



Comments on Bill C-304

November 5, 2009

Canadian Federation of Apartments Associations
1600 Carling Ave., Suite 640
Ottawa, Ontario K1Z 1G3

Tel: 613-235-0101 Fax: 613-238-0101
president@cfaa-fcapi.org
www.cfaa-fcapi.org

The Canadian Federation of Apartment Associations (“CFAA”) is the national voice of Canada’s private residential rental sector, advocating the interests of the industry to the Government of Canada. We represent the owners and managers of close to one million residential rental suites in Canada, through 17 landlord associations across the country.

General Support for a National Housing Strategy

CFAA believes that a healthy rental housing market contributes greatly to Canada’s national well-being and economic prosperity. CFAA believes that the policies we advocate will benefit landlords, tenants, and taxpayers. We believe that landlords, tenants and taxpayers have a common interest in free rental markets, in fair taxation of residential rental property, in high industry standards for customer service, and in housing assistance that supports tenants’ rights to choose their housing and to move when and if they please.

CFAA is in favour of the creation of a national housing strategy. Getting all interested parties around the table to develop a National Housing Strategy that helps to establish means to provide adequate housing to all Canadians would be a fine endeavour, but CFAA would hope that those discussions would include how to make rental housing more affordable through tax policy changes, and more attractive through removing long standing biases which favour home ownership over rental housing.

A national housing strategy must fit well as part of a broader poverty reduction strategy. In particular, the national housing strategy should include a universal entitlement to a portable housing allowance.

CFAA supports providing financial assistance for those who are otherwise unable to afford rental housing, so that they can choose the appropriate housing for themselves whether that be in the private rental market, in the co-operative housing environment, or in a not-for-profit building.

Problems with Bill C-304

CFAA is not in favour of a prescriptive Housing Strategy. We support making federal housing funding more flexible. For instance, we believe that Provinces ought to be permitted to use federal affordable housing money for portable housing allowance programs to address affordability issues. CFAA believes that portable housing allowances best allow dignity and choice to low income tenants, and should be an option available for policy makers across Canada, or better yet should be a federal-provincial program everywhere across Canada.

Bill C-304 appears to intend to place a particular vision for a housing strategy that may not be optimal for all communities throughout the country. For instance, paragraph (a) of subsection 3(3) requires that the housing strategy ensure the availability of housing that is not-for-profit in the case of those who cannot otherwise afford it. Whether the housing provider is for-profit or not-for-profit should not necessarily have any effect of the housing consumer. The Bill appears to assume that non-profit housing is a superior model to provide housing for low-income households; we disagree and point out that portable housing allowances are often a far superior tool to assist those with low incomes.

As a further example, paragraph (f) of subsection 3(3) of the Bill mandates that the strategy ensures the availability of housing that includes, among others, mixed income not-for-profit housing co-operatives. While mixed income not-for-profit housing co-operatives may be an important component in some communities, passing a federal Bill requiring the national housing strategy to ensure their presence in all communities is not optimal.

CFAA supports the provision of operating funding for housing for special needs that are not met by the private sector (e.g. supportive housing for the disabled, the homeless and seniors with special needs, or social service supports in ordinary housing for those who need them), and focusing government funding for building new housing for special needs. CFAA believes that serving the needs of those with mental or physical disabilities is the right thing to do morally, and also for the betterment of public policy around rental housing. But CFAA is not in favour of imposing priorities throughout the country as set out in subsection 3(4) of the Bill. That subsection mandates that the national housing policy

shall ensure priority be given to (a) those who have not had secure housing over an extended period; (b) those with special housing requirement because of family status or size or because of a mental or physical disability; and (c) those who have been denied housing as a result of discrimination. But the Bill appears to preclude Provinces and communities from choosing to give priority to refugee claimants, or women fleeing domestic abuse, or the chronically ill, or others.

Finally, CFAA questions the appropriateness of defining ‘affordable housing’ as “housing that is available at a cost that does not compromise an individual’s ability to meet other basic needs, including food, clothing and access to education.” The definition ought to consider the ability of a “household”, rather than an “individual”, to meet their basic needs.

