

A Canadian Perspective on Housing Policy

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Abstract

In outlining the Canadian housing policy context for the remainder of the 1990s, this article highlights the largely exogenous influences that reflect the nature of the Canadian federation and the broader policy agenda of the federal government—notably deficit reduction and social policy reform. This policy environment is affected by macro factors including demographics, immigration, employment, the restructuring global economy, income trends, and increasing levels of dependence on government transfers. The article reviews recent trends in construction, social housing volumes, and the availability of affordable housing within the private stock.

There appears to be a sufficient, albeit eroding, stock of affordable private housing that may be an important resource in a time of program spending reductions. To the extent that resources are largely in private and community hands, housing policy for the 1990s must adapt, with senior levels of government accepting a new role that is facilitative, enabling, and nurturing.

Keywords: Canada; Housing policy; Macroeconomics; Demographics

Introduction

The three nations involved in the Tri-Country Conference—Canada, the United States, and the United Kingdom—are each vulnerable to broad macro forces such as globalization, economic restructuring, and government fiscal restraint. Yet each is unique in its history, the legacies it brings into the present, and certain features of the policy environment. This article presents a Canadian perspective on the broader influences that are expected to affect housing policy for the remainder of the 1990s. The article emphasizes trends in the social housing sphere, as this is the primary scope of the conference.

Housing policy, certainly in Canada, is a relatively small component of a larger government agenda. As such, it is influenced not only by the traditional demand and supply factors that impinge on housing markets, but also by the larger policy agenda. Thus,

one focus of the article is the nature and potential influence of the broader policy environment.

The article begins with a description of the current housing policy context in Canada, highlighting differences between the Canadian context and those in the United States and the United Kingdom. The second section examines the broader policy environment affecting Canadian housing policy. The article then outlines some key factors, including demographics, immigration, general economic conditions, and income trends, to discern specific implications and challenges for housing policy. Finally, the article closes with a brief discussion of recent housing trends and briefly outlines some potential policy directions and opportunities.

The current housing policy context: Overview and distinctions among countries

The initial outline of this article focused very much on the array of exogenous factors anticipated to impact *upon* policy in the coming years: globalization of economies, financial markets, immigration, government fiscal capacity, etc. Colleagues in the United States and the United Kingdom, meanwhile, seemed much more preoccupied with a focus on trends *within*, or endogenous to, the housing policy domain. Upon reflection, this different perspective is quite telling. In both the United States and the U.K. there has been a proliferation of housing legislation, policy announcements, and rebuttals and thus an active debate on emerging policy directions. In the U.K. this debate has been stimulated by various pieces of legislation (e.g., the 1988 Housing Act; the Local Government and Housing Act of 1989; the 1992 Consultation Paper *Competing for Quality: Competition in the Provision of Housing Management* [U.K. Department of the Environment 1992]) and has involved significant reform of the roles of both housing associations (nonprofits) and local authorities—most notably, perhaps, the government policy regarding existing management practices and the compulsory competitive tendering.

The United States, which has also experienced a legislative onslaught (e.g., the Community Housing Partnership Act of 1987, the National Affordable Housing Act of 1990, the Community Reinvestment Act of 1991, the Housing and Development Act of 1992), is now emerging from the Reagan-Bush era led by a new Democratic administration perceived as having a stronger commitment to housing and urban issues.

In comparison, policy life in Canada, at least to the extent reflected in legislative changes, has been much more mundane, unless you are a constitutional lawyer. As described by Hulchanski (1993), housing has been directly implicated in the constitutional debate; however, here the focus was not on what housing policy should seek to achieve, but on who should have responsibility for it—the provinces or the federal government. This is not to say that there have been no policy or legislative changes in Canadian housing over the past nine years. Specific initiatives were undertaken, such as amendments to permit mortgage-backed securities (1986), insured loans based on 95 percent of home value for first-time home buyers (1991), a new Rural and Native Housing Program (1992), and commencement of Canada Mortgage and Housing Corporation (CMHC) direct lending (1992). However, the legislative agenda at the federal level was much less extensive than that in either the United States or the U.K.

A key difference that sets Canada apart is the political structure relative to its counterparts. Although its government is based on the British parliamentary system, Canada is a federation with a division of powers between the federal and provincial governments (Constitution Act of 1982). While the United States is similarly a federation, the relative power of U.S. states in comparison with Canadian provinces is quite limited (Fallis 1994). Arguably, the more active policy debates in the U.K. and the United States have been stimulated by the imposition of national policy. In Canada, while the federal government has not historically shied away from unilateral action, the provinces' relative power, augmented by the ongoing constitutional debate, has tended to militate against such unilateral national policy (Banting 1990; Rose 1980).

In the aftermath of the failed constitutional referendum in 1992, there has been a strong desire to place the constitutional debate on the political back burner. However, with Canada's official opposition made up of a party with seats exclusively in Quebec, a pending Quebec election, and the issue of Quebec separation, constitutional issues are again bubbling up.

Under the Canadian constitution, neither level of government has explicit responsibility for housing. As housing is associated with land development and urban affairs, typically areas of provincial jurisdiction, many have argued that it is properly a provincial responsibility. This ambiguity is moderated by a long-standing federal presence in the housing field, drawing from an

active postwar reconstruction effort in which the facilitation of housing construction became an important economic stimulus.

Following its initial entry into the housing field, under the auspices of postwar reconstruction, the federal government has historically played a dominant role in setting housing policy in Canada. This authority was derived mainly from the larger fiscal capacity of the federal government and its spending powers. This federal interest has tended to reflect the role of housing as an important sector of the economy and an important policy tool in both employment and general economic stimulation.

Presented with powerful financial incentives in the form of federal cost sharing, provinces have tended to participate in federally led policies and programs and have developed their own housing strategies to take advantage of federal funding while complementing it with their own unilateral initiatives. For example, while the federal level has focused on housing development and rehabilitation, and has on a number of occasions resisted pressures to consider person-based subsidies through a shelter allowance, some provinces have sought to address affordability problems through small shelter allowance programs, mainly for the elderly. Provinces have also been active in homeownership assistance through programs for second mortgages, down payment grants, and property tax credits.

Given the ambiguity surrounding constitutional responsibility for housing, most major reorientations in policy have been accompanied by consultation and negotiation with the provinces. Accordingly, provinces have been active participants in the development of the national policy framework. This development has not always been undertaken in harmonious circumstances, and an ongoing federal-provincial tension has characterized housing policy in Canada.

The most recent "new directions" in national housing policy are those announced in 1985 (CMHC 1985). The government of the day announced a policy to facilitate the effective functioning of the private market and agreed to avoid direct stimulation. Earlier stimulation programs (primarily for private rental construction) were deemed to have been disruptive, and there was a need to allow the market to return to equilibrium (CMHC 1985). The focus of policy attention was primarily on social housing.¹ These

¹ The term "social housing" is used in this article to refer to housing developed or assisted by the government and owned and managed by either public housing agencies or nonprofit corporations. In total it accounts for almost 7 percent of the Canadian housing stock.

new directions—emphasizing a cooperative federalism, joint planning, and federal-provincial cost sharing; targeting resources to those most in need; and minimizing administrative duplication—have provided the policy framework through to the current period (Pomeroy 1989). Although a federal policy, the framework directly implicated provincial housing agencies and has generally integrated federal and provincial policy.

The provincial influence was again evident in the 1985 new directions. Having been induced into these new arrangements as partners, the provinces have increasingly demanded an equal say in the development of housing policy and programs. Provinces understood the intent of the 1986 Global Agreements on Social Housing as providing some latitude to customize programs to more specifically address provincial concerns. This anticipated flexibility was, however, thwarted by the federal government's strict adherence to federal principles. Federal-provincial housing meetings since the execution of the 1986 agreements have invariably been preoccupied with resolving some disagreement about the allocation of the federal budget between provinces or with what all provinces have seen as excessive federal monitoring and reporting requirements.

More recently, as the federal government has experienced a growing deficit and debt and curtailed new housing expenditures, the incentives for provincial acquiescence to federal policy priorities have diminished. This atmosphere has been reinforced by the experience and increased competence among provinces gained as a result of their more active participation in the post-1985 social housing framework. Some provinces, including British Columbia, Manitoba, Ontario, and Quebec, have demonstrated a clear trend toward more active and comprehensive provincial initiatives, reflecting current provincial priorities and political ideology. Others capitalized on the federal budget reductions as a way to limit their own expenditure growth. Under the cost-sharing arrangement, a decline in the federal allocation for new production translates directly into reduced provincial expenditures. Indeed, since the commencement of federal budget reductions in 1987, all provinces except British Columbia and Ontario have followed the federal lead in reducing the budget for new production. In the absence of the strong federal presence and funding leverage over provincial spending, many social housing advocates fear a growing inconsistency in the housing program framework, both between provinces and within provinces, as governments change.

