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## **Federal Housing Framework Consultation 2005**

### **Responses to the Questions for Discussion**

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## ***Expert Roundtable #1 - Partnerships, Financial Tools & Land Acquisition for Housing Development***

### **1. Do existing tools work well? How do we make them work better?**

Existing tools do work well to promote building housing, but building new housing is inevitably building housing at high cost.

Especially in high ratio situations, lenders and granting agencies need to be willing to advance before each other, not all seek to advance last. CMHC lending rules need further reform, including needing a willingness to advance money earlier in the development process to reduce the cost of construction financing.

### **2. Why isn't the housing industry building sufficient affordable housing?**

Expectations about the price at which housing can be built must be reasonable. Historically, housing has been built new at the expensive end of the market, whether it is built by the private or the public sectors. The people who occupy it free up older units for others. Vacancy chain studies document substantial movement through the housing market when new units are built. In fact the more expensive the new housing is, the longer the vacancy chains are, and thus the more units are made available at various rent levels. The public policy benefit is that private occupiers pay the full cost of the new units, and older and cheaper units are then available for those who need them.

There is enough housing being built, as the main cause of core need is the fact that the housing costs more than 30% of the occupant's income. The real questions are why more isn't being built and why does housing cost as much as it costs. The points below answer those questions.

Federal and provincial income tax treatment for rental properties is much less favourable than it was formerly, and in many cases less favourable than the treatment of commercial property or shares or owner occupied homes. This means that rents have to be higher than they otherwise would have to be to provide the after-tax rate of return required for investments in rental properties.

To increase the quantity of housing supplied requires either a reduction in costs (like income taxes) or an increase in the ability of people to pay, or both.

The keys to private sector supply is lower costs, and a portable housing allowance to provide **effective demand** for units. (Effective demand is the desire for the housing and the ability to pay for it.) Markets respond very efficiently to effective demand; markets only respond to social needs when those needs are backed up by effective demand.

### 3. Can we identify potential new tools?

A key new tool is a **portable housing allowance program**. Such an allowance would make it easier for tenants to pay rent, and would provide assistance at much lower cost than through building new social housing. Moreover, tenants in receipt of the assistance would retain their ability to choose the type and location of their housing to suit their needs and preferences when those change for job changes or other reasons.

Portable housing allowances are advocated by the following people or organizations from all sides of the housing and poverty debate:

*Federation of Canadian Municipalities*: "A shelter allowance is needed for working poor households - without forcing them first to enter the income assistance system." (Moving Forward: Refining the FCM Recommendations for a National Affordable Housing Strategy, October, 2004)

*Canadian Housing Renewal Association*: "A [housing] strategy must include a rent supplement program ... to allow for rental assistance in the private sector." "The majority of housing need is linked to housing affordability and does not necessarily require new housing supply." (Executive Summary, National Symposium, June 21-22, 2004)

*Canadian Home Builders Association*: "Housing choice vouchers to cover a major portion of the gap between a reasonable market rent and 30 percent of household income would [give] low-income households what they really need: extra money based on their shelter costs, so they can secure adequate accommodation of their own choosing." ("Building Homes and Communities for Canadians, Now and in the Future", June 8, 2004)

*Centre for Equality Rights in Accommodation*: "Given the reality of the rental housing market in Ontario, dealing with the income side of the equation is the most important component of any strategy to end homelessness. ... We don't criticize tax credits for poor families .... Similarly, we shouldn't criticize income supports which are a response to the realities of rental housing in Ontario." ("Homelessness in Ontario: The Case for a Needs-Based Shelter Supplement", 2004)

*Royal Commission on Aboriginal Peoples*: "Rent subsidies can be attached to particular dwelling units, or they can be made available to households in the form of shelter allowances that bridge the gap between the market rent of adequate accommodation and what the household can afford. The latter type of assistance leaves maximum choice to the household. This approach has been tested in several provinces, with generally favourable results." (Report, Volume 3, Chapter 4, October, 1996)

**Portable housing allowances** will turn social need into effective demand. The housing markets can respond to effective demand more efficiently than solutions outside the housing markets while giving greater satisfaction to the recipients of the allowances.