CFAA recommends that more accurate and appropriate measures of housing affordability be developed. In particular, promoting

- a) a revision of the 30% standard for affordability to recognize that one and two person households can generally afford to pay somewhat more than 30% of income for housing¹; and
- b) measures which look at housing affordability across the whole population, not merely rental households, since reduced relative rents lead to increased household formation, and increased incomes lead people to buy homes, or to rent apartments by themselves instead of sharing, and those affordability improvements are not reflected in a measure which looks only at the average rent-to-income ratio of rental households.

Recommendations for a viable housing strategy

CFAA recognizes that governments’ view of “housing” is broader than shelter. It includes services and supports to enable Canadians to live in their communities. A viable housing strategy must recognize the respective roles of housing providers and social service agencies in meeting the needs of low-income or disadvantaged Canadians. When people choose to become landlords they do not agree also to become an arm of the social service agencies. The obligations to address peoples’ needs are properly on government or on voluntary charities; they do not rest on private landlords either because we are providing housing or for any other reason.

For many years in Canada, public policies at all levels of government have promoted homeownership. Those policies include explicit incentives for homeownership and several benefits under the income tax system which accrue to many homeowners. However, most low-income Canadians are not homeowners, and the larger part of the income tax benefits of homeownership do not accrue to low income households even if they are homeowners.

By contrast, between 1970 and 1990 the tax treatment of rental housing was made steadily worse. The current tax position means that Canada’s housing markets are not providing the housing opportunities in the rental sector needed by households with low and moderate incomes that they could be.

In addition, a viable and effective housing strategy ought to include the follow provisions:

1. The national housing strategy should include a universal entitlement to a portable housing allowance for households that cannot otherwise afford rental housing.
 - a. Such a nation-wide portable housing allowance could be delivered by the provinces in co-ordination similarly to the co-ordination among medicare plans, or it could be delivered by the federal government.
 - b. It is important that the housing allowance itself be fully portable within provinces and between provinces. Only in that way will the housing program promote labour mobility and improve the economic situation of beneficiaries.
 - c. A portable housing allowance program respects the dignity of recipients by allowing them choice and avoiding stigmas and discriminatory waiting lists. In that regard CFAA

¹ As a hypothetical example, a single person with an income of \$1,000 per month paying \$300 for rent has \$700 left for other expenditures. A family of four with an income of \$1,000 per month paying \$300 for rent has only \$175 per person left for other expenditures. The family is obviously much worse off than the single person, but the current across-the-board 30% housing affordability standard does not reflect that in any way.

- stands with the Centre for Equality Rights in Accommodation (CERA) and other housing advocates in promoting a nation-wide portable housing allowance system as a key part of a national housing strategy.
- d. Portable housing allowance programs support the private rental market and tend to attract private capital, rather than undercutting the private rental market and crowding out private investment.
 - e. Among economically advanced nations there is nearly universal acceptance of housing allowance programs including Australia, Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom and United States.
 - f. A particular portable housing allowance which CFAA supports is the Housing Benefit proposed by a group consisting of the Ontario Non-Profit Housing Association, the Daily Bread Food Bank, two of CFAA's member associations and the Atkins and Metcalf Foundations. Because of the moral hazard, appropriate trade offs need to be made in order to avoid welfare traps and to maintain cost-effectiveness. The Housing Benefit proposal addresses those concerns, as do other well designed housing allowance programs.
2. The strategy must recognize that drawing private capital into the rental market is a very positive attribute of public policy, and that what is needed in order to do that is a rebalancing of the tax system so that the tax treatment of tenants and rental housing is improved to come closer to the favourable tax treatment provided to owner-occupiers.
 3. The strategy should focus new construction subsidies on special needs housing to address accessibility needs, since such needs are a growing issue and it is very expensive to retrofit existing housing to universal accessible standards.
 4. The strategy should recognize that existing social housing will address the greatest needs if much of it is gradually converted to supportive housing or special needs housing, since substantial supports can often best be delivered in a supportive housing environment, while the private market is less well suited to the broad delivery of various supports.

Conclusion

CFAA promotes a cost-effective national housing strategy to be adopted which respects the rights, expectations and interests of:

- Private rental housing providers;
- People with temporary affordability problems;
- People with permanent affordability problems; and
- People with special needs and support needs.



October 2008

CFAA HOUSING POLICY STATEMENT

Addressing housing and the needs of the homeless across Canada is a key issue for community leaders and policy-makers. Making sound decisions on housing policies depends on an understanding of housing markets and of Canadians' needs and preferences.