The broader policy environment

The primary thrust of the new Liberal government in Canada, which has only just begun its term, will be to balance deficit reduction with economic stimulation and employment generation. The government will attempt to develop an environment in which the private sector will create employment. The Liberal government wants to manage the deficit by streamlining programs and functions—seeking to eliminate overlap and duplication both within the federal government and between levels of government—and by restructuring its primary areas of program expenditure, in particular social programs, which account for almost \$40 billion, or more than 25 percent of program spending (Canada, Department of Finance 1994a).

Other key themes of the government agenda to which housing might link include investing in people, a new partnership with Aboriginal Peoples,² and promoting a commitment to move beyond rhetoric to firm action on the environment and sustainable development (Canada, Department of Finance 1994b). The remainder of this section examines in greater detail three of these broader policy themes: Aboriginal issues, deficit reduction, and social policy reform.

Aboriginal issues

Among the central thrusts of the broader government agenda, Aboriginal issues take on a particular importance in federal housing policy. The significance stems from both the specific federal jurisdiction over Aboriginal affairs and the very high incidence of substandard housing on reserve and among Aboriginal Peoples living off reserve.

The Aboriginal population has a much younger age profile than the total population and a growth rate double the Canadian average. This population is also confronted with higher than general incidences of unemployment, poverty, infant mortality, suicide, poor health, and other social problems, partly due to geographic isolation but exacerbated by poor living conditions (National Round Table on Aboriginal Urban Issues 1993).

² The term “Aboriginal Peoples” includes those of North American Indian, Inuit, and Métis ancestry. In total, these groups have a population of 1.1 million, representing just under 4 percent of the Canadian population.

A number of factors have increased awareness of Aboriginal issues. Perhaps most significant was the explicit recognition, in the 1982 Constitution Act, of existing Aboriginal and treaty rights and the subsequent interpretation that these rights should include the right to self-government. The 1992 constitutional accord sought to more specifically establish a process for defining and implementing self-government left undefined in the 1982 Constitution Act; however, this was negated by the overall rejection of the 1992 constitutional referendum. Notwithstanding, a heightened awareness of Aboriginal issues has persisted.

While the concept of self-government is not yet defined, it will encompass some form of community-based control over the resources that flow to the defined population. Initial indications from the new Liberal government seem to favor working in partnership with the Aboriginal Peoples to improve economic and social conditions. Pursued under the auspices of self-government, this plan could embrace approaches that emphasize community control, local resources, and flexibility. It will impinge on infrastructure; housing design, development, and funding; and the delivery of services such as health care and education. The focus will be on capacity building with the objective of self-administration and program delivery.

As Aboriginal issues have become an important component of the overall government policy agenda, they specifically implicate housing policy. This implies an increased role for Aboriginal organizations in the allocation of available funds, delivery of new or ongoing programs, and management of those parts of the existing social housing portfolios specifically assisting Aboriginal households. Concurrently, this raises issues such as how to develop the skills necessary to take on new responsibilities, how to best facilitate accountability associated with greater autonomy, and how to integrate native control in communities of mixed Aboriginal and non-Aboriginal population.

In the 1993 federal budget, the on-reserve housing program was exempted from the cap on social housing expenditures and from the restriction on long-term commitments. This action is clearly a political decision related to a desire to be seen as responsive to Aboriginal rights. Seen in the context of self-government and local economic development on reserves, these housing programs could be a resource to stimulate native-owned home construction and renovation companies as well as building skills and capacity-housing property administration.

While funding for housing on reserves has been protected in the budget, no further funding will be provided for Aboriginals living off reserve, either in small rural communities or in urban centers. This is seen as a serious concern in the face of a dramatic trend toward Aboriginal urbanization and migration off reserve. The proportion of the Aboriginal population residing in urban areas has increased from 62 percent in 1986 to 75 percent in 1991 and is expected to increase to 85 percent by 2000 (National Round Table on Aboriginal Urban Issues 1993). Aboriginal households living off reserve have also been found to experience a higher incidence of poverty and poor housing conditions than the population in general, so this migration is expected to add to the demand for both social and housing assistance. The trend of Aboriginal Peoples leaving reserves also invokes the federal-provincial dynamic. While the federal government has exclusive jurisdiction and program-funding responsibility over Aboriginal Peoples on reserve, this jurisdiction ends when the individual leaves the reserve. The provinces are therefore implicated in funding any programs normally provided in non-Aboriginal communities, including social assistance, education, and health care.

At the federal level, while fiscal constraints limit the government's ability to respond directly through new off-reserve funding programs, there is an expectation that existing housing assets may be used as one of the tools to help build native skills. A particular area of focus under consideration is the transfer of ongoing administrative responsibilities for the rural and native housing portfolio from CMHC or provincial housing agencies to native organizations. This change would provide both employment and greater control over the existing assets.

Both the degree of urbanization and the inherent right to self-government present significant challenges for housing, urban, and, more generally, social policy. Nonetheless, the need for housing on reserve will continue to far outstrip supply.

Deficit reduction

Another broad policy factor influencing federal housing policy has been the government's focus on deficit reduction. Social housing programs in Canada since 1973 have been predominantly focused on new nonprofit production, with a legacy of some 620,000 units now existing (6 percent of the total housing stock). Since 1978, the funding mechanism has involved 35-year

mortgages made through private lenders and an ongoing annual subsidy to make projects viable, with low-income households paying rent based on 25 percent of income (see Van Dyk 1995 for details on financing mechanisms). With additional new commitments each year, the annual budget reached \$2.0 billion in 1993 (1.7 percent of all federal program expenditures, net of the debt).

This budget growth has coincided with annual federal deficits and rising accumulated debt (in 1993–94, the debt was \$511 billion, 71.9 percent of gross domestic product). Understandably, central agencies, notably the Department of Finance, have been preoccupied with the impact of the social housing funding mechanism on their attempts to manage the federal debt. These concerns were reflected in annual reductions in the additional amount of budgetary authority provided to facilitate new commitments and culminated in the April 1993 budget with a cap on the federal housing budget at \$2.0 billion. The budget papers provided some scope for new activity through savings and efficiencies, on the condition that these did not entail 35-year commitments. Clearly, the intent was to cease the traditional practice and preclude further budget growth.

Currently, we find ourselves at the divide; the environment may lead to the large-scale policy shift that has characterized Canadian housing policy in the past.³ The 1985 policy framework and associated programs have essentially been curtailed through the budgetary process. A new Liberal government was elected in October 1993, and among its early initiatives was the reinstatement, for a two-year period, of one of the social housing programs: a residential rehabilitation program for homeowners. Presented within the economic renewal and employment components of the Speech from the Throne and the federal budget, this reinstatement appears to reflect the employment-generating capacity of a renovation program and is perhaps only coincidentally a housing initiative (Canada, Department of Finance 1994a, 1994b).

However, the \$2.0 billion budget cap remains in place, as does the commitment to permit new activity through any savings or efficiencies that can be achieved from within this \$2.0 billion. These efficiencies include the implementation of new practices, such as CMHC issuing bonds to finance direct lending at

³ Possibly because of the federal-provincial dynamic, the tendency in Canadian housing policy has been to undertake wholesale changes with major sets of National Housing Act amendments. This was the case in 1964, 1973, 1978, and 1985.

below-market mortgage rates on renewal of the five-year mortgages on existing social housing and increasing rents from 25 to 30 percent of tenants' income. The policy challenge is to determine how to use this finite resource most effectively while identifying and accessing new resources. A consultation with housing stakeholders is expected to explore these options and their implications. Remarkably, with the exception of Quebec there has been little outcry, to date, over the suggestion that the income ratio to determine social housing rent levels be raised. As proposed, the effective increase from 25 to 30 percent represents a 20 percent hike. The social housing sector fails to capture public sympathy or support on this issue, a consequence apparently of mounting public dissatisfaction with the perceived ineffectiveness and abuse of the welfare system.

