

12. Where Are We Going? Recent Federal and Provincial Housing Policy

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The 1990s was a lost decade for affordable housing funding, policies, and programs in Canada. The federal government, which started major cuts to housing programs in 1984, cancelled all funding for new social housing in 1993. Most provinces followed suit. As well, many senior governments cut social spending – including cuts to income assistance programs – and held down the minimum wage, depressing the household incomes of low-, moderate-, and even middle-income Canadians.

These policies helped to generate the nationwide supply and affordability housing crisis and homelessness disaster that grew worse in the late 1990s and into the early 21st century.

Meanwhile, since the early 1970s the private sector had, for the most part, shifted its investment away from the construction of new affordable rental housing. By the 1990s, there were few new private rental units being built. In many parts of the country, the number of private units lost to demolition and conversion outpaced new construction.

The not-for-profit sector (co-op and community-based non-profit housing providers) was unable to build new units after the mid-1990s in most parts of the country, because government support had evaporated. Private funders were unwilling to lend to non-market housing developers. The number of new social housing units being built dropped to almost zero by the end of the 1990s.

The era from 1990 to 2003 also coincided with the rise of Paul Martin. In 1990, as Liberal housing critic, he had been a strong champion for increased government investment in social housing. From 1993 to 2000, as federal finance minister, Martin not only failed to fulfil his promise to renew spending, but presided over huge cuts in social spending. In 2003, as prime minister, Martin dropped the junior housing minister post from his first cabinet – sending an ominous signal to housing advocates.

That same period also saw a rise in housing advocacy. Community-based groups formed or were strengthened throughout the country. In 1999, they came together to create the National Housing and Homelessness Network. By 2000, housing advocates were creating new partnerships with municipalities, faith groups, unions, community organizations, and even business groups.

Some local and national private-sector groups, such as the Toronto Board of Trade and the TD Bank Financial Group, began to speak out about the housing crisis, calling for renewed government investment.

In 1998, the Toronto Disaster Relief Committee (TDRC), a community-based housing and homeless advocacy group, launched its Disaster Declaration and One Percent Solution campaigns. The work of the TDRC, along with partners at the local and national level, started the political momentum towards a patchwork of funding and programs.

Public opinion began to focus on the nationwide housing crisis and homelessness disaster in the late 1990s. National and regional opinion polls showed that a significant majority of Canadians wanted their governments to take action, even if it meant raising taxes. Effective political pressure convinced the federal government in 1999, 2001, and 2003 to make the first, tentative steps towards a new national housing strategy.

But those hard-won gains were not able to ease the crisis, partly because federal, provincial, and territorial governments generally failed to meet even the limited promises they made, and mostly because those commitments fell far short of the growing need.

The growing crisis

The election of the Mulroney Conservatives in 1984 heralded the first in a decade-long series of cuts to federal housing programs. Total spending

was cut by \$1.8 billion up to 1993, when all new spending on social housing programs was eliminated.¹

While in opposition, the Liberals promised to restore funding for housing – most famously in a national Liberal housing task force report co-authored by Paul Martin.² But they promptly forgot those commitments when they were elected to government in fall 1993. In fact, the Liberals continued to cut housing and other social spending. Despite Canada's growing population, starting in 1995, the Organisation for Economic Co-operation and Development reported a net decrease in social spending in Canada.³

Housing Spending by Canada, Provinces, Territories, 1993-2000

	1993-1994	1999-2000	Dollar	Percent
	(\$ millions)	(\$ millions)	change	change
Newfoundland	18.1	8.0	-10.1	-55.8
Prince Edward Island	2.3	3.2	+0.9	+39.1
Nova Scotia	24.2	14.3	-9.9	-40.9
New Brunswick	32.7	31.8	-0.9	-2.8
Quebec	286.3	288.3	+2	+0.7
Ontario	1,140.9	837.1	-303.8	-26.6
Manitoba	46.6	43.2	-3.4	-7.3
Saskatchewan	43.1	40.5	-2.6	-6.0
Alberta	287.3	93.2	-194.1	-67.6
British Columbia	83.4	90.9	+7.5	+9.0
NWT / Nunavut	69.7	114.4	+44.7	+64.1
Yukon	4.9	11.1	+6.2	+126.5
Total: provinces, territories	2,039.5	1,576.0	-463.5	-22.7
Canada (CMHC)	1,944.9	1,927.9	-17	-0.9
Total – all Canada	3,984.4	3,503.9	-480.5	-12.1