Housing affordability

Expectations about the price at which housing can be built or rented must be reasonable. **Because it is new, newly-built housing cannot be affordable without substantial subsidies.** New housing has always been built at the expensive end of the market. The people who occupy this new housing free up older, more economical units for others, a process known as "filtering". Since the 1930s, vacancy chain studies document substantial movement through the housing market when new units are built. In fact, the more expensive the new housing, the longer the vacancy chains, and thus the more units are made available at various cost or rent levels.

Why does housing seem to cost more than it used to? Federal and provincial income tax treatment for rental properties is much less favourable than it was formerly, and in many cases is now less favourable than the treatment of commercial property, shares in companies or owner-occupied homes. In other words, rents have to be higher than they otherwise would be in order to provide the after-tax rate of return required for investments in rental properties. In addition, many cities now levy substantial development charges that drive up the cost of developing new housing.

The Canadian Federation of Apartment Associations (CFAA) believes that **the building of new housing is best left to private developers and landlords.** Where the private market is allowed to work, developers and landlords respond very efficiently to consumer preferences and to effective demand, i.e. the desire for the housing and the ability to pay for it. What governments need to address is the difficulty people with low incomes have in paying the full cost of the housing they need.

In most provinces the shelter allowance component of social assistance is insufficient to pay the cost of adequate housing, apart from rooms in rooming houses or by sharing small, economical units. **CFAA supports increases in social assistance, particularly in areas of high housing costs.** In addition, Canadian social assistance systems do not handle well the transition from welfare to work. Both money and other assistance is often withdrawn at such clawback rates that people are better off not to work, or to work less rather than more. Housing allowances for the working poor are an excellent way to bridge the step between welfare and work.

Portable housing allowance programs help tenants to pay their rent and the cost of other necessities. By making use of existing housing, portable housing allowances provide assistance at a lower cost than building new housing. Moreover, **tenants retain their ability to choose** the type and location of housing that best suits their needs and preferences. Low-income Canadians can obtain assistance with their housing costs without having to move, and can take the assistance with them if their circumstances change.

84% of Canadians are able to live in housing which is adequate, suitable and affordable.

Another 13% of Canadians live in housing which is adequate and suitable but costs more than 30% of their incomes. An increase in housing affordability requires either a reduction in costs (such as lower

income taxes on rental property) or an increase in the ability of low-income people to pay for low-rent housing, or both.

Less than 3% of Canadians live in housing which is inadequate in repair or unsuitable in size. Most of them do so because they lack the income to pay the full cost of better housing. In every housing market across Canada, the private sector has the ability to supply more housing; it is the household's low income which creates what is called a housing problem. **The best way to address affordability is through portable housing allowances.**

Supportive housing needs

Some people need more than just financial help to maintain a stable home. Just like other Canadians, people who need support services would prefer to continue to live in familiar surroundings where they have friends, and know the shopping places and transportation routes. Individuals may already have helpful neighbours, a subsidized daycare spot, family members or a job near where they live. **We believe that people should not be forced to move to gain a housing benefit or other support services;** and so, we advocate *in-situ* support services, *in-situ* rent supplements and portable housing allowances. When the only available support services or rental subsidies are attached to housing units (as they often are in social or public housing), having to move separates tenants from their communities and their existing support networks.

While the homeless make up a very small portion of the total population, a significant proportion of them require extensive supports other than money. **When extensive support services are needed, it can be better to provide those services in supportive housing environments.** Therefore, individuals with special needs, including addictions, mental illness, or serious physical disabilities, may be better served in public or social housing. Faith-based organizations and others who are dedicated to promoting the social good are well-suited to address the needs met by emergency shelters and special needs housing. In contrast, the private sector is best suited to provide housing choices at the lowest cost for the vast majority of Canadians who either require no help with housing at all, or who require only financial help.

CFAA Policy Prescription

Since the main cause of core housing need is low incomes, and since existing housing is more economical than new construction, CFAA suggests that governments will achieve the optimal housing result for the most people by:

- 1. Providing improved tax treatment for the rental-housing industry.**
- 2. Increasing funding for shelter allowances and portable housing allowances.**
- 3. Focusing funding for new construction programs on housing for special needs that cannot be met by the private sector.**

Conclusion

CFAA's policies would lead to a better situation for tenants, landlords and taxpayers. Tenants would gain more housing, and would see more choice and better maintenance and services through private competition. Landlords would see better after-tax returns, more investment opportunities, and a greater ability to buy or sell as their investment goals change. Taxpayers would save money, as the cost of helping tenants directly with their affordability problems is far less than the cost of subsidizing the building of new housing.