In pursuing new opportunities and partnerships, the interdependencies between sectors are multiplying, and housing's role in these sectors needs to be grasped. The link between housing and the economy remains well documented (Goldberg 1983). Yet housing's important contribution to social well-being is now becoming widely recognized (Carter 1991; Evans 1992; Wellman 1993), and social well-being, health, and education are intertwined with sound economic growth and competitiveness (Porter 1990). While proponents of interdisciplinary integration have pursued this theme for many years, this echo now resonates among, and is championed by, fiscal conservatives and social reformers alike. Harmonization and rationalization of policies and programs are seen as the means to reduce or at least control growth in expenditures. Regardless of motive, such harmonization is becoming a powerful policy influence.

In this context, housing policy must find a way to complement and leverage policies and expenditures of other sectors. Social housing must establish a new *raison d'être* as part of not only an economic growth agenda but also a variety of policy agendas.

Social policy reform

Currently, social policy reform—encompassing income support, unemployment, and the array of social and health-related programs that underpin the Canadian social safety net—is at the forefront of the policy agenda. With the need for fundamental reform commonly cited over the past few years, a process was formalized with the minister of human resources putting forward a motion in the House of Commons in January (Human Resources Development Canada 1994). A parliamentary standing

committee was mandated to undertake public consultation. In addition, the minister is preparing an action plan for social security system reform. The timetable is extremely ambitious, given the scope of the review, with a plan to put legislation on the agenda in late 1994, facilitate its passage in 1995, and implement it in 1996. Housing was not specifically identified in the initial motion but subsequently raised in the interim report of the standing committee (Human Resources Development Canada 1994).

Housing in Canada is a small component of the social security system if judged by expenditures (1.3 percent of federal spending). Yet an additional 3 percent of federal funds identified as provincial transfers (cost sharing of income assistance) are, in fact, housing subsidies within the provincial income support programs. At the same time, shelter is one of the basic necessities of life, and housing's contribution to social and economic well-being has been documented by Carter (1991), Fallis (1994), and Miron (1993). The relationship between shelter and other sectors is also discussed at length in a stream of articles from this conference (see Prince 1995 for the Canadian perspective).

While not the central focus of the reform, social housing policy will nonetheless be either directly or inadvertently impacted by this process. Arguably, the welfare system's social housing and income assistance components have not been well coordinated in Canada despite the policy and program domains serving a similar lower income population. Many of the arguments being developed by the housing sector for input into the social policy review process focus on the lack of coordination and integration. While directed at increasing the supply of affordable housing, many social housing programs in Canada have provided a *de facto* form of income assistance by capping rents at a certain percentage of income; this mechanism frees up remaining income for non-housing expenditures. In addition to providing housing in a good state of repair (and often new), these programs also act to improve the overall well-being of recipients, including a supportive community and security of tenure.

Meanwhile, the income assistance system, primarily an income support program administered by the provinces with the federal government sharing costs, provides some housing assistance. The total income assistance benefit is based on a household budget including shelter costs. In all but two provinces, the shelter component of the total allowance is explicit. It effectively functions as a shelter allowance while administered entirely by the income assistance agency, not a housing agency. The housing

component is not paid as a specific housing allowance but as a part of a larger benefit check that is not explicitly budgeted. However, the total amount of this shelter component of welfare has been estimated at more than \$5.0 billion, 20 percent more than the total expenditures of the federal and provincial governments on social housing programs (\$4.1 billion).

As part of the social policy review, housing advocates have questioned the efficacy of this large expenditure and its outcome. First it provides an inconsistent level of assistance across the country, since each province sets its own rate. Rates vary from 40 percent of the average market rent in New Brunswick to more than 100 percent in Prince Edward Island, Ontario, and Saskatchewan. Moreover, many welfare recipients are unable to find housing within the amount of the shelter component and must spend part of their living allowance (intended to cover nonhousing expenditures) to pay the rent (Canadian Housing and Renewal Association [CHRA] 1994). In addition there are no requirements that the dwellings occupied by welfare households meet any minimum standard. It is postulated that poorer households are forced to accept inferior living conditions because they are simply unable to afford anything else (CHRA 1994).

An argument is being developed to suggest that funds would be better spent through the housing system, which addresses both affordability and adequacy, rather than using the social assistance system. The key issue here, and one that has pervaded the housing debate in Canada, is the difficult choice between assisting a large number of households through shallow subsidies that do not fully address housing concerns and fully responding to housing concerns for a very small proportion of those in need. Historically, the Canadian housing solution has been to incrementally assist a few more households with the unrealistic expectation that eventually all need would be met (even at the peak of social housing production in the early 1980s, it would have required more than 100 years to meet the current level of core housing need through new production). Continuing this policy is clearly not a feasible option, especially in light of the curtailment of new funding outside the noted provincial programs.

In these circumstances it may be most appropriate to optimize the respective roles of the housing and income assistance sectors, with housing placing more emphasis on improving the condition of substandard stock and retaining or enhancing access to the existing relatively affordable stock, as discussed later.

Macro influences on the policy environment

It has been argued that the government's policy agenda is an important influence on the direction and nature of housing policy. In addition, both the housing sector and other components of the government agenda will be affected by a number of macro factors.

Assessments of housing markets and associated housing policy traditionally explore the confluence of trends affecting demand and those affecting supply. Several key influences on housing demand must be considered in developing housing policy in the late 1990s:

1. Demographics and the increasing influence of immigration on overall population and household growth
2. General economic conditions, particularly the way these affect employment and various forms of dependence that result from unemployment
3. Income trends (a consequence of general economic conditions), which are critical to the rate of household formation and the levels of demand and affordability and which influence tenure choice

Meanwhile, supply factors are largely a response to emerging demand conditions, but they are also influenced by broader factors, particularly public policy, examples of which are the land regulatory process, rent controls, and stimulus programs (Miron 1993; Sayegh 1987).

The remainder of this section examines these key macro factors and their implications for housing policy. It also comments on how these factors might affect other policy domains, notably social policy reform.

Demographics and immigration

Canada is unique in two important characteristics. It is one of three countries (together with the United States and Australia) to have experienced a pronounced increase in the rate of births in the early postwar period (Foot 1990). The so-called baby boom (1946 to 1964) has been a major influence; it first spurred school enrollment and construction (in the 1950s and 1960s) and later fueled the apartment boom of the 1970s, the homeownership

boom of the 1980s, and the current gradual shift to seniors' issues. The second characteristic is the high rate of immigration. Annual immigration levels represent approximately 1 percent of the population, one of the highest rates in the world.

One of the primary factors influencing housing markets, demographics underpin both the level of net new household formation and housing demand. Natural population growth has been relatively easy to forecast, but total growth is increasingly influenced by immigration. Immigration accounted for 29 percent of Canada's population growth between 1971 and 1991. Between 1991 and 2031, it will account for 70 percent of growth (Kettle 1993). Possibly 80 percent of immigrants will be minorities arriving from Asia, Latin America, and the Caribbean.

Canadian immigration levels have recently been increasing to new postwar highs (252,000 in 1992). More than 40 percent of immigrants are between 20 and 30, typically the prime age for household formation. Another 20 percent are 30 to 40, ages associated with home purchase. Sixty percent will continue to head for the three largest urban centers—Toronto, Montreal, and Vancouver. Consequently, immigration is an important determinant of housing demand in Ontario, Quebec, and British Columbia. Conversely, the primary determinant of household growth and housing demand in the Atlantic and Prairie provinces remains natural increase, which is slowing and thus reducing potential new housing demand.

Most notable are the pronounced increases in the total number of refugee immigrants (figure 1), 21.5 percent of all immigrants since 1990. Although their share has been shrinking, family-class immigrants (including retired persons and assisted relatives) still make up almost half. Meanwhile the investor/entrepreneur class, while growing significantly, still accounts for only 5 percent of all immigrants.

Immigration in combination with natural growth contributes substantially to household growth. Since 1971, the number of households in Canada has increased by two-thirds, from 6 million to 10 million. Meanwhile, household size declined from an average of 3.6 persons in 1971 to 2.7 in 1991. Factors affecting household formation include decreasing fertility and marriage rates, rising rates of divorce and separation, and postponement of marriage associated in part with increased participation by women in the labor force. However, the headship rate of immigrants has been found to be lower than nonimmigrants, the

Figure 1. Immigration by Class and Year (Thousands), 1980–1992



Source: Employment and Immigration Canada (immigration statistics special tabulation).

prevalence of family households higher, and the average household size larger. While over the longer term (10 to 15 years), immigrants exhibit higher homeownership rates than nonimmigrants (66.5 versus 61.3 percent), the rate for recent immigrants (those who arrived in the previous 5 to 10 years) is much lower (31.2 percent) (CMHC 1993b).