Source: Canada Mortgage and Housing Corporation, 2001

The federal government's own Finance Department has confirmed the big spending cuts of the 1990s, boasting in its November 2003 eco-

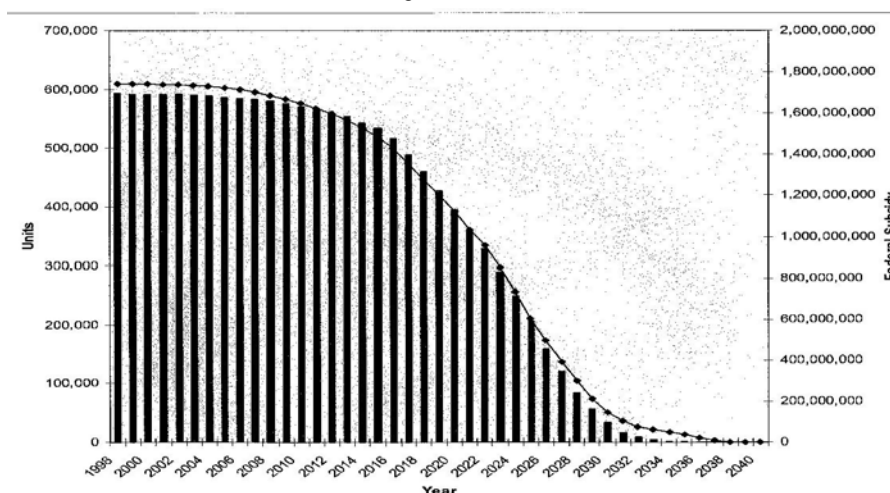
conomic and fiscal update that “federal program expenses-to-GDP ratio has declined significantly, from 15.7 per cent in 1993–94 to 11.5 per cent in 2002–03. This decline is largely attributable to the expenditure reduction initiatives, announced in the 1995 and 1996 budgets, aimed at eliminating the deficit.”⁴

Seven of Canada’s ten provinces also cut housing spending during the 1990s. In dollar terms, the biggest cuts came under Conservative governments in the two richest provinces – Ontario and Alberta – which together cut \$497.9 in the seven years before 2000. The provincial spending cuts continued into the new millennium, not just in Ontario (which downloaded its provincial housing programs to municipalities in 1998) and Alberta (which cancelled funding for seniors’ supportive housing in 2002). The recent election of Liberal governments in Quebec and British Columbia also led to erosion of provincial social housing programs. In 1996, Finance Minister Paul Martin announced plans to transfer federal social housing programs to provinces and territories. The scheme not only meant that the federal government was abandoning a national role in affordable housing, but the transfer deals signed with provinces and territories locked in an annual cut to housing spending.

A study by the Canadian Housing and Renewal Association in 2003 shows the dramatic impact of the Martin decision over the next few decades. The federal government will drop from supporting about 600,000 social housing units in 1998 at a cost of about \$1.7 billion to zero dollars and zero units by 2040.

Federal social housing spending, 1998 to 2040

Source: Canadian Housing and Renewal Association, 2003



Martin's 1996 decision to abandon a federal role in social housing is unprecedented among developed countries. Even the United States, with its fierce commitment to private-sector solutions, maintains a national housing program (though it is under constant attack by the Bush administration, which is anxious to make additional cuts to pay for its agenda of increased military spending and tax cuts).