*The Canadian Federation of Apartment Associations (CFAA) represents the owners and managers of close to one million residential rental suites in Canada, through 17 organizations across Canada.
For more information, see our Website at www.cfaa-fcapi.org*



Canadian
Federation
of Apartment
Associations

Fédération
Canadienne Des
Associations
De Propriétaires
Immobiliers

1600 Carling Avenue, Suite 640
Ottawa, Ontario, K1Z 1G3
Tel. 613-235-0101
Fax 613-238-0101
www.cfaa-fcapi.org

POLICY STATEMENT BALANCING INCENTIVES BETWEEN HOME OWNERSHIP AND RENTAL HOUSING

July 2008

Addressing housing and the needs of the homeless across Canada is a key issue for community leaders and policy-makers. Many Canadians choose to rent their housing for a variety of reasons. For many low-income Canadians, renting is the cost-effective way for them to obtain suitable and adequate housing.

However, for many years in Canada, public policies at all levels of government have promoted homeownership. Those policies and programs include the following:

- tax-free status for capital gains on principal residences
- lower property tax rates applied to owner occupied homes in many cities
- rebates on land transfer tax for first time buyers
- the imputed income from living in an owned dwelling is not considered in determining the eligibility and level of payments under the Guaranteed Income Supplement (GIS) program
- tax-free treatment of the imputed income from living in an owned dwelling

Most of those benefits do not accrue to low income households, even if they are homeowners.

By contrast, since the 1970s the tax treatment of rental housing has become steadily worse. Those negative tax changes have meant that Canada's housing system is not providing the housing opportunities in the rental sector needed by households with low and moderate incomes. In addition, since our economy relies on a mobile workforce, Canada is not well served by the promotion of homeownership at the expense of rental housing. Moreover, Canadians who choose to rent should not be excluded from the benefits of public policy.

For more information about how renters and the rental housing industry are disadvantaged by the focus on homeownership, see our remarks to CMHC dated May 28, 2007 at www.cfaa-fcapi.org/pdf/HomeownershipRemarksCMHC.pdf.

Many low-income families are being hurt by the policies, pressure and rhetoric promoting home ownership. Homebuyers should be made aware of the disadvantages of home ownership. The main disadvantages are:

- Any gains made through house price appreciation may be offset by the cost of buying and selling.
- The possible benefit due to house price appreciation is uncertain and highly variable. In many years and many markets, house prices fall. This is particularly devastating to those with low equity, or the need to sell.
- The cost of property taxes and major repairs must be addressed in addition to the mortgage payment, and often in large lump sums (eg. \$5,000 to \$6,000 for a new roof or furnace).
- For owners paying a high percentage of their income in mortgage payments, even a modest increase in interest rates can be devastating.

Numerous American commentators have recently expressed the view that American housing policy has gone too far in promoting home ownership for all households. In *The Crisis in America's Housing: Confronting Myths and Promoting a Balanced Housing Policy*, the National Low Income Housing Coalition says:

Veteran housing counsellors said that providing low-income homeownership was a very time- and money-intensive endeavour that required significant subsidies to help a small number of families. Homeownership cannot replace successful rental assistance programs such as housing vouchers [i.e. housing allowances], and many low-income families are being hurt by the pressure and rhetoric to become homeowners.

In *Rethinking Rental Housing: Expanding the Ability of Rental Housing to Serve as a Pathway to Economic and Social Opportunity*, William Apgar of the Joint Center for Housing Studies of Harvard University, and former Secretary of Housing and Urban Development, writes:

There are downsides to excessive focus on promoting homeownership. Owning a home may prove unhelpful or even financially disastrous. Many low wealth and low-income families ... hope that homeownership in and of itself will help them achieve a better life.

In fact, lower-income homeowners may become trapped in declining neighbourhoods with little access to employment, good quality schools or social services and equally limited potential for price appreciation. In these situations, all too often the dream of homeownership becomes the nightmare of a financially devastating foreclosure.

On July 9, 2008, the government of Canada announced revised requirements for government backed mortgages. The new measures include:

- a minimum down payment of 5% for new government-backed mortgages;
- a maximum amortization period of 35 years (rather than 40);
- a consistent minimum credit score requirement; and
- new loan documentation standards.