A comparison of the cost of a housing allowance program versus building new social housing is found at pages 7-15 of Tab 2, Submission to the Honourable Joe Fontana, Minister of Labour and Housing, by CFAA, October 2004.

#### **4. What about potential new tools to leverage contributions from the private sector, labour, voluntary sector, faith-based organization, citizens and the social economy?**

Faith-based organizations and others who want to promote the social good should direct their efforts to emergency shelters, and supportive housing for those with special needs, including those with addictions, mental illness, abusive spouses or serious handicaps.

The private sector will provide all the housing for which there is **effective demand** at the lowest cost. It is the various needs for supportive housing that the private sector does not have the ability to serve.

#### **5. Are there international best practices regarding the above mentioned tools that are applicable to Canada?**

Germany provides *wohngeld*, i.e. portable rent subsidies paid directly to needy tenants. The rental sector in Germany is the largest among major Western European countries. It has experienced little decline over the last 30 or 40 years even though the rental sector of other countries has declined significantly. (CMHC Research Report, *Private Rental Policies and Programs: Review of the International Experience*, 1999)

Germany also provides for accelerated depreciation on rental property, which raises the after-tax rate of return and ensures ample flows of private capital into rental developments, which are affordable from the beginning or soon become affordable. (CMHC, *ibid*)

Australia and New Zealand also have very effective portable housing allowance programs.

#### **6. Can we improve the synergies in existing tools?**

Recognize that the key is to generate **effective demand**, i.e. the combination of the desire to have the product and the ability to pay for it, and make sure that all low income people have enough effective demand to rent the housing society decides that they need.

Make sure that the demand-side tools that provide **effective demand** are not fighting against forces reducing development like negative income tax policy, prejudicial property taxes on rentals, rent controls, restrictive urban boundary rules and zoning restrictions, parking requirements, and delays in approvals.

**7. What are the ways in which the private sector's involvement on the housing continuum could increase, benefiting both the business community and Canadians in need of housing solutions?**

- A. Introduce portable housing allowances so that low-income people can rent the housing they need in the private market place.
- B. Use private management firms to manage social housing projects.
- C. Sell off social housing that does not serve special needs tenants, and apply the proceeds to fund the social programs required by special needs tenants and the homeless.
- D. Use professional facilities management firms to manage the physical structures of shelters, group homes and other special needs housing facilities, leaving the social organizations to their core functions, namely support programs.
- E. Privatize the management of social housing waiting lists.
- F. Remove or reduce restrictions and disincentives on development and renovations, such as urban growth boundaries, development charges, minimum lot or unit sizes and excessive parking requirements.

**8. What is the optimal mix of existing partnerships and new tools that is coherent, affordable and sustainable?**

- A. Address affordability through a portable housing allowance which includes incentives for tenants to minimize their consumption (i.e. do not subsidize 100% of the difference between their rent and 30% of their income).
- B. Address the worst affordability problems by addressing affordability in an equitable way, i.e. remove the arbitrary 30% rent-geared-to-income rule, so that the funds available are shared among all needy tenants, not just those who have been lucky enough or have waited long enough to win the lottery of getting into public housing.
- C. Ensure that the provinces and municipalities minimize policies that negatively affect development of all kinds, whether it be expensive, moderate, green-field, redevelopment or renovations.

## ***Expert Roundtable #2 - Integrating Support Services and the Housing Continuum***

### **1. For individuals who are unable to maintain housing stability independent of any support, what is the nature of support required (e.g. the chronic homeless population, those requiring transitional supports)?**

Individuals who are unable to maintain housing stability independent of any support require a myriad of support systems in place, not the least of which is financial. When seeking appropriate accommodations, it is clear that individuals will be drawn first to familiar and comfortable surroundings. The environment alone will contribute to a successful tenancy in that there will be less stress in finding friends, shopping, transportation, and other support services. This is provided that the environment is not a return to the source of the homelessness issue (drugs, alcohol, unhealthy dependent relationships, etc.).