In 1998, the *National Housing Act* was amended as part of a government-wide initiative launched by Martin to "commercialize" many government functions. Canada Mortgage and Housing Corporation (CMHC), the national housing agency created at the end of the Second World War to help low and moderate-income Canadians secure a good home, faced a new, commercial mandate. Its mortgage insurance fund (a key tool used by social housing providers to secure private financing) was turned into a revenue-generator.

CMHC has been spectacularly successful in making money for the government. In 2002, the agency reported a net income after taxes of \$544 million, a sizable increase from the \$160 million reported in 1998.⁵ The cost has been higher mortgage insurance premiums, which have raised a big financial hurdle for community-based non-profit housing providers.

Government cuts to housing funding and programs created only half of the pain suffered by renter households in Canada. Until 1996, the federal government provided provinces and territories with three main pools of social funds: the Canada Assistance Plan, education support, and health insurance and medical care.

In 1992-93, the federal government gave the provinces and territories \$17.9 billion in social spending. By 1995, after three full years with Paul Martin as finance minister, the federal payment to provinces had been cut by \$1.2 billion to \$16.6 billion. Then Martin introduced the Canada Health and Social Transfer (which combined health, education and social payments to the provinces and territories) in 1995. In 1996-97, the CHST was \$14.9 billion – a further cut of \$1.8 billion. And other financial adjustments that year cost the provinces and territories another social spending cut of \$153 million.⁶

Martin's spending cuts were so successful that, by the end of the 1990s, the federal government was facing record surpluses. In his last

budget as finance minister, Martin decided to turn those surpluses into a multi-year tax cut.

Meanwhile, the cuts to social spending gave the green light to provincial governments, such as the Conservatives under Mike's Harris in Ontario, to make their own cuts to welfare and other social spending.

By 2003, federal finance minister John Manley asked the rhetorical question: "Who thought we would have been able to implement a five-year \$100-billion tax cut plan, amounting to the largest cuts in Canada's history?"⁷

The \$100 billion in tax cuts from 2000 was on top of an accumulated \$150 billion in tax cuts already made by Martin and by the Mulroney government before him. A study by the Canadian Centre for Policy Alternatives in 2002 estimated that 64% of the benefits of those \$250 billion in tax cuts went to the highest-income earners.⁸

Plenty of money for tax cuts for the wealthy, but no money for desperately needed affordable housing for low- and moderate-income households.

The affordability crisis

Even without the supply crisis caused by the withdrawal of the government and private sectors from new affordable rental construction, stagnant and declining renter household incomes ensured that the affordability crisis would get worse each year. Average rents increased in most parts of Canada at or above the rate of inflation in the 1990s and into 2004, which meant that the existing rental housing stock was getting less affordable every year. Rising rents led to economic evictions in Ontario and elsewhere.

Low-, moderate-, and middle-income tenants have literally been priced out of the private rental market. In 2002, rents in Toronto "eclipsed price-sensitive thresholds," according to an official analysis by the national housing agency.⁹ Growing rental vacancies in a handful of areas in 2003 came at the same time that a record number of households were desperate for affordable housing. Tenants simply could not afford the rents set by the market and were forced to double or triple up in sub-standard units, or – in increasing numbers – to take refuge in shelters for the homeless.

In 2003, Canada Mortgage and Housing Corporation reported 11,484 vacant rental units in the Toronto Census Metropolitan Area (which includes the city and the surrounding suburban regions). At the same time, there were more than 100,000 households on the social housing waiting lists in the greater Toronto area.

The housing supply and affordability crisis triggered a huge increase in homelessness across Canada in the 1990s and early 21st century. A cross-Canada homelessness survey by the National Housing and Homelessness Network in 2001 reported: "Most experts agree that at least 250,000 people will experience homelessness during the course of a year. A comparison of hostels in just seven Canadian cities shows the number of bed nights occupied by homeless people over the course of the year doubled from 1.4 million in 1987 to 2.4 million in 1999."¹⁰

The survey revealed overcrowded shelters across the country, people forced to sleep on mats on the floors, a growing number of people turned away because there was no room, deteriorating health conditions in hostels, and significantly higher-than-normal death rates among homeless people. The biggest increase in homelessness in most parts of the country was among families and children, and the chief culprit was the affordable housing crisis.

