



Election Update

September 29, 2008

On September 28, the New Democratic Party released its election platform. Like the Liberal Platform reported on in CFAA's Election Update dated September 26, the NDP platform addresses housing policy and poverty reduction.

Housing Policy

The NDP promises to build toward a 10 year goal of allocating 1% of federal spending on affordable housing. In 2008, 1% of federal spending would be \$2.2 billion. The tables to the NDP platform budget the additional housing at \$500M next year and \$1B per year for the three following years¹. The NDP says it will implement the following programs:

1. New non-profit housing construction
2. Funding for supportive and special needs housing
3. Expanded funding for homelessness services and transitional housing
4. Expanded grants to repair substandard homes

While CFAA would be concerned to know that program 4 would include rental property, CFAA generally supports programs 2, 3 and 4. CFAA does not support program 1 (non-profit housing construction), and based on past experience that program is likely to receive the bulk of the funding.

As we noted in our September 26 Election Update, new construction subsidies typically range from \$30,000 to \$90,000 per unit depending on the location across Canada. If matched equally by the provinces and spent at the rate of \$60,000 per unit, \$800M dollars of federal money would subsidize 13,300 units of new social housing per year. That would be in addition to the new units which are to be constructed with the current funding (probably 3,000 to 5,000 per year). Such construction would have a significant impact on rental housing markets across Canada.

Regrettably, the NDP platform makes no reference to portable housing allowances, or to any assistance targeted to tenants in high rent areas.² The NDP platform also makes no reference to any construction assistance for the for-profit sector.

¹ The figures are confusing because the federal government and CMHC spend \$2B per year on housing now. Therefore, reaching \$2.2B would only require \$200M more per year. However, at one time, the goal of housing activists was called the "Two percent solution", which would require \$4.4B of total federal spending. Perhaps the goal has been rephrased as "One percent" of [additional] spending. That could help hide the fact that \$2B per year is already being spent, mostly on subsidies to social housing.

² In CFAA's initial 2008 Election Bulletin, CFAA referred to Jack Layton's term as the head of the Federation of Canadian Municipalities (FCM) when that organization called for housing allowances as well as new social housing. Apparently the historical federal NDP preference for socialized housing has trumped any interest by Mr. Layton in other tools to address housing affordability.

Poverty Reduction

As well as the housing measures described above, the New Democrats' poverty reduction strategy consists of:

1. A new child benefit being expanded in phases to become up to \$5,000 per child per year (the maximum would be paid to families with incomes of up to \$38,000 per year, and lower amounts would be paid to families with higher incomes)
2. child care subsidies
3. energy efficiency subsidies
4. a \$10 per hour minimum wage, indexed to inflation

The NDP's overall goal is to eliminate poverty by 2020. The 5 year goal is to reduce overall poverty by 35% and child poverty by 50%.

Most economists believe that a higher minimum wage is counter-productive because it reduces the hours employers make available to low wage workers. However, the reach of the federal minimum wage is not wide.

The new child benefit would reduce poverty among low income families. However, it should be noted that 62% of the households in the lowest one fifth of income are individuals, not families. An additional 11% are childless couples. Only 23% of the lowest income households include any children. Even in the second lowest one fifth of income, only 31% of households include children. Most children are found in the middle, upper or high income households. (44%, 55% and 63% respectively). (Source: CMHC Housing Observer 2006, p.65, Figure 53.)

Higher incomes for parents with children will help families pay their rent or mortgage, as well as other necessities. However, since the program is not targeted to areas with high housing costs, low-income families in Toronto, Vancouver and other high rent cities will still struggle, while families in low rent areas will be made relatively better off.