The most dramatic and continuing trend is the relative decline of traditional family households and the ascendance of nontraditional households, particularly lone-parent families and non-family households. As a proportion of all households, nonfamily households increased from 18.3 percent in 1971 to 27.8 percent in 1991. The vast majority (82.5 percent) of nonfamily households are single persons. Reflecting higher susceptibility to economic conditions, the nonfamily household growth rate was lower (35.8 percent) between 1981 and 1991 than during the previous decade (85.3 percent). Between 1991 and 2001 the annual growth rate of nonfamily households will increase from 2.0 percent to 2.5 percent; meanwhile the annual growth rate for

family households is expected to continue declining, falling below 1 percent early in the next century.

Implications. Over the coming decade, this growth in nonfamily households will continue to dominate. The sheer size of the baby boom and the relatively small size of younger cohorts will shift the need and demand for a wide range of consumer goods and services. With relatively fewer females aged 15 to 35, the recent growth in population of female lone parents will slow. Meanwhile, as their children leave home, many older lone parents will augment the growth in single-person households. The aging population has already affected demand for health services and has had an important impact on pension and old age security. A 1988 proposal to deindex pension plans met with such organized opposition from seniors that the government retracted the proposal. As the influential baby boom generation continues to age, the political sway of these seniors will continue to shape government priorities and will have a considerable impact on social services and health care. This group is not expected to generate any political pressure for social housing, as the majority of seniors have benefited from several rounds of house price appreciation and have derived much of their wealth from this appreciated equity. The smaller number of senior renters is not sufficient to carry the same influence.

This demographic shift in favor of nonfamily household growth raises important issues regarding the predominant form of housing produced—still the single, detached dwellings representing 80 percent of total annual starts. The slower rate of household formation and the growth in smaller households are expected to shift demand toward more compact dwelling forms. They also suggest opportunities for future conversion of existing large detached dwellings into two or more units providing housing for children, seniors, singles, and lone parents.

Weaker income growth coupled with demographics will contribute to weak increases in aggregate housing demand. Indeed, projected housing requirements are predicted to peak before the turn of the century (CMHC 1994). A general lack of inflationary pressure, reinforced by a Group of Seven monetary stance to hold down inflation and combined with weak aggregate demand, will tend to moderate house prices and ease ownership affordability. Theoretically, this should release some pressure from the rental sector and more tenants will be able to become owners.

Economic prospects for employment and dependency

A number of economic factors will have a critical influence on housing markets and policy for the remainder of the decade. Employment and income levels affect rates of household formation, housing demand, and tenure choice. Meanwhile, fiscal and monetary policy directly affects inflation and interest rates, which are critical to housing affordability.

Reflecting the underlying demographic structure and the profound impact of the baby boom, Canada has had a high rate of growth in the labor force. Augmented by the concurrent rise in female participation rates (from 38 percent in 1970 to 58 percent in 1991), the labor force has expanded by 64 percent since 1970, far outstripping the 41.6 percent increase in the population over 15.

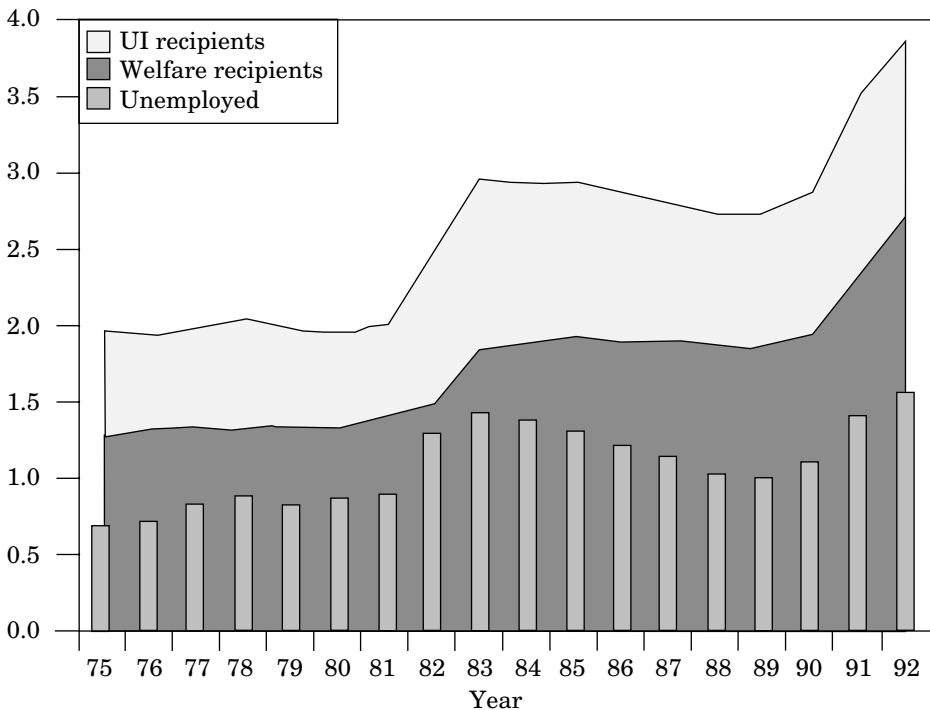
While the Canadian economy has been largely successful in creating employment to meet the increasing labor supply, population and labor force growth rates have annually outstripped employment growth. During the period from 1966 through 1989, the end of a long growth cycle (to avoid the influence of the last recession), employment increased by 72 percent, while the labor force was up 80.2 percent (this lag widens when 1991 is used as the endpoint). Employment growth has outpaced growth in the labor force during the expansion phase of the past two cycles, only to be beaten back during the recessions.

The inevitable consequence of lagging employment growth has been rising unemployment. While unemployment, in both absolute and relative terms, has receded during economic expansions, the long-term trend has gradually been ratcheted up by each subsequent recession—the only exception being the last recession, which bottomed out marginally lower (11.3 versus 11.8 percent). Not surprisingly, this increase in unemployment has been accompanied by rising levels of dependence on government transfers, initially in the form of unemployment insurance (UI) and, when this runs out, income assistance.

Reforms to date have concentrated on restricting eligibility for benefits and on providing retraining and work experience, including wage subsidies to employers to hire individuals who are on welfare. More often than not, these efforts create only short-term employment. Depending on the region of the country and the prevailing unemployment rate, 12 to 20 weeks of employment qualifies any individual for unemployment benefits. The main impact of provincial welfare reforms may have been simply

to provide enough employment to enable former welfare recipients to become eligible for UI. By the end of 1992, almost 4 million individuals had some reliance on this combined system (figure 2). These rising levels of long-term unemployment, longer duration of unemployment, and increasing unemployment among workers 45 and older (a trend that was evident before but has been exacerbated by the recession) reflect current economic restructuring patterns.

Figure 2. Unemployment, UI, and Welfare Trends (Millions of Persons), 1975–1992



Source: Unemployment and UI figures from Statistics Canada (Cansim database); welfare figures from Welfare National Advisory Council, Human Resources Development Canada.

This increase in transfer dependence by income quintile and household configuration (family or individual) is shown in table 1. In particular, over the past two decades the dependence rate has grown substantially for families in the second income quintile.

A related restructuring pattern is the shift to part-time, casual, and nonpermanent work, which is characteristic of the more predominant service economy. This trend is clearly illustrated in

Table 1. Effective Annual Rate of Transfer Payments (Percent), Selected Quintiles, 1971–1991

Year	Lowest Quintile		2nd Quintile		All	
	Family	Individual	Family	Individual	Family	Individual
1971	43.4	56.6	10.3	64.3	6.1	10.2
1981	45.4	66.1	13.8	60.3	8.0	14.2
1991	57.1	61.6	25.1	70.5	12.0	20.5

Source: Statistics Canada (1993a).

these statistics: Between 1981 and 1992, total employment grew 11.2 percent, the goods sector contracted by 7.6 percent, and services expanded by 20.3 percent. Part-time work accounted for 11 percent of employment in 1975 but had doubled to 21.5 percent by 1993. Part-time, casual, and self-employment accounted for 44 percent of all jobs created in the 1980s and for all the net new jobs created since 1987 (Gera 1991).

