The Canadian Encyclopedia*, Historica-Dominion. Retrieved August 14, 2009, from www.thecanadianencyclopedia.com/index.cfm?PgNm=TCE&Params=M1ARTM0013368.
- Crowe, C. 2006. *Homelessness Is a National Disaster. Canada Is Practically the Only Industrial Nation Without a National Housing Program*. Retrieved August 10, 2009, from www.votetoronto.ca/test/htdocs/issue_crowe.html.
- Crowe, C., and M. Shapcott. 2004. *Housing for All Canadians: Federal Budget Must Include Financial Commitment to New Social Housing: A Submission to the House of Commons Standing Committee on Finance Pre-Budget Discussions for 2005*. National Housing and Homelessness Network, and Toronto Disaster Relief Committee.
- Dalton, Tony. 2009. “Housing Policy Retrenchment: Canada and Australia Compared.” *Urban Studies* Vol. 46, No. 1: 63-91.

- DBRS. 2007. *Commentary: DBRS Comments on the Mortgage Markets in Canada and the United States*. September 6. DBRS Limited.
- Department of Finance Canada. 2009. "Chapter 3: Action to Stimulate Housing Construction – Highlights." In *Canada's Economic Action Plan: Budget 2009*. Ottawa: Government of Canada. Retrieved May 27, 2009, from www.budget.gc.ca/2009/plan/bpc3c-eng.asp.
- Government of Canada. 2009. *Canada's Economic Action Plan*. Retrieved August 22, 2009, from www.actionplan.gc.ca/eng/index.asp.
- Held, David. 2004. *Global Covenant: The Social Democratic Alternative to the Washington Consensus*. Wiley-Blackwell.
- Herd, D. 2002. "Rhetoric and Retrenchment: The 'Common-Sense' Welfare Reform in Ontario." *Benefits* 34, 10,: 105-110.
- HRSDC [Human Resources and Skills Development Canada]. 2009. *Indicators of Well-Being in Canada: Housing – Housing Need*. HRSDC. Retrieved August 28, 2009, from www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=41#M_4.
- Hulchanski, J. David. 1999. "The Use of Minimum Income Criteria: Summary of Evidence for Ontario Human Rights Commission." J.D. Hulchanski for *Sinclair and Newby v. Bexon Investments Ltd. et al.*, Ontario Human Rights Board of Inquiry. Available at www.hnc.utoronto.ca/publish/evidence.pdf.
- Hulchanski, J. David. 2003. *What Factors Shape Canadian Housing Policy? The Intergovernmental Role in Canada's Housing System*. Presented at the Conference on Municipal-Federal-Provincial Relations in Canada. Queen's University, Kingston. May 9-10, 2003.
- Hulchanski, J. David. 2004. *How Did We Get Here? The Evolution of Canada's "Exclusionary" Housing System*.
- Hulchanski, J. David. 2009. *Homelessness in Canada: Past, Present, Future*. Keynote address at the conference "Growing Home: Housing and Homelessness in Canada." University of Calgary. February 18, 2009.
- Hulchanski, J.D., and M. Shapcott. 2004. "Introduction: Finding Room in the Housing System for All Canadians." In J.D. Hulchanski and M. Shapcott (eds.). *Finding Room: Options for a Canadian Rental Housing Strategy*. Centre for Urban and Community Studies.
- Kendrick, M.J. 2000. *Leadership, Ideology and the Community Living Movement: PhD Dissertation*. University of Massachusetts, Amherst.
- Krugman, Paul. 2009. *The Return of Depression Economics and the Crisis of 2008*.
- Laird, G. 2007. *Homelessness in a Growth Economy: Canada's 21st Century Paradox*. A report for the Sheldon Chumir Foundation for Ethics in Leadership.