Unfortunately, more often than not, the individual is drawn away from their supportive environment for strictly financial reasons. Because rental subsidies are attached to the housing unit and not portable for the client to choose his own home, unnecessary disruptions and detachment from supportive networks occur. Individuals may already have helpful neighbours, a subsidized daycare spot, a job, and family available to assist, but they must relocate to another area simply because that's where the affordable housing is provided. That solves one problem but creates a variety of others.

Therefore, we must first explore the fundamental right of an individual to choose where he or she lives and minimize the financial impediments to maintaining a stable community environment. This model must also recognize the requirement for "in-situ" subsidies, whereby the individual would choose to remain in their current home and benefit from financial support for expenses related to their accommodations without the need to physically relocate and disrupt the household.

Aside from financial support, there is a significant segment of the homeless population who require more extensive interventions. In these cases, it is in the individual's best interests to reside in an environment that provides not only the financial but also the emotional support required to sustain the tenancy. For instance, individuals who may have mental health issues are currently poorly served by the Rent Supplement program where clients are housed in private market accommodations. Certain individuals and families are in need of the assistance of support workers and agencies readily available in the city-managed communities in large Ontario cities. However, these services are unavailable outside of the structured social housing framework, except in cases where a support agency has entered into separate agreements with a private market housing provider for specified units.

When it is apparent that these supports are required in order to encourage a

sustainable tenancy, it is in many individuals' best interests (which may include the client, the landlord, the neighbours, and the social housing provider) to offer accommodations in supportive housing environments or those housing units attached to support services. The failure of the tenancy in another environment could create undue hardship on all parties and fails to provide even the most basic needs for the client. It displaces not only the client, but also neighbouring tenants who are unnecessarily inconvenienced and undoubtedly suffer emotional and financial harm. It establishes yet one more failure that the individual must deal with and has a serious impact on that person's self-confidence.

## **2. Are these supports available to them? Do they work well? How do we make them work better? What are the gaps?**

Supports are available to special needs clients where they self-identify and where the infrastructure is available (i.e., larger urban areas). Where they are available, they tend to work more often than not; however, there can be some failures where the client makes unwise decisions, such as discontinuing medication. Such supports can be more successful by providing not only professional but peer support, which could be available in a more inclusive supportive housing environment. For those individuals requiring less "hands-on" support, the anonymity of a rent supplement unit may be preferable (or a unit supported by a portable housing allowance); however, this placement must only be considered where formalized support services are in place, such as through a support agency.

Where the need is financial, landlords may make referrals to support agencies (municipality, social agencies, etc.), but, absent housing allowances, that may be a "one-time fix"; the problem will recur on a monthly basis when the rent is due.

## **3. How are these supports integrated with housing? Does it work well? How do we make it work better? What are the gaps?**

With specific reference to the Ottawa market, these supports work well when they are formalized. In public housing, Community Relations Workers (CRWs) are available for residents where they have self-identified or where problems have arisen. Unfortunately, the majority of the support offered is reactive rather than proactive and may come too late to save the tenancy.

In private market, non-subsidized tenancies, the landlord will respond to tenant complaints and, absent other resources, will move to terminate the tenancy of problem tenants. Many landlords would be pleased to be able to call for mental health supports for tenants in difficulty. In rent supplement tenancies, the landlord will attempt to get assistance from the service manager (housing authority); however, such assistance is limited by the availability of CRWs and the willingness/capability of the service manager to provide their resources. Where a relationship exists between the landlord and a support agency (i.e., the agency has entered into the rent supplement agreement with

the landlord), it is more likely that the required supports are in place and closely monitored.

Where the need is financial, currently the client must follow the support – the support is not portable with the client. For instance, if an individual is housed in subsidized housing and the client's needs change (such as a change in the family composition), the client may choose to remain in subsidized housing inadequate for the family needs for an indefinite period, or may seek alternate private accommodations that may be unaffordable. Portable housing allowances would alleviate those difficulties.

In very extreme cases, the individual may choose to relocate to a shelter to advance their case and priority on the waiting list.