Private-sector salvation?

As federal and provincial governments cut housing and social programs, they hoped that the private sector would step in. The strongest proponent of private-sector salvation was Ontario's Mike Harris, whose Conservative Party governed the province from 1995 until 2003.

Harris's first housing minister, Al Leach, confidently predicted that his government's pro-private market housing policies would generate tens of thousands of new units. The province cancelled 17,000 units of co-op and non-profit housing, gutted rent regulation laws and offered a package of tax and grant subsidies to private developers.

Private investment in rental housing dropped from more than 20,000 new units annually in the early 1970s to less than 2,000 units annually in the late 1990s.¹¹ Private-sector lobbyists and right-wing think-tanks blamed the drop on rent regulation, but the province's first rent control laws had been introduced in 1975 – well after investors had al-

ready shifted their development dollars to shopping malls and condominiums.

Stagnant and declining renter household income meant that tenants couldn't afford the rents that private landlords needed to charge to cover the cost of new development, plus earn a reasonable return on investment. Even the limited amount of new private construction in the late 1990s and early part of the 2000s was almost entirely at the upper end of the rent scale.

In the mid- to late 1990s, private investors did find a profitable niche in the rental market. Real estate investment trusts bought up older rental buildings with moderate rents, then, taking advantage of lax rent regulation laws in most provinces, forced up rents to ensure a big return to their investors. One such trust, called ResREIT, boasted that it was able to drive up rents 22% and 37% over a couple of years on properties that it had bought.¹²

The Ontario government tried to sell its private-sector mantra by dressing up the old "trickle-down" theory in new clothing. According to the province's rental housing supply advisory group, "even rental development at the high end increases affordability, because it adds to the overall stock, putting downward pressure on rents and freeing up more affordable units as higher income tenants move into the new supply."¹³

This process, called "filtering," didn't work in Ontario. Instead of the confident promise of thousands of new private rental units, the province experienced a loss of at least 45,000 private rental units from 1995 to 2002, along with a further loss of 23,300 social housing units,¹⁴ at a time when the province's growing population was increasing the need for new affordable rental units.

Jeanne M. Wolfe, professor of planning at McGill University, wrote in 1998:

Responsibility for social housing has been devoluted from the federal government to the provincial and territorial governments, who in turn shift administration and management to regional and municipal agencies. And while the proportion of needy families is increasing, the deficit-minded Federal government only maintains its financial commitments to existing projects with no new funds presently available. Market solutions are being promoted by both the public and private sectors through a wide

range of activities. The result is no single housing policy, but a patchwork of provincial and local initiatives. . . . However, it is only in Canada that the national government has, except for CMHC loans, withdrawn from the social housing field. The rush to get out of the responsibility for managing existing projects and building new, low-income housing has taken advocates by surprise. It was never imagined that a system that had taken 50 years to build up could be dismantled so rapidly. Social housing policy in Canada now consists of a checker-board of 12 provincial and territorial policies, and innumerable local policies. It is truly post-modern.¹⁵

The community mobilizes

As the nation-wide affordable housing crisis and homelessness disaster grew worse in the 1990s, community-based groups began to mobilize in various parts of the country.

The Toronto Disaster Relief Committee (TDRC) was created by a group of homeless people and advocates in the summer of 1998. Their goal was to expose the homelessness disaster and call for a comprehensive solution. In October of 1998, TDRC launched its Disaster Declaration campaign, which called on governments across the country to declare homelessness a “national disaster.” Advocates argued that homelessness qualified as a disaster in the same way that ice storms, floods, forest fires, and other natural events triggered disaster relief legislation and funding. The TDRC’s State of Emergency Declaration read:

We call on all levels of government to declare homelessness a national disaster requiring emergency humanitarian relief. We urge that they immediately develop and implement a National Homelessness Relief and Prevention Strategy using disaster relief funds both to provide the homeless with immediate health protection and housing and to prevent further homelessness.¹⁶

The Disaster Declaration was almost immediately adopted by Toronto’s City Council, and the campaign quickly went national. By late November, the Big City Mayor’s Caucus of the Federation of Canadian Municipalities (FCM) adopted the declaration. The FCM, which represents thousands of local governments, set up a National Housing Policy Options Team at its April 1999 annual meeting.