In order to promote a balanced policy, we suggest that the following further changes also be implemented:

- a) a minimum down payment of 10%;
- b) a maximum amortization of 30 years;
- c) the phase-out of programs that subsidize low-income homeownership (which are reminiscent of the disastrous Assisted Homeownership Program - AHOP).
- d) portable housing allowances to increase affordability for those whose income and wealth place them in a poor position to access the tax and other benefits of home ownership; and
- e) an improved tax situation for rental housing, so that public policy exerts a more neutral impact on the choice of whether to rent or buy a home.

In the consideration of policy measures, attention should be given to the question of equity between renters and owners, as well as to addressing the income and affordability issues of renters.

The Canadian Federation of Apartment Associations (CFAA) represents the owners and managers of close to one million residential rental suites in Canada, through 17 organizations across Canada. For more information, see our Website at www.cfaa-fcapi.org



PORTABLE HOUSING ALLOWANCES – FACTS AND RECOMMENDATIONS

September 2008

Addressing housing affordability and reducing homelessness across Canada are key issues for community leaders and policy-makers. Making sound decisions on housing policies depends on an understanding of housing markets, of Canadians' preferences and of the programs available to address the issues.

87% of Canadians are able to live in housing which is adequate, suitable and affordable. In any given year, the other 13% of Canadian households are considered to be in core housing need. Of the Canadian households in housing need, 93% are in housing need because of a shortfall between the amount that is 30% of their income and the amount of their rent (or occupancy cost). Their housing is suitable in size and adequate in repair, but costs too much compared to their incomes. Their housing need can be addressed by providing a rent supplement or a portable housing allowance to reduce their shelter cost burden.

A portable housing allowance is a payment made by a government agency to a tenant to help the tenant pay for their rent and the other necessities of life. Tenants who qualify for allowances find and rent rental homes in the same way they do now, except that the allowances help them pay the rent. Tenants can use the money to help stay where they are (since 93% of low-income tenants already live in suitable housing), or to move to another rental home of their choice in the private market. It is the household's freedom to choose where to live that makes the housing allowance "portable".

Benefits of Portable Housing Allowances

Portable housing allowances have numerous benefits. Specifically, portable housing allowances:

- allow tenants a wide choice of where to live;
- achieve income mixing without the cost of subsidizing middle income tenants;
- use the existing economical housing stock, rather than newly built (and therefore expensive) housing;
- allow the available funding to be spread more equitably among more low-income tenants;
- allow flexibility in program design to respond to different regional needs and provincial budgets;
- allow the provision of assistance quickly;
- can eliminate deep core need regardless of a household's place on a chronological waiting list;
- allow tenants to keep their housing assistance when they move to take a new job (which is good for them and the economy);
- avoid the stigma often associated with public housing;
- can easily be used in rural areas and small towns where there are no large rental buildings; and
- can be administered at very low cost.

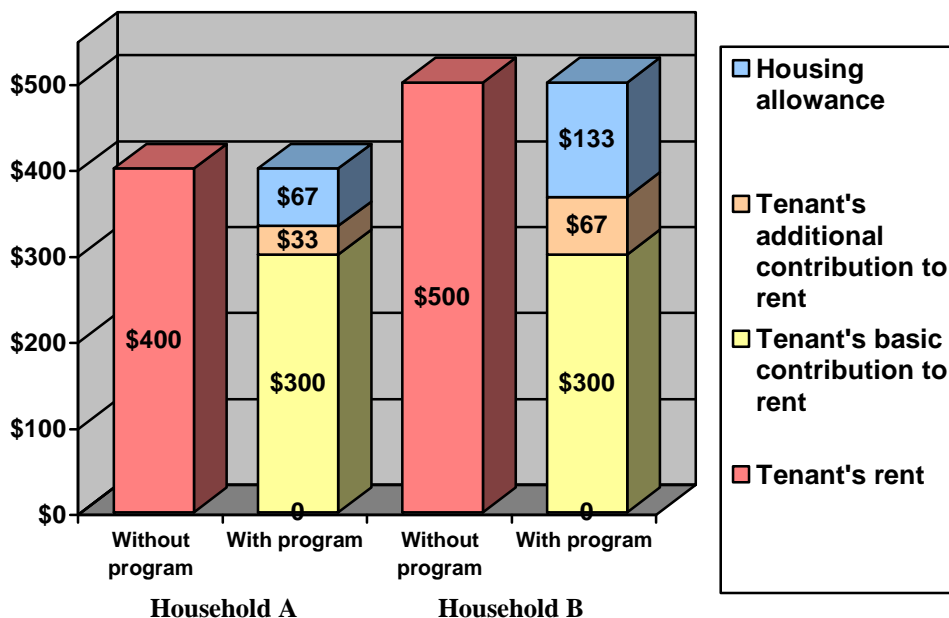
How do portable housing allowances work?