Faith-based organizations and others who are dedicated to promoting the social good are best suited to address the needs of emergency shelters and supportive housing for those with special needs, including those with addictions, mental illness, or serious handicaps. The private sector is best suited to provide housing for which there is effective demand at the lowest cost. It is in the various needs for supportive housing that the private sector does not have the ability to serve.

#### **4. What are the potential new ways to improve the integration between housing and supports? How do we ensure coordination of sustainable, long-term funding for both housing and supports (pros, cons, cost and implications)?**

Some people who need supports have to live outside supportive housing because it is not available to them. Until the network of supportive housing is broadened, those people can only be properly assisted by a system which integrates support services for independent living with income support for housing. Through a portable housing allowance, available rental units can serve the housing need while government funds provide the support services.

Even after supportive housing is more widely available, there will be a valuable role for a system that makes income support for housing available alongside other supports. Some people in need of support may choose to live in a more independent situation than supportive housing provides. They may want to remain close to family, to work, or simply in a less group oriented situation. Portable housing allowances allow this in a very cost effective way. Just as well off people can choose where and how to live, low income people should be able to choose where and how to live. In the recent response to the Toronto tent city situation the homeless demonstrators were given portable housing allowances which allowed them to move into market rental accommodation. Two years later the vast bulk of them are still in stable rental housing provided by the private market, and are very satisfied with their situation. A number of the people involved have moved on to a different rental unit than the one they first found. The portability of the assistance helped them find the most satisfactory accommodation for them.

One means of expanding the network of supportive housing is to convert part of the current stock of public housing into supportive housing. To induce them to move, current public housing tenants could be offered portable housing allowances in order to find rental accommodation in the private rental market. This would likely raise the satisfaction of some public housing tenants. A significant number may have wanted to move for work related reasons, family reasons or personal reasons, but have been tied to their current unit because the subsidy is tied to the unit (or at least tied to remaining in public housing).

If there is a desire to commit money in the short term to fund housing and support services over a long period of time in the future, then a Foundation or Trust could be created and funded with the goal of providing support with affordable housing, whether that affordable housing is social housing or private market housing made affordable by portable housing allowances. Our paper, "Endowments for Housing: Comparative Benefits of Portable Housing Comparative Allowances" shows how one-time capital funding can be used to fund portable housing allowances on a permanent basis. See Tab 6.

Some public housing has reached the end of its economic life cycle. In other cities or neighbourhoods the stock of public housing no longer matches well the housing needs of those on the social housing waiting lists (e.g. too many units for singles and not enough for families, or vice versa). The excess units could be sold off and the money invested in Foundations. By providing rent supplements or portable housing allowances, Housing Foundations would avoid the mis-allocation of resources which can arise from future shifts in the type of affordable housing needed in the community. Likewise shifts in community needs between income support and social service support could be addressed by reallocating resources between the sectors as needs change.

## **5. What is specifically needed in the area of employment reintegration?**

Proximity to the workplace and the home is a key component in individual success in remaining employed and housed. In-suite or portable financial housing subsidies would contribute to this. Moving towards self-sufficiency would improve the individual's confidence and ability to succeed. Both financial and emotional supports are required to attain this.

Portable housing allowances allow excellent labour mobility. Currently, under rent supplement tenancies, tenants will lose their subsidy if they move out of the limited number of units under contract. This is a strong disincentive to change jobs in many cases, as a household may well chose not to take any new job that requires moving. That is not a problem for portable housing allowances. Tenants can take jobs in different places without losing their housing benefits, which is good for them and for the economy.

**Expert Roundtable #3 - Horizontality and Linkages to the Broader Social Policy Agenda**

**1. Recognizing multiple linkages, can we clarify the particular realms within social policy that are particularly impacted by housing policy?**

Recognizing where our knowledge and expertise lies, we have focussed our answer to this question on housing, taxation and land use policies that impact on the cost of housing, and thus on the affordability of housing. We have also noted how different affordable housing policies impact on communities and labour market opportunities.