Kettle (1993) forecasts that part-time work will represent 30 percent of jobs by 2026, perhaps a low estimate judging by recent indicators. Not all of these part-time and self-employed jobs are low wage; many may not be. The key trend, however, is toward less full-time permanent work, which will reduce both stability and nonwage benefits.

Implications. While seemingly tangential, there are a number of important implications for housing markets and housing policy. First, restructuring, in combination with deep recessions (1980–81, 1990–91), has created a more cautious level of consumer expectations, reinforced by consumer debt (per capita 83.7 percent of income in 1992). Uncertainty about income growth and, even more visceral, future employment will suppress inflationary pressures in housing markets. Lower inflation, house price stability, and lower interest rates should increase access to ownership. These changes may make ownership more affordable for the middle class and concurrently “cream off” higher income renters.

A second impact has been the parallel increase within social housing of dependents on transfers (social assistance recipients). Estimates from 1988 determined that social assistance was the principle income source for 33 percent of social housing households. This represents 10 to 15 percent of all social assistance recipients. Given the dramatic increase in overall transfer dependence through the recession, it is presumed that social housing rates also rose.

This increased reliance on transfers creates a new management challenge for project managers. It also creates issues of project viability. It should be noted that in Canada, social housing rents in most programs are based on a percentage of income—formerly called “rent geared to income” (RGI)—although for welfare clients, there are various administratively negotiated fixed rents, which tend to be quite low (Canada, Task Force on Program Review 1985). While the subsidy mechanism in approximately two-thirds of the stock covers all operating deficits, these subsidy agreements are tied to mortgage repayment. During program design, it was presumed that once mortgages were retired, project revenues would be sufficient to cover operating expenses. But with high and increasing proportions of welfare and low-income tenants, which act to reduce rent revenue, postagreement viability is unlikely. Moreover, rising subsidy costs will be problematic in the context of the social housing budget cap. This suggests a need for careful income mixing, not on social grounds, but from the perspective of economic viability.

Such long-term consequences do not appear to have been considered in the decision to freeze the current social housing budget. This is not altogether surprising, since the decision was made almost entirely within the Department of Finance, preoccupied with deficit reduction. Ironically, federal housing officials may have inadvertently been trapped by their own argument. In an effort to retain some scope for new activity, housing officials extracted a decision to permit savings and efficiencies created within existing expenditures to be reprofiled, first, to maintain the condition of the existing assisted stock and, second, to permit new activity, provided that this does not entail long-term subsidy commitments. It remains to be seen whether finance officials stand by their side of this agreement to reprofile these savings or whether savings are simply used for deficit reduction.

As the broader social policies converge on methods to reintegrate dependents into the labor market and reduce dependence through retraining and education initiatives (and thus growing expenditures), the shift in the nature and nonpermanence of work will hinder this objective. Reemployment strategies must consider this reality and not remain preoccupied only with creating new permanent jobs. An earned income supplement, as suggested by a number of analysts, may be an effective policy approach in such an environment of irregular permanent income. Alternatively, housing assistance that can eliminate a household's largest expenditure could serve an important function in complementing lower paid and nonpermanent work.

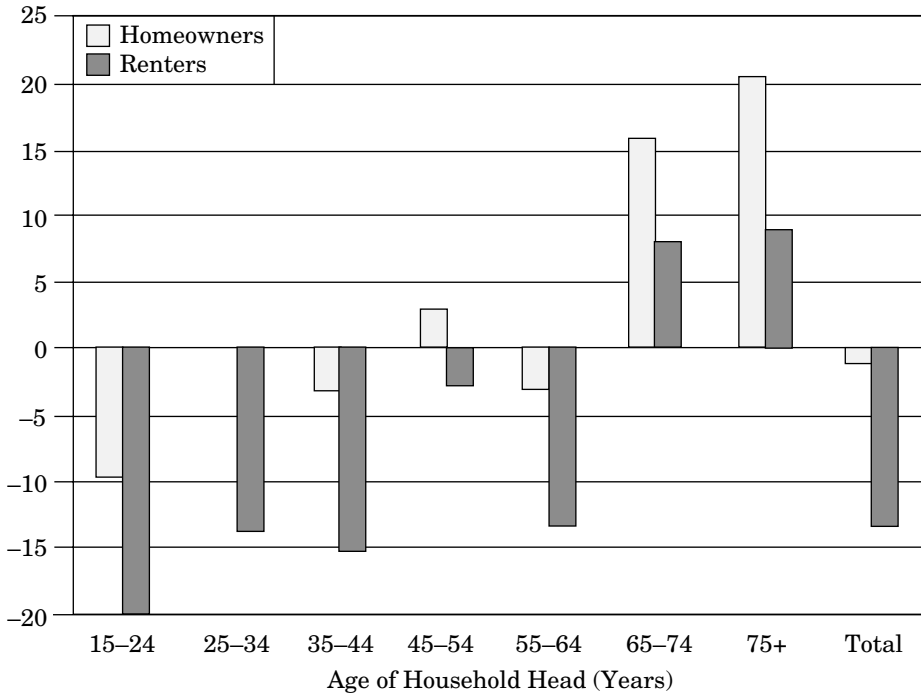
Income trends

Income trends, also a consequence of general economic conditions, are critical to the rate of household formation, levels of demand and affordability, and tenure choice. Yet real incomes in Canada have declined since the mid-1970s. Through the longest economic expansion in the postwar period (1982 to 1989), most households merely held their own. On average, this growth failed to raise the financial well-being (gross income) of many Canadians. Real after-tax incomes declined in the early 1980s, followed by steady but modest growth from 1983 to 1989. Incomes subsequently declined through 1990 and 1991, leaving the average after-tax income 4.3 percent lower than in 1980. Notably, during the periods of income decline (1980 to 1983, 1990 to 1991), the lowest income quintile had the smallest decline, reflecting the stabilizing effect of transfer payments, while the second and third quintiles had the greatest losses (Statistics Canada 1993a). Conversely, during the period of increase, the lowest quintile had the greatest rate of increase, reflecting employment gains. Renters as a group have traditionally had lower median incomes than owners. While median incomes (before tax, 1981 to 1991) declined 1 percent for owners, those of renters declined 13 percent. For renters, median real incomes fell for all age groups under 65 (see figure 3 for income trends by age and tenure).

Implications. From the economic outlook, one would expect incomes to increase through the current expansion in the economy; however, the distribution of these income gains will again be the critical issue. If the trend toward increasing polarization of income and wealth continues, exacerbated by prevailing high unemployment—expected to remain above 10 percent over the next three years (Canada, Department of Finance 1994a)—and low rates of new job creation, we can expect persistent dependence on the government transfers. In the absence of any explicit policy, parallel increases of transfer dependents will continue in social housing, with the aforementioned implications for property management and viability.

Together with lower income levels, rental tenure may increasingly reflect a high proportion of new immigrants, compounding the residualization of rental tenure. In combination with an already less attractive investment, this will create an increasing challenge for landlords, who will be called upon to expand their roles beyond rent collection and maintenance to encompass the role of social worker and race relations counselor—roles more consistent with public and nonprofit community-based management than private management.

Figure 3. Real Household Income in Canada: Percentage Change in Median, 1981 to 1991 (1991 Dollars), by Age and Tenure



Source: Data from Household Income and Family Expenditures.

Meanwhile, income and wealth have been enhanced by significant real estate appreciation for those fortunate enough to have owned property prior to the late 1980s (and more so for those who owned by the end of the 1970s). As this equity is cashed out in the form of inheritances, the income gap will widen. At the same time, this large accumulation of housing equity increases the potential for reverse annuity mortgages and similar equity conversion mechanisms for the cash-poor but asset-rich senior, lessening demands on government-assisted senior housing.