In Canada, the long-standing housing allowance programs used by BC, Manitoba and Quebec are partial affordability gap programs. Here is an illustration of the calculations used in such a program. Our sample program pays a subsidy of 67% of the rent in excess of 30% of income. We show two different households, each living on an income of \$1,000 per month. The affordability gap is the amount paid for rent in excess of \$300 (\$1,000 times 30%). (In a high rent area like Toronto, Calgary or Vancouver a household paying the sample rents would be a single person renting a room or a small bachelor apartment; in a moderate rent area, the household could be a couple renting a bachelor or a small one bedroom apartment; whereas in a low rent area, the household could be a single parent with a child renting an economical two bedroom apartment.)

Here are the sample household situations without a housing allowance and with a housing allowance. Without the program, household A pays 40% of their income in rent (\$400), and has \$600 left for other necessities. They have an affordability gap of \$100, and the program gives them a subsidy of 67% of that gap, i.e. \$67 per month. With the program, household A enjoys an after-rent income of \$667, an increase of 11% over their current after-rent income.

Without the program, household B pays 50% of their income in rent (\$500), and has only \$500 left for other necessities. They have an affordability gap of \$200, and the program gives them a subsidy of 67% of that gap, i.e. \$133 per month. With the program, household B enjoys an after-rent income of \$633, an increase of 27% over their current after-rent income.

	Household A		Household B	
	Without program	With program	Without program	With program
Rent paid to the landlord	\$400	\$400	\$500	\$500
Housing allowance (paid to the tenant)	No program	\$67	No program	\$133
Rent after allowance	\$400	\$333	\$500	\$367
Income for other family needs	\$600	\$667	\$500	\$633
Increase in after-rent income due to the allowance		11%		27%



You can see that the household which is in deep housing need (paying 50% of income toward rent) gains more from the program than the household in shallow need. Neither household needs to move. However, if household A wants to move to a less economical rental home, renting for say \$500, they could do so, and have an after-rent income of \$633 instead of the \$600 they have in their original rental home with no housing allowance.

Quebec uses the 67% subsidy rate, but restricts the allowance to a maximum of \$80. Manitoba and BC use a subsidy rate which varies between 60% of the affordability gap and 90% of the gap, depending on the recipient's income. Various provinces provide housing allowances to low-income seniors, the disabled, all low-income families with children and/or low-income working families with children. Housing allowances can be used for any or all of those groups and/or for non-senior couples or individuals without children as well.

What are the concerns about housing allowances?

Myth 1 - housing allowances lead to rent inflation. In fact, numerous studies have shown there is no evidence that properly designed housing allowances cause inflation. Most recently Abt Associates reviewed the evidence on Canadian housing allowances in its 2006 report for CMHC entitled *Housing Allowances Options for Canada*. At pages 33-34 the authors state that this allegation is particularly levelled against the U.S. "Section 8 housing voucher" system, which has these design features; tenants are encouraged or required to move to better housing; the allowance is often 100% of the affordability gap; the allowances are paid to landlords; and tenants must find landlords who will agree to inspections and agree to take the vouchers. Those factors can result in rent inflation. The BC, Manitoba and Quebec housing allowance programs avoid all those features (and have other features to avoid inflating rents), and as a result do not result in higher rents either for recipients or for the housing market as a whole.

Myth 2 - the cost of housing allowances tends to get out of control. This is not true. For more than 30 years, the experience of the housing allowance programs in B.C., Manitoba and Quebec is exactly the opposite. Program costs tend to decrease in real terms. (Saskatchewan's and Ontario's programs are too new to cite as evidence, but their designs also suggest that the costs will remain constant or decrease over time.)