<b>Type of housing primarily targeted</b>	<b>Housing policy</b>
Owned homes	Restrictions on land for development (i.e. urban development boundaries), increase the cost of housing.
	Overly strict zoning, such as restrictions on minimum unit size, increase the cost of housing.
	High standards in building codes, increase the cost of housing.
	Government insured mortgage lending (especially for high ratio lending) allows greater access to the ownership market and frees up rental units.
Owned & Rental homes	Incentives for building new housing may or may not increase the supply of housing depending on crowding out.
Rental homes	Discriminatory income tax policies on rental housing income and assets inhibit rental supply.
	Rent control makes lower income tenants worse off by discouraging investment in rental housing and encouraging better off tenants to keep their units.
	Unfavourable property tax policies in many municipalities discourage private investment in rental housing and raises costs.
	Portable housing allowances allow tenants to stay within their communities if they choose. Forced moves to access social housing interfere with strong communities and with success in school. Lack of adequate money for housing is bad for individuals and communities.

Type of housing primarily targeted	Housing policy
Rental Homes (continued)	Once in social housing with subsidies tied to the unit, residents are loath to move (even for job opportunities). Tying subsidies to units interferes with the smooth functioning of the labour market and increases unemployment.
	Social housing waiting lists are too long, but most people on the lists already have housing, they just cannot afford it. The list system also interferes with labour mobility.
	Shelter allowances for those on social assistance are often not sufficient for recipients to obtain suitable and adequate housing. Lack of adequate money for housing is bad for individuals and communities.
Homeless People	Shelters provides temporary relief for the homeless until they can obtain more permanent shelter.
	Support services allow those who are homeless or near homeless to address those problems (other than income) that lead to homelessness. Income problems are best addressed by portable housing allowances.
	Zoning and excessive regulations on rooming houses push out rooming houses and interfere with the supply of low-cost housing and community diversity.

2. What mechanisms are required to enable various policy and program interventions to link in the promotion of common objectives?

A portable housing allowance program would link with the policy goal of providing social support by helping to move homeless individuals from transitional housing into private housing and freeing transitional housing for those ready to move from first stage shelters.

A portable housing allowance program would also be of great assistance to those at risk of becoming homeless. (The bulk of core need that CMHC identifies is by reason of affordability.)

A portable housing allowance program also promotes filtering. A portable housing allowance program would enable people to rent larger or better housing, and some would do so. That would free up the housing they vacated. Since housing allowances would be targeted at low income citizens, the people who would fill the newly created vacancies would likely be individuals on the edge of homelessness.

### 3. Can improvements in other policy areas alleviate housing problems?

Improving income support policy, through a portable housing allowance program, would help to alleviate housing problems by assisting needy tenants to obtain their housing needs in the rental housing market.

Improving tax policy is another way of reducing housing problems because it would make rental housing more affordable. The unfair tax treatment of the rental housing industry has a net impact on the current average rents of \$110 per unit per month. (See “Fiscal Impact of Federal Tax Legislation on Residential Rental Rates in Canada” by Crawford Paterson Campbell, 1999, [www.cfaa-fcapi.org/TaxStudy.htm](http://www.cfaa-fcapi.org/TaxStudy.htm).)

Providing crisis support on an outreach basis will ensure that assistance is available on a needs basis, rather than as a factor of where a person lives. This, in turn, will ensure that those at risk of becoming homeless are provided with the social support they need before they find themselves homeless as the result of a mental health “crash”.

Increasing funding for transportation infrastructure will help to open up housing choice by allowing people to live further from their workplaces.

### 4. What research and data strategies (either in progress or to be pursued) could best support a strengthened understanding of the linkages between policy areas and the possible outcomes that could be achieved through collaborative action?

Research to better understand the interaction among higher incomes across society, household formation and housing affordability measures.

Research to better identify who is really at risk of homelessness.

More knowledge of the timing and influences in the path some people follow from an initial episode of homelessness to permanent homelessness, and in particular, the ways in which a portable housing allowance program would help in arresting that path.

Test projects of the effect of reducing social assistance claw back rates.

Research to analyze the “housing paths” being followed by recent immigrants compared with the housing paths followed by immigrants of 5, 10, 15 or 20 years ago, from an economic point of view.