Housing trends

The 1991 census reported the total housing stock in Canada as 10,018,265 dwellings. Owners represent 62.5 percent, while renters total 3,719,505, representing 37 percent of households. This universe of rental units comprises “formal rental stock,” mainly purpose-built, multiunit structures (1.85 million), and the so-called informal or nonconventional stock, which includes rented dwellings and apartments therein, as well as

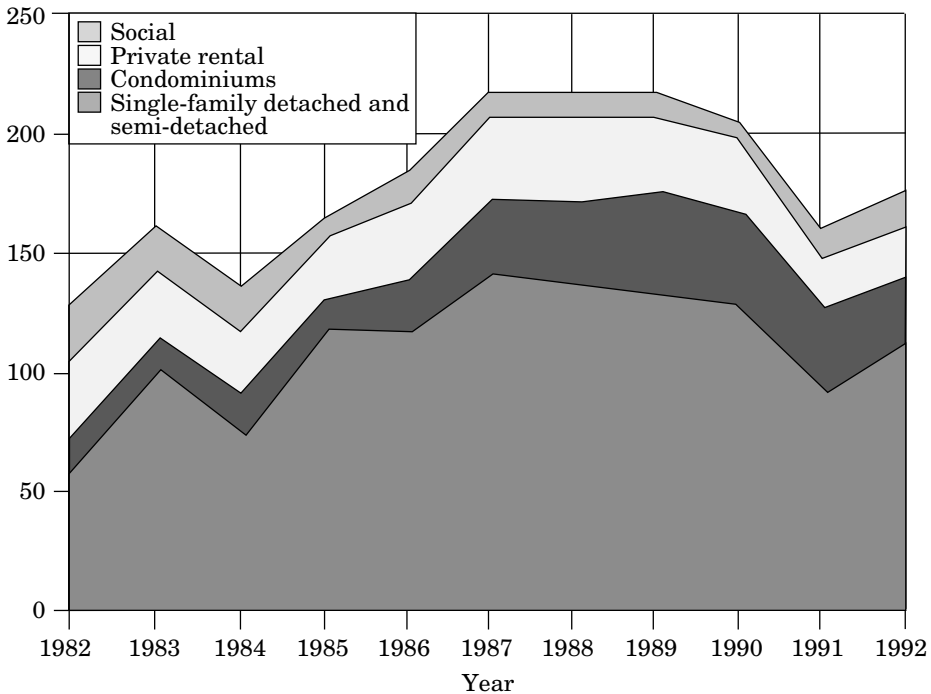
condominium apartments that are rented but not generally tracked in the formal CMHC semiannual rental survey. The 1.85 million units in the formal stock include a large portion of the social housing stock, 621,000 units, which represents 6 percent of the total stock, 17 percent of the total rental universe, and 33 percent of the formal rental stock (CMHC 1993a; Statistics Canada 1993b).

New housing supply has fluctuated as a result of the combined influence of the previously discussed determinants of demand and alternating periods of economic growth and decline. Like the pattern of immigration, these economic cycles have not been even across all regions and have impacted regional housing starts to varying degrees. After a recession-induced decline in 1982, total housing starts increased to more than 200,000 in the late 1980s before again subsiding through the 1990–91 recession. Since that time, starts have stagnated at around 160,000 units per year, quite close to estimates of potential housing demand (CMHC 1994).

The housing industry demonstrates some adaptation to the new realities, as suggested by shifting housing demand. While recent additions to the housing stock have been predominantly in the ownership sector, there has been a noticeable shift since 1986 from single-family detached structures to both row and multiunit condominiums (figure 4). These building forms tend to be smaller and consequently more affordable. However, the 80 percent of completions intended for the ownership market continues to be a disproportionate share, given that renters make up nearly 40 percent of households.

Meanwhile, the level of new additions to the rental and social stock is low and declining. Two notable contributors to new supply are private rental activity in Quebec and unilateral nonprofit activity in Ontario (figure 5). This reflects the traditional strength of the Quebec private rental market as well as the impact of the only large provincial nonprofit supply program in Ontario. While units developed with joint federal-provincial funding were declining, the Ontario program alone produced more social housing units in 1992 than the federal-provincial program. It is also evident that the decline of rental activity is offset by condominium activity, some of which becomes rented (part of the nonconventional rental universe—analyses in Toronto and Vancouver have shown that as much as 30 percent of the condo universe is rented).

Figure 4. Housing Completions, Totals (Thousands), 1982–1992



Source: CMHC administrative data files.

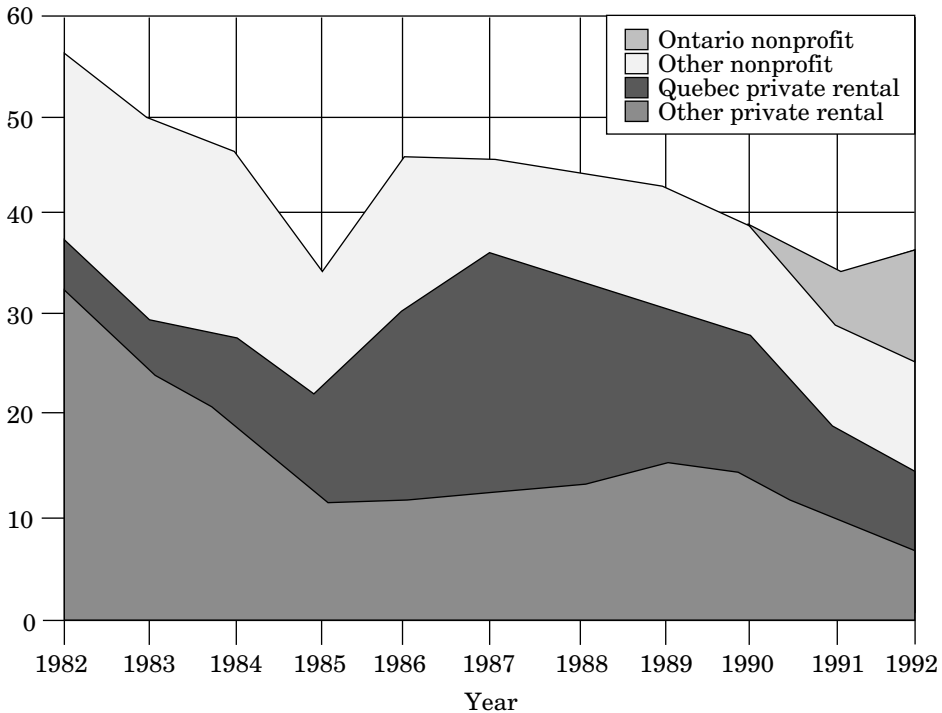
Note: Index-linked mortgage co-op units are included under social housing.

Additions to the private market stock, including rented condominiums, tend to have above-median rents and therefore have limited impact on the supply of affordable housing, at least initially. Indeed, economies of new development become more viable first at higher rent levels. Not only do these units not add to the affordable stock, but often their development involves the demolition of existing older affordable stock (a similar loss is incurred in condominium development).

As shown in figure 6, in 1991 more than 50 percent of the rental stock had rents below \$500 (Statistics Canada 1993b). Of these 1.88 million units, 475,000 are social housing units,⁴ while more than 1.4 million are in the private stock (CMHC administrative data). To put these rent levels into perspective, the average affordable rent (based on 30 percent of income) for core-need

⁴ While the total stock of social housing comprises some 621,000 units, it is estimated that only 475,000 of these rent for less than \$500. The remaining 146,000 are primarily those units where occupants pay low-end-of-market or market rents above this threshold.

Figure 5. Private Rental and Social Housing Completions (Thousands), 1982–1992, Showing Influence of Ontario and Quebec

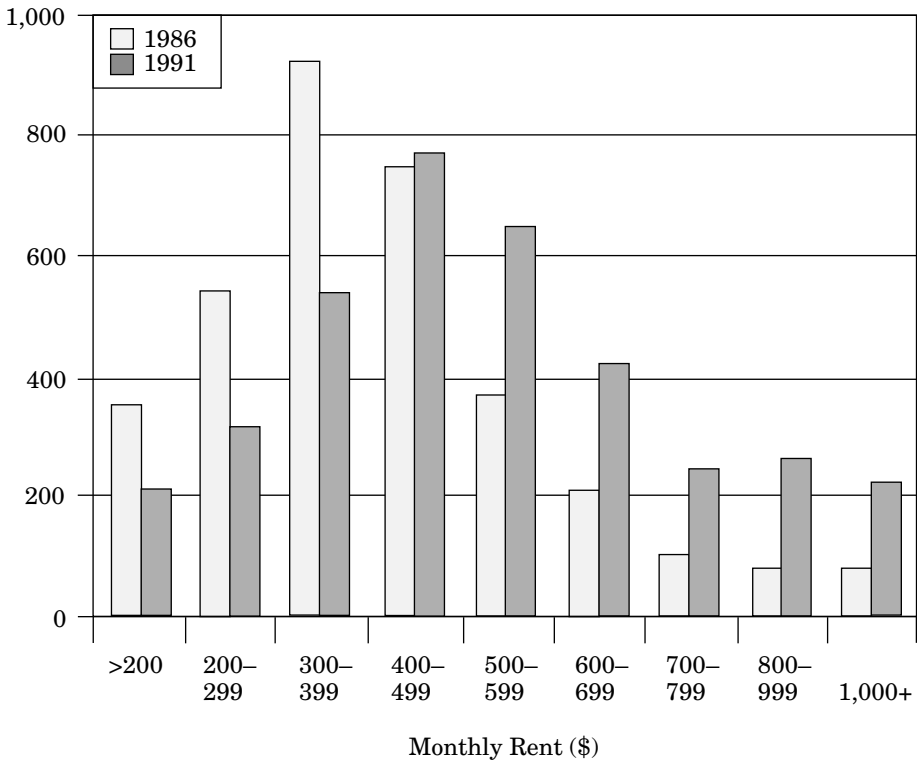


Source: CMHC administrative data files.

