

WI backgrounder: \$2.075 billion for housing in Tuesday's federal budget; Will the feds deliver quickly on new affordable housing investments?

The federal government is busily leaking all sorts of details about Tuesday's federal budget – a sharp departure from the usual secrecy that surrounds spending plans – and the latest “leak” from federal housing minister Diane Finley in the Sunday Toronto Star sets out \$2.075 billion for housing initiatives. If the spending plans are confirmed in the budget (and it's hard to imagine why Minister Finley would be so specific in her disclosures if she wasn't in the know), it will mean (quoting the language in the Star):

- \$1 billion to “renovate existing social housing”, including energy retrofiting;
- \$600 million for on-reserve Aboriginal housing;
- \$400 million for “seniors' housing”;
- \$75 million for “housing for people with disabilities”.

If confirmed, the housing plans show that the Harper government is paying attention to advice from housing experts and advocates (including the Wellesley Institute), and also the three opposition parties – which have been unanimous in calling for a major increase in housing spending. In the last fiscal year, federal per capita spending on housing was at its lowest level in almost two decades. The Harper government was not only falling far behind a number of provinces and territories, but it was also dropping way down the league table among the countries of Organisation for Economic Co-operation and Development. Even counting the budget leaks, Canada still doesn't have a national housing plan – just a series of one-off announcements that amount to a fraying and inconsistent patchwork that falls far short of the critical needs for the millions of Canadians who are precariously housed.

Overall, about half the investments leaked by Minister Finley are devoted to upgrading existing rundown housing, and the rest for new homes for three specific groups: Aboriginal people living on reserves, seniors and people with special needs. The total dollars are short of the \$2.5 billion target set out by housing experts and advocates across the country. There are plenty of questions – and perhaps by Tuesday at 4 pm, when the budget is formally released, a few more answers:

TIMING: Will the dollars flow in the upcoming fiscal year, or stretched out over two or more years? Governments have a habit of stretching out spending over a number of years, but bundling up the dollars into one package for the purposes of making the announcement seem as generous as possible. Every penny in the four categories set out by Minister Finley could be well-spent right away, upgrading existing rundown homes and building new homes. This would not only provide an immediate benefit for the residents and surrounding communities, but would also give a big economic boost in the form of jobs and other economic spinoffs.

EMERGENCY RELIEF: Last September, the federal government announced a five-year extension of its national homelessness funding, plus funding for housing renovations and a tiny affordable housing fund, but froze the dollars at basically the same level as over the past decade. Communities across Canada are struggling with deep and persistent homelessness and urgently need a major increase in the emergency relief dollars that help pay for health, food and other basic services for people who are homeless, plus transitional housing to help move people into more permanent housing. Will the budget include an increase in emergency relief dollars?

RENOVATION DOLLARS: Will the billion-dollar renovation fund apply only to existing social housing (where there is a huge and growing need); or will it also be available to other landlords who provide housing for lower-income Canadians (where there is an even bigger and also rapidly growing need)? Funding for the federal government's housing rehabilitation fund has been frozen at the same level as over the past decade, even though the national need is growing. About 5% of Canadian households are in social housing. The billion-dollar renovation fund for social housing residents (much of which was funded by the federal government) is long overdue, but the vast majority of low, moderate and middle-income Canadians live in rental housing that is privately owned, and is also aging and deteriorating.

URBAN AND RURAL ABORIGINAL HOUSING: What about the large and growing number of Aboriginal people living in urban and rural areas (not on reserves)? The federal government allocated \$300 million for off-reserve Aboriginal housing from spending authorized by Parliament in 2005. While some of that money remains unspent, the housing needs of Aboriginal people in urban and rural areas throughout the country are acute.

NEW SUPPLY: What about the desperate need for new affordable housing in most parts of Canada for the large number of low, moderate and increasingly middle-income households that aren't in the three categories set out by Minister Finley? Fewer than one out of every one hundred new homes in Canada in recent years have been truly affordable. Most parts of the country, especially high-growth urban areas, desperately require a growing supply of new affordable homes.

AFFORDABILITY MEASURES: About one-in-four households are in the affordability danger zone, paying 30% or more of their income on shelter. That's about three million households – or more than eight million women, men and children. They are precariously housed, and forced to divert their limited income from basics such as food, medicine, transportation, energy, clothing and childcare to cover the high cost of housing.

FEDERAL-PROVINCIAL-TERRITORIAL HOUSING PLAN: Canada urgently needs a comprehensive, permanent and fully-funded national housing plan. While one-off spending is welcome and can make a real difference in communities throughout the country, the federal government needs to take leadership in developing a national housing plan. When will the federal government stop boycotting housing summits and commit to a national housing plan with the provinces and territories (and municipalities, Aboriginal groups, third sector and business organizations)?

WILL THE FEDS ACTUALLY DELIVER: The \$2 billion dollar question, when it comes to assessing the federal housing dollars on offer in Tuesday's federal budget, is whether the Harper government will actually deliver the dollars in a timely fashion. Recent housing history is littered with myriad government promises and press releases, and unspent dollars. For instance, some of the \$1 billion in federal housing dollars set out in the federal-provincial-territorial affordable housing agreement in November of 2001 has not yet been spent – more than eight years after the announcement. The federal government has consistently refused to release a detailed accounting of that program, so it's not clear exactly how big is the shortfall in funding. An accounting by the Wellesley Institute in February of 2008 (based on spending up to fiscal 2007) using housing numbers from Statistics Canada put the total shortfall at almost three-quarters of a billion dollars. In 2005, the federal Parliament authorized \$1.6 billion in new affordable housing investments, and the Harper government allocated \$1.4 billion of that to a series of trust funds to the provinces and territories. There's no word on the remaining \$200 million that the federal government has refused to allocate, and a portion of the \$1.4 billion also remains unspent.

Making announcements is the easy part – ensuring that the dollars flow quickly into urgently-needed brick and mortar throughout the country is the real test of the value of budgetary pronouncements.

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