5. What are the most appropriate mechanisms to support neighbourhood or community revitalization, as one approach to strengthening home environments?

To promote neighbourhood cohesion and stability, it is important not to force people to move. **Rent Supplement Programs** need to be reformed to allow assistance to be given to tenants in situ. This avoids unnecessary moves, and at the same time allows for faster unit take up. Ideally, rent supplements should move seamlessly back and forth between designated units in traditional rent supplement programs and portable housing allowances attached to the person in need. Allowing people to stay where they now live is a major benefit of portable housing allowances that should be extended to rent supplement recipients. In addition, in situ rent supplements and portable housing allowances help avoid the problem of ghettoization.

Portable housing allowances offer maximum mobility on the basis of choice, allowing individuals to pursue temporary or permanent job opportunities outside of their immediate neighbourhood or city. Thus, people are not forced to bypass job opportunities to retain the benefit of their social housing units, or for fear that they will not have adequate money for housing at a new location. Supporting labour mobility is good for workers and for the economy.

Encourage neighbourhood renewal by promoting rental housing through income tax reform. The current rules on capital gains encourage owners to allow buildings to run down for demolition. Simple tax changes would instead encourage restoration and retention of existing buildings.

Increase RRAP funding. Do not regulate housing excessively, or at the least ensure grants or forgivable loans are available to meet retrofit and other requirements.

Ensure social programs are available to tenants of private landlords without forcing them to move.

## ***Expert Roundtable #4 - Housing Affordability***

### **1. What is the right ratio of shelter cost to income for ensuring housing affordability?**

Canada Mortgage and Housing Corporation's shelter cost to income ratio ("STIR") considers someone in core need if they spend more than 30 percent of their income in order to obtain suitable or adequate housing. They filter out "those who have higher incomes, who are presumably making a conscious choice to spend a large portion of their income in rent, and those who are spending large amounts on housing, as this also reflects a conscious decision to spend above average amounts on housing." (Tab 4, p.8)

"STIRs are crude measures of housing affordability problems. They do not account for such things as distribution of housing prices, distribution of housing quality, distribution of income, housing consumption choices and preferences of households, etc. "[T]he current practice of measuring affordability through tenant household STIRs provides a misleading indication of affordability trends. This indicator should be replaced by an average rent to average per capita income indicator." (Tab 4, p.46-47)

"Using tenant income alone fails to account for the fact that income improvements result in tenants leaving for homeownership, and being replaced by even lower income tenants. This is because the tenants who form new households have low incomes and are at the margins of being able to form a household. Tenant household income affordability indicators give a false indication of affordability trends, because they fail to account for improving affordability." (Tab 4, p.46)

"Current affordability indicators measure improving social conditions as deteriorating housing affordability. This is because housing is a strongly desired commodity, and as incomes grow, more people and families become capable of sustaining an independent household. When they do so, they are recorded by current affordability measures as having an affordability problem. A simple way to mitigate this problem is to move to the use of per-capita income in measuring affordability. A per capita STIR would also more fairly reflect the non-housing discretionary income needs of different household types correcting the problem noted above." (Tab 4, p.46)

For greater detail of trends in housing affordability, see Tab 4, pages 3-24 ("The Affordability of Housing in Ontario: Trends, Causes, Solutions", by Vince Brescia, President and CEO of the Federation of Rental-housing Providers of Ontario).

### **2. What mechanisms are available or are needed to ensure that households can access housing that is affordable?**

While it is not possible to build new affordable housing because of the cost of building new, the poor are indirectly affected by the construction of new housing even if they do not occupy the new housing. Studies have shown that new housing introduced at

upper-income ranges releases used homes into the market, which are passed down to successively lower levels until the effect reaches the bottom of the market. This process is called “filtering” and is discussed in greater detail at Tab 4, page 25.