Note: Other nonprofit excludes Ontario unilateral nonprofit but includes federal-provincial nonprofit.

households in 1991 was \$293 for a single person and \$407 for a family.

The relative change in price distribution (based on nominal dollar rents) is shown in figure 7. Between 1986 and 1991 the number of units renting below \$400 declined by 725,000 (19 percent of the total stock). While most of these units were not physically removed, they were lost from these affordable rent ranges (below \$400) of the rental stock, partly through demolition and conversion, but more often simply through rising rent, as reflected in the growth in the stock in the ranges above \$500. This trend is a direct consequence of rising rents primarily in the lower priced stock. The mean real rent remained unchanged at the end of the decade; however, the median had risen by 16.3 percent (among core-need households, the median rent rose 23 percent). It should be noted that while rents have risen in nominal terms, in real terms they declined very marginally (by 3.2 percent between 1986 and 1991). This is, however,

Figure 6. Rent Distribution, 1986 and 1991 (Thousands of Units)

Source: Census, 1986 and 1991.

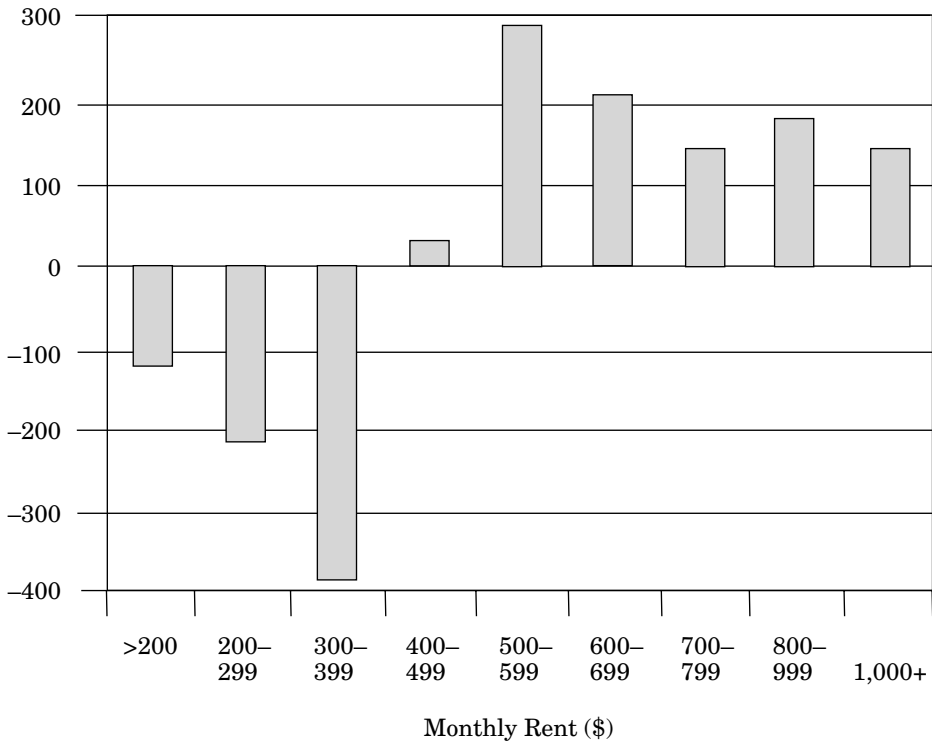
Note: Rent data in current dollars (1986, 1991).

juxtaposed with the more dramatic decline in real incomes, especially among renter households. Persistent affordability problems, by implication, are created more on the income (demand) side than on the supply side of the rental market.

Comparing the requirements for affordable stock against the available stock (figure 8) reveals a remarkable surplus of units renting below affordable rent levels.⁵ This holds true for all regions and almost all unit sizes. However, these “surplus” affordable units are not vacant. They are occupied by households that could theoretically afford to pay more (they currently pay less than 30 percent of their incomes for rent); moreover, there are 890,000 higher income households occupying units with

⁵ The benchmark used to determine affordable rent is the median market rent by market area and bedroom size (Household Income and Family Expenditures 1991).

Figure 7. Change in Rental Stock, 1986 to 1991 (Thousands of Units)



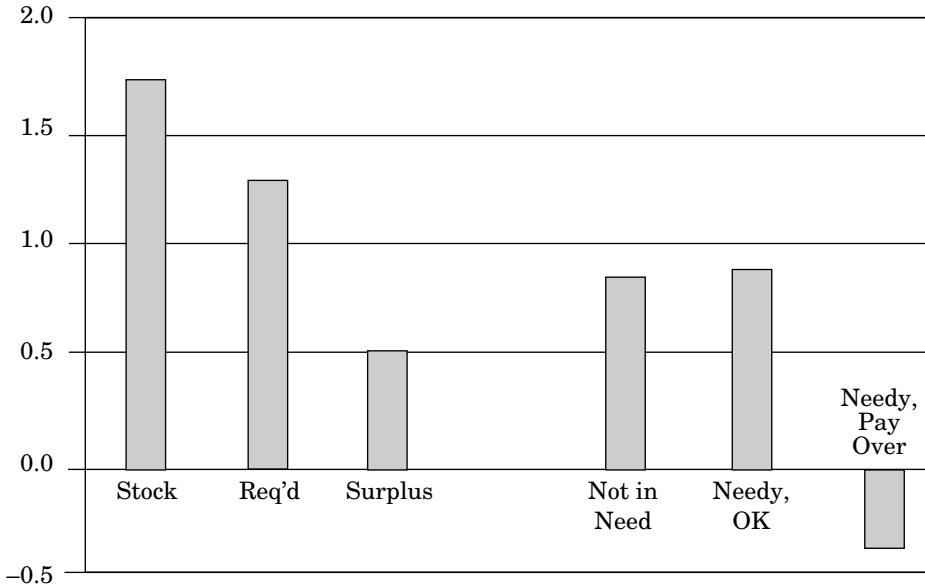
Source: Census, 1986 and 1991.

Note: Rent data in current dollars (1986, 1991).

below-norm rents, while 320,000 experience severe affordability problems because of their inability to access cheaper stock.

Implications. These mismatches raise some important issues. First, there does not appear to be an absolute shortage of affordable supply, but there is a serious distributional problem. The distributional problem is made all the more confusing by the finding that there is a very high turnover rate in the existing stock—in all rent deciles, even the lowest, more than 60 percent of rental units turn over every five years. While this may reflect rational business practices used to screen tenants, the fact that lower income households are not accessing these units suggests discrimination against households on the basis of characteristics such as family type, race, ethnic origin, and income source (namely, welfare). Discrimination in the housing and mortgage markets on the basis of race and ethnicity is an issue that has pervaded the U.S. housing literature. However, discrimination in

*Figure 8. Mismatch in Existing Rental Stock, 1991
(Millions of Units, Below-Norm Rents)*



Note: Norm rent based on regional average market rents and bedroom size; Needy, OK = household needs and occupies unit below-norm rent; Needy, Pay Over = household needs but cannot access unit below-norm rent.

general has been neither perceived as a problem nor researched in Canada, partly because it is a difficult problem on which to generate data. Discrimination on the basis of income source has been raised as an issue among human rights activists, but empirical analysis is still lacking.

While individual rental units have been found to exhibit a high turnover rate, this is also true of the rental properties themselves. Through its mortgage insurance activities, CMHC insures rental investment loans. In 1993, the corporation underwrote more than 1,000 sales of rental properties involving more than 16,000 rental units at an average capital cost of \$40,778. This compares with the average 1993 capital cost of \$93,230 for new nonprofit units (CMHC administrative data). CMHC insures only a portion of total rental property transactions, so this sales volume is a lower bound.⁶ Acquisition of such existing rental properties might provide a cost-effective way for nonprofit groups to expand their portfolios while arresting erosion of affordable stock. At the same time, it might represent a way to

⁶ A review of 1993 land title data in Ontario indicates that the volume insured by CMHC may represent only one-third of total sales.

address rental tenure residualization and the potential need for a more social-service-oriented property management model.