- McNish, J., and G. McArthur. 2008. "Special Investigation: How High-Risk Mortgages Crept North." *Global and Mail: Report on Business*, December 12.
- Meh, C.A., Y. Terajima, C.D. Xiao, and T. Carter. 2009. *Household Debt, Assets and Income in Canada: A Microdata Study*. Bank of Canada Discussion Paper 2009-7.
- Moerschen, T., A.G. Reid, R. Lister, B. Lum, and L.J. White. 2007. "Big Five Canadian Banks Have Limited Subprime Exposure." *DBRS North American FI Weekly* Vol. 2, No. 26.
- Novac, S., Darden, J., J.D. Hulchanski, and A.M. Seguin. 2002. *Housing Discrimination in Canada: What Do We Know about It?* Research Bulletin #11. University of Toronto: Centre for Urban and Community Studies.
- ODSP [Ontario Disability Support Program]. 2009. *Directive 6.2. Shelter Calculation*. Ontario Ministry of Community and Social Services. Retrieved August 2009 from www.mcass.gov.on.ca/NR/rdonlyres/D271A14B-A848-47A5-A525-1800F28E807E/4859/62ShelterCalculation.pdf.
- ONPHA [Ontario Non-Profit Housing Association]. 2009. *ONPHA's 2009 Report on Waiting List Statistics for Ontario*. Toronto: ONPHA. Available at www.onpha.on.ca/AM/Template.cfm?Section=Waiting_Lists_2009&Template=/CM/ContentDisplay.cfm&ContentID=5496.
- Padova, Allison. 2005. *Federal Commercialization in Canada*. Economics Division, Parliamentary Information and Research Service. December 20.
- Pomeroy, S. 2001. *Towards a Comprehensive Affordable Housing Strategy in Canada*. Caledon Institute.
- Quigley, John M., and Steven Raphael. 2001. "The Economics of Homeless: The Evidence from North America." *European Journal of Housing Policy* Vol. 1, No. 3: 323-336.
- RBC Economics Research. 2009. *Housing Trends and Affordability*. April 2009. Royal Bank of Canada.
- Rostow, W.W. 1960. *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge.
- Russell, Ellen, and Mathieu Dufour. 2007. *Rising Profit Shares, Falling Wage Shares*. Canadian Council for Policy Alternatives.
- Saunders, Ron. 2005. *Lifting the Boats: Policies to Make Work Pay*. Vulnerable Workers Series – No|5. Ottawa: Canadian Policy Research Networks.
- Sewell, J. 1994. *Houses and Homes: Housing for Canadians*. Toronto: James Lorimer and Company.

- Shapcott, M. 2007. *Private Market Is Failing Tenant Households*. Toronto: Wellesley Institute. Retrieved August 1, 2009, from <http://wellesleyinstitute.com>
- Statistics Canada. 2003. *Earnings of Canadians: Making a Living in the New Economy*. Catalogue #96F0030XIE2001013. Ottawa: Statistics Canada, Census Operations Division.
- Statistics Canada. 2009a. *Changing Patterns in Canadian Homeownership and Shelter Costs, 2006 Census: Highlights*. Ottawa: Statistics Canada.
- Statistics Canada. 2009b. *Latest Release from the Labour Force Survey*. May 2009. Retrieved June 6, 2009, from www.statcan.gc.ca/subjects-sujets/labour-travail/lfs-epa/lfs-epa-eng.htm.
- TD Economics. 2003. *Affordable Housing in Canada: In Search of a New Paradigm*. Toronto: TD Economics.
- The World Bank Development Research Group. 2008. *Lessons from World Bank Research on Financial Crises*. Policy Research Working Paper 4779. World Bank.
- Thibert, Joël. 2007. *Inclusion and Social Housing Practice in Canadian Cities: Following the Path from Good Intentions to Sustainable Projects*. Ottawa: Canadian Policy Research Networks.
- UNDP [United Nations Development Programme]. 2009. *Human Development Reports*. Retrieved August 20, 2009, from <http://hdr.undp.org/en/statistics>.
- Wellesley Institute. 2006. *Blueprint to End Homelessness in Toronto*. Toronto: Wellesley Institute.

Appendix 1. Interview Guides

Interview Guide – Municipal Policy-Makers

1. What changes have you seen this year in the social housing portfolio at City of _____?
 - a. As a result of the financial crisis and economic effects (e.g. unemployment)?
 - b. As a result of stimulus spending?
2. What have been challenges and opportunities in implementing projects funded through the stimulus package? Has new money been accessed?
3. Has the emphasis on energy efficiency shifted priorities at the City? How has the City worked in the priorities placed on seniors and disability housing in the budget? How is the City addressing populations not specified?
4. What do you believe the long-term impact of the recession and stimulus on affordable and social housing policy and planning in _____ will be?
5. Has this new situation enabled more and better communication across levels of government with regard to housing policy?
6. In your view, is the stimulus budget responsive to what we know (policy research and recommendations)? Is it responsive to the experience of those “on the ground” (responsible for implementation)?
7. What can be learned from this stimulus budget? What would your recommendations be for future federal and provincial policy on social housing?

Interview Guide – Provincial Policy-Makers

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

Interview Guide – Federal Policy-Makers

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

Interview Guide – Economists

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

Interview Guide – Social Housing Providers

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



Canadian Policy Research Networks – Réseaux canadiens de recherche en politiques publiques

214 – 151 Slater, Ottawa, Ontario K1P 5H3

613-567-7500 www.cprn.org