Filtering is our primary source of affordable housing. As such, government initiatives to increase the supply of housing at any rent level would make lower cost housing available. Such initiatives should include changes to the current income tax treatment of the rental housing industry. In particular the Federal Government should immediately move to:

- A. Defer capital gains tax and recaptured depreciation upon re-investment in rental housing.
- B. Eliminate the GST on rental housing operations, as is done for commercial rental properties.
- C. Accelerate the elimination of the large corporation tax.
- D. Allow rental housing to qualify for small business tax treatment.
- E. Allow CCA deductions against other income.
- F. Accelerate the elimination of the large corporation tax.
- G. Allow small landlords to qualify as small businesses – businesses which invest in and manage real estate are effectively barred from qualifying for the small business deduction.
- H. Increase the CCA rate and extend eligibility for CCA losses.

These points were made in 2002 by the Ontario Housing Supply Working Group, which was a joint effort of the Ontario government, the private sector and non-profit housing providers to seek out how to encourage new rental construction. For further detail, please see Tab 3, CFAA’s pre-budget submission to the Minister of Finance.

The provinces also need to eliminate regulatory barriers to new supply. The most important thing on the supply side is to ensure an adequate supply of land. This can be addressed through a number of ways, including the following:

- A. Require municipalities to meet land supply targets.
- B. Eliminate barriers to intensification and redevelopment in already developed areas.
- C. Reduce the ability of NIMBY forces to stop development in already built up areas.

Rent controls are another regulatory barrier to supply which ultimately hurt low income households. The reduced supply caused by rent controls, when combined with the increased demand they cause, impacts low income households the most.

Preventing the demolition, conversion and redevelopment of existing housing is another barrier to intensification and supply, which ultimately will negatively impact low income households the most.

### **3. What is the right mix of income policy and housing policy for ensuring housing affordability?**

Housing allowances are increasingly being seen as the most effective and efficient government response to affordable housing concerns. Participants at the consultation sessions agreed that portable housing allowances should be given a place in the toolkit of housing policies. Given that housing affordability is primarily an income problem, this program response should be the primary strategy adopted by the government to address housing affordability problems.

Next to providing income supports to address housing affordability, reducing barriers to the supply of housing is the most important thing that a government can do.

### **4. Can affordable housing be produced with little, if any, government assistance?**

Affordable housing cannot be produced in a short period of time. Even with government assistance new housing is not “affordable”, as in inexpensive. New housing is always expensive whether the government or private sector parties bear the costs.

Affordable housing is produced over time through filtering. As Vince Brescia explains in his paper at Tab 4, pages 25-28:

“Filtering is almost always ignored in affordable housing discussions, but there is growing evidence that the primary cause of affordable housing problems is a breakdown of the filtering process.

... the evidence is growing that what is most important in ensuring an adequate supply of low cost housing is ensuring that there is an abundant supply of housing, regardless of its price. Most new supply is higher in cost than the existing stock. Problems with housing affordability are greatest in those areas where there are barriers to new supply generally. This happens because the tap at the top of the filtering process gets shut off. Once new supply is restricted, fewer housing opportunities are created at the low end of the housing market for low income households.

The beauty of the filtering process is that it happens without requiring any government funding. Households with higher incomes pay for the higher cost of new construction, and leave behind housing that may be less desirable than the new stock, but is most often good quality housing desired by low income households.”

**5. Can more housing supply generally lead to more affordable housing supply?**

Yes. See answer #2, above.

**6. What is the right mix of production and rehabilitation for ensuring housing affordability?**

The right mix is probably 80% for rent supplements and portable housing allowances to provide effective demand for low rent housing as explained on page 1, 15% for rehabilitation through RRAP grants and loans, and 5% for SCPI-style supportive housing development. As is shown in Tab 2, the cost of building new social housing is 3 to 5 times higher than the cost of portable housing allowances. As such, tools directed at new supply should only be used where housing markets do not function well, such as in certain places in the North.

**7. How do we preserve the supply of affordable housing?**

By letting the market work. Providing income supports and reducing the barriers to the supply of housing will preserve and increase the supply of affordable housing.

## Expert Roundtable #5 - Delivery Models

1. At what level (neighbourhood, community, regional, national) are housing solutions most appropriately to be discussed?