This apparent surplus, the eroding affordable rental stock notwithstanding, generates a new policy challenge: namely, how to stop this erosion and increase access to the stock. Juxtaposed with earlier trends, particularly persistent fiscal restraint and the curtailment of new funding for social housing, this potential warrants further exploration.

Possible policy and program directions

This brief review of the broader context of social housing policy outlines a significant set of influences and challenges:

1. An emerging government agenda that places both deficit reduction and social policy reform as paramount, although they are not necessarily compatible priorities
2. Lingering fallout of an incomplete constitutional agenda, including promises to respond to native issues repeatedly turned aside by the focus on Quebec separation
3. The lack of policy integration between the social housing and social service sectors, despite a common clientele
4. Demographic and immigration trends that will shift housing demand toward smaller housing types and may ultimately render obsolete much of the larger single detached development of the recent decade
5. The overwhelming impact of economic restructuring, notably increasing long-term unemployment and predominance of part-time, casual, and nonpermanent employment, which together contribute to increased welfare dependence and reduced income security
6. Persisting high levels of housing need, numbering over 1 million households, with 12 percent of households remaining in core housing need
7. An increasing residualization of rental tenure, confronting private landlords with a clientele that they traditionally have not readily accepted and may not have the requisite skills to manage effectively
8. A freeze on new federal funding for housing

While these challenges are daunting, this article has tried to shift the debate away from fighting what appears to be a lost cause—namely, arguing for the reinstatement of funding—and toward an exploration of new opportunities. These opportunities derive in part from the very modest concession included in the 1993 federal budget—to permit reprofiling of any savings within the \$2.0 billion federal housing budget. But more substantially, opportunities are available within the accumulated asset represented by both the private and public stock of existing housing. This untapped potential represents a fundamental move away from the traditional subsidy-dependent approaches to more sustainable funding mechanisms.

Some possible contributions, premised on the careful use of very limited savings and maximization of the existing public and private housing stock, could include initiatives such as the following:

1. Provide incentives to install apartments in existing detached dwellings using renovation grants or loans. Note that 57 percent of the existing housing stock (almost 6 million units) is made up of single detached dwellings. Some legislative revision to municipal building standards would be required to allow the addition of apartments in single-family zones. Installing such apartments in homes is substantially less expensive than developing new multifamily properties and may well be accomplished without any subsidy. The rehabilitation could consist of some energy retrofit measures. Apartment revenue and energy savings could be used to repay part or all of the renovation loan's capital cost, thus recycling limited financial resources. Moreover, the impact of any assistance is doubled by helping both the existing homeowner (who may generate a small rental income in addition to achieving energy savings) and a needy renter household.

The renovation program could be combined with an apprenticeship training program in construction trades for local unemployed youth, undertaken in partnership with government employment training agencies, the building and renovation industry, and possibly energy utilities.

Acting on these recommendations would create affordable housing, make better use of the existing urban fabric, develop skills, and create employment—in short, it would directly tie housing into the stated government policy of

moving beyond rhetoric to firm action on environment and sustainable development.

2. Acquire private rental stock when available for sale. Existing nonprofit sponsors could expand their portfolio to acquire existing structures, a largely overlooked resource: At least 1,000 projects, with more than 16,000 rental units, were involved in transactions in 1993 at an average price of \$40,778 (43 percent of the average cost of a new nonprofit unit). Existing subsidies could be adapted and reprofiled by using appreciated equity in existing property and reamortizing the loan, raising rents, or seeking other grants or loans to assist in acquisition. Van Dyk (1995) discusses methods of releasing equity from existing social housing projects.

If these proposals were implemented, the loss of affordable rental stock (725,000 units below \$400 rent were lost between 1986 and 1991) that occurs through rent inflation or through sale and possible conversion or demolition would be curbed. Where properties underutilize land, the nonprofit owner might redevelop the property at a later date, maximizing on the countercyclical availability of development inputs (labor and materials). It might also help to incorporate the affordable stock, often the domicile of more disadvantaged households, into a management framework more capable of integrating their social service needs: nonprofit agencies.

3. In nonurban areas, including native reserves, the existing resources may be more limited, but not nonexistent. Acquisition of existing homes has been a central part of the rural and native housing program. A possible future option is a self-build initiative, such as that formerly facilitated under the Rural and Native Housing Demonstration program. This may have some utility both in developing construction and building trade skills and in procuring housing.⁷

In addition to these possible approaches focused on expanding the affordable housing stock (though not necessarily the new supply) in the nonprofit sector, this article has also identified the lack of integration and policy or program coordination between social housing and social welfare agencies. Moreover, with the

⁷ This program provided all materials and a construction manager to help native households construct their own homes, typically in remote locations. The budget per house was \$40,000.

increasing dependence on welfare, both within social housing and generally, there is an increasing need to address this interface.

With emerging reforms in social welfare emphasizing the development of marketable employment skills, social assistance clients actually living in social housing (about 15 percent of welfare recipients) would benefit from ongoing initiatives to increase tenant participation and management in existing public and nonprofit projects. These are aimed at proactively creating skills development, training, and employment generation initiatives. For example, a portion of projects (e.g., one to three units) could be converted to community facilities that would, in combination with education and job training agencies, provide training for parents to acquire certification in early childhood education, a growing employment field. Unemployed youth living in projects might also be tapped by the construction trades and energy retrofit apprenticeships noted above and might apply these skills in project maintenance.

For the approximately 85 percent of social assistance recipients who do not live in social housing, concerns are raised about the adequacy of existing benefits in relation to actual rent levels and also some evidence that welfare households occupy dwellings that are in inadequate condition. Given the constraints on housing budgets and the high cost of new development, housing interventions should be directly addressing these dwelling conditions rather than affordability. Traditionally, rental rehabilitation loans and grants have required landlords to enter an agreement relating to the ongoing maintenance and future rent levels. Careful targeting of housing rehabilitation programs to neighborhoods with a high incidence of social assistance households in collaboration with welfare agencies may be an effective way of both improving the physical condition and retaining (through the operating agreements) relatively affordable housing.

Each of the five possible approaches is largely premised on a community-based comprehensive strategy. This may be a natural progression in the Canadian housing policy, which since the 1970s has developed and used a community-based network of nonprofit housing associations to develop social housing. Individual nonprofit housing providers have, however, typically acted in isolation, preoccupied with their own projects. They have seldom been involved in any more comprehensive community housing strategy. The strategies envisioned here would require a much broader partnership, including municipal

planning and building code officials, a range of nonprofit organizations in the community, social service and social welfare agencies, and private sector property owners (both rental landlords and owners of detached homes where the installation of an apartment is possible).

Such approaches would also require the participation of senior levels of government (federal and provincial) and their willingness to facilitate the reorientation of existing funding or, as in the case of social housing, to authorize the use of existing assets. Arguably, one problem with existing social service and social housing programs is that, in a legitimate effort to maintain public accountability, programs have become overburdened with rules and regulation. In the face of funding constraints, these new approaches must rely not on a single program, but on cobbling together the resources and funding from a variety of sources. Many existing rules and approval authorities will impede a more integrated use of a variety of funding sources and thwart efforts to achieve meaningful outputs.

To do this will also require a new form of leadership that is facilitative, nurturing, and enabling. This leadership is required to push through legislative and regulatory reforms that will free up resources and permit local communities to develop their own strategies. Rather than replace old programs with new, equally paternalistic ones, this new leadership must enable local communities to develop their own responses—responses designed to meet their particular needs and based on their available resources. It must balance permissiveness with the ongoing requirement for public accountability. This is possible by creating an environment that gives local communities more control and flexibility and the incentive to optimize their resources. Accountability can be measured by performance outputs rather than incremental adherence to regulations.

These are but a few possible approaches that social housing policy could embrace. Separate articles (e.g., Prince 1995; Van Dyk 1995) specifically addressing the integration of social housing with the larger social safety net, financing mechanisms, and effective management of the existing stock will no doubt delve into greater detail on such possibilities.

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The opinions expressed in the article are solely those of the author and do not represent the views of either the government of Canada or Canada Mortgage and Housing Corporation.

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