Myth 3 - housing allowances are only useful if the vacancy rate is high. This is not true. Even in times of low vacancy rates in Canada, the same percentage of core need households live in suitable and adequate housing as do in times of high vacancy, and that is a very high percentage of the 13% of Canadians in core housing need.

Myth 4 - landlords will not rent to tenants in receipt of housing allowances when the vacancy rate is low. This is not true. The tenant need not tell the landlord they receive an allowance, and if they do, they are a more attractive tenant, not a less attractive tenant. Unlike rent supplements, housing allowances do not have a landlord "take-up problem".

Myth 5 - housing allowances concentrate poverty because of the incentives to economize on housing costs. In fact, as compared to not having housing allowances, tenants pay less of the income toward their rent. This means that they are more able to select a rental home in a low poverty neighbourhood (although they may choose a relatively low rent rental home within that neighbourhood). The portability feature provides low-income tenants choice as to where to live, and that helps to avoid the concentration of poverty.

The criticisms of housing allowances are misplaced when looking at well-designed housing allowances of the type used in B.C., Manitoba, Saskatchewan and Quebec.

What other countries use housing allowances?

Australia	Denmark	Ireland	Sweden
Austria	Finland	Netherlands	Switzerland
Belgium	France	New Zealand	United Kingdom
Czech Republic	Germany	Norway	United States

What do other organizations say about housing allowances?

(Note that portable housing allowances are often called shelter allowances or shelter subsidies.)

Federation of Canadian Municipalities:

"A shelter allowance is needed for working poor households - without forcing them first to enter the income assistance system." (October, 2004)

“The analysis of housing need clearly documents the predominant problem as one of affordability. ... Affordability problems account for 93% of core housing need. ...[portable shelter allowances] (linked to a household, not contracted to a unit) can be effective in helping to reduce these high shelter burdens.” (January 2008)

[Toronto] Mayor’s Homelessness Action Task Force:

“Shelter allowances are the most effective tool to prevent homelessness for low-income households.”
 “The best solution for ... households with severe affordability problems is to provide them with shelter allowances for housing in the private market...” “A shelter allowance for the working poor will reduce the risk of homelessness without creating a disincentive to work.” (“The Golden Report”, January 1999)

Monte Solberg, Conservative Minister responsible for housing:

Speaking about the evaluation and renewal of the federal homelessness and affordable housing programs, Minister Solberg said: “Is building units always the appropriate thing to do? Some provinces have lots of housing but incomes aren’t high enough to get people in. It may be a situation where provinces want to use a housing allowance instead of building more units. (The Canadian Press, April 2, 2008)

Federal Liberal Women’s Caucus:

“It is often suggested that the only way to assist low income tenants in need of adequate and affordable housing is to build new social housing. Not only is the creation of new subsidized housing costly, but subsidized housing benefits only a small number of households who are in need.
 “One solution to this persistent problem is a portable shelter subsidy that is tied to need rather than to designated units. The portability allows a woman to choose where she would like to live, be it closer to family, social support networks, schools, etc. It also avoids the stigma that can come with living in social housing. This change would significantly increase the number of women who could receive the assistance they need to live in adequate, affordable housing.
 “There are other benefits to a portable shelter subsidy. It is administratively convenient and can be allocated as a direct cash transfer or tax credit. This eliminates the discriminatory consequences of lengthy waiting lists and other restrictions of social housing.” (The Pink Book, Volume 2, 2007)

What other housing supports are needed?

Some people need more than just financial help to maintain a stable home. For those people other support services can be used along with portable housing allowances or rent supplements. In particular, the chronic homeless require significant supports as well as money, and such supports can sometimes be better provided in supportive housing environments. Therefore, individuals with special needs, including addictions, mental illness, or serious disabilities, may be better served by providing public or social housing, or rent supplements and support services, rather than housing allowances.

Conclusion

The private sector is best suited to provide a wide range of housing choices at the lowest cost for the vast bulk of Canadians, including low-income households who require financial help to afford the housing they need. In providing that assistance, portable housing allowances have many advantages. Provided they are well designed, portable housing allowances have very few disadvantages. An expansion of portable housing allowances would provide much needed assistance to low-income renters, reduce core housing need and help to prevent homelessness, all in a speedy, cost-effective and equitable way.

*The Canadian Federation of Apartment Associations represents the owners and managers of close to one million residential rental suites in Canada, through 17 organizations across Canada.
 See www.cfaa-fcapi.org.*