The answer depends on the housing solution in question. National and provincial policies need to be set, but should allow local flexibility. Some solutions are best implemented at the provincial or federal level. For example, portable housing allowances are more portable (allowing for greater labour market mobility) if implemented by more senior governments.

2. Is it possible to develop a more coherent and complementary approach to the delivery of housing solutions while respecting jurisdictional concerns?

Additional tools provide more flexibility and more choice. Programs from other policy areas than housing should be designed as being options, so that they can be added to housing initiatives, but also so that the housing initiatives do not depend on the other programs.

3. What current activities could be enhanced to strengthen housing strategies and move towards a longer-term coherent strategy? What current models or practices can inform single-window housing program and service delivery?

Better research into housing needs would strengthen housing strategies. For example, real housing need is more subtle than just being 30% of a household's income.

More attention should be given to those who just have affordability problems (75% to 92% of those in core need). Those households' affordability issues can be addressed by adding a new tool - a portable housing allowance program. Provinces such as Quebec, Manitoba, and British Columbia, and other countries have housing allowance programs that directly address the affordability issue. Examples of countries with national housing allowance programs are:

- Austria
- Belgium
- Denmark
- England
- Finland
- France
- Germany
- Ireland
- Netherlands
- Norway
- Sweden
- Switzerland
- United States
- New Zealand

The Federal Government can use a refundable tax credit for housing like the existing refundable child tax benefit.

4. How can local planning processes ensure full inclusion and the appropriate mix of public, private and community sector participation?

At all levels, better communication with the private sector is needed, especially the private sector landlord associations who represent the bulk of the owners of the rental housing stock, and the majority of the housing stock occupied by low-income people.

Different processes and participation should be implemented for different needs. For example:

<b>Housing Type</b>	<b>Participation/Processes</b>
Shelters	<p>Supportive functions run by charitable groups</p> <p>With industry input, creating standard tender documents and a form of maintenance agreement</p> <p>Call for tenders for contracts with private sector for building maintenance</p>
Supportive Housing	<p>Supportive services provided by charitable groups</p> <p>With industry input, creating standard tender documents and a form of maintenance agreement</p> <p>Call for tenders for contracts with private sector for building maintenance or for-profit operation of the building</p>
Public Housing	<p>With industry input, creating standard tender documents and a form of maintenance agreement</p>
Non-profit Housing	<p>Call for tenders for contracts with private sector for maintenance and management of current housing.</p>
Waiting Lists	<p>Private sector administration of the lists</p> <p>Rent supplement agreements</p> <p>Portable housing allowances to help more people more quickly</p>

Private Sector Rental Housing	Rent supplement agreements  Portable housing allowances to achieve broadly based affordability
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5. How can we ensure government responsiveness to local priorities?

The key is to provide flexibility to use any or all tools, including new demand-side tools. Leave choices to the provincial and local authorities.

6. What interventions are required within a national space? What would be the most appropriate role of the public sector, vis-à-vis that of the private sector or community sector in developing local housing solutions?

The main appropriate role of the public sector is the role of funding, especially for demand-side tools such as rent supplements and portable housing allowances.

Another appropriate role for the public sector is as a guide to the community sector in developing solutions for those with special needs vis-a-vis the private sector.

The main role of the public sector should be to avoid creating barriers to development and redevelopment, as that is what provides the most housing at the least cost to the public and at the least cost to tenants and home buyers.

7. What is the appropriate trade-off between local flexibility, provincial and national objectives and general questions of "fairness"? Is there a trade-off? How do we ensure a system that is accountable to Canadians?

Given our federal according to the level of housing needs. If the provinces will not take up the funding, the Government can provide portable housing allowances in those provinces directly through such mechanisms such as a refundable tax credit in the province. That would create fairness among the provinces, and thus among Canadians receiving benefits through the provinces.

Alternately, portable housing allowances work well as a program between any single level of government and low-income people in housing need. That would bring a direct fairness, person-to-person among all Canadians.

Accountability is best achieved through public availability of reports of the number of people helped, the amount of help given, the cost of that help, and the housing provided to those not in need. The information should be aggregated by type of provider, by city and by province, and be made readily available.