The TDRC coupled the Disaster Declaration with its call for the One Percent Solution. In the early 1990s, federal, provincial, territorial, and municipal governments spent about 1% of their overall budgets on housing and related services. The TDRC called for governments to double that amount – spend another one percent.

The One Percent Solution would require the federal government to spend an additional \$2 billion annually. Provinces and territories would be required to match that amount. The new money would create a funding envelope to build new affordable housing, to provide improved income assistance to address housing affordability, and to provide housing-related support services where required.¹⁷

Homelessness became part of the Toronto political agenda during the 1997 municipal election campaign when Mel Lastman, a candidate for mayor of the newly amalgamated “mega-city” of Toronto, confidently pronounced that there were no homeless people in the suburban municipality where he had been mayor for many years. That same night, a homeless woman was found dead in Lastman’s North York.

Newly elected Mayor Lastman created the Mayor’s Homelessness Action Task Force in January 1998, and appointed the head of the Toronto United Way, Anne Golden, as chair. Over the next year, the Mayor’s Task Force prepared a detailed report that was released in January 1999. Called *Taking Responsibility for Homelessness: An Action Plan for Toronto*, the report set out 105 detailed recommendations for action.¹⁸

Many task force reports tend to fade quickly, so Ann Golden proposed that her report be the centrepiece of a national symposium on housing and homelessness co-sponsored by the City of Toronto and the Federation of Canadian Municipalities. Municipal delegations were invited from across the country. Conference planners accepted the suggestion from housing advocates that half of the delegates be homeless people, tenants, and community advocates.

The homeless symposium in March 1999 brought together hundreds of politicians, housing officials, and advocates. Two days before the event, the federal government appointed Labour Minister Claudette Bradshaw, a former social agency director, as federal coordinator for homelessness. Her first public appearance was at the Toronto symposium, but she had no new funding and no new programs to announce.

Community advocates organized during the forum and agreed to create the National Housing and Homelessness Network. They convinced the symposium to adopt both the Disaster Declaration and the One Percent Solution. The 1999 event marked the start of a new national partnership between advocates and municipalities.

Minister Bradshaw went on a national tour during the summer of 1999. Everywhere she went, she heard about growing homelessness and the need for a new national housing strategy. In fall 1999, the federal government announced a modest increase in funding for its Residential Rehabilitation Assistance Program that would allow substandard and abandoned buildings to be converted to affordable housing.

The national homelessness strategy

But the breakthrough came in December 1999, when Minister Bradshaw announced the federal homelessness strategy, including the Supporting Community Partnerships Initiative. The original plan was that \$753 million over three years would be sent to 10 major cities across the country to pay for additional homeless shelters and transitional housing, along with services for the homeless. Included were special funds for Aboriginal and youth homeless programs. The National Housing and Homelessness Network greeted the federal announcement by saying:

The good news: Powerful community-based work right across Canada has forced the federal government to take action on homelessness. The bad news: We're got to push much harder before we get a national housing program that will truly help to end homelessness. . . This is not a national strategy, but a patchwork response to Canada's national homelessness disaster and housing crisis. Successful projects will have to put together elaborate funding packages from various sources. Therefore, groups will have to spend months or years fundraising instead of building housing and providing services. This is the downside of the trend towards "partnerships." Multiple funding sources place the barrier much higher even for the best projects. Instead of a single program that delivers the funding, project sponsors will have to approach a variety of government, private sector and community sources. Putting additional new money into helping homeless people is welcome, and will likely lead to a handful of new one-off projects in various parts of the country. It is a step, but unless there is a massive federal reinvestment in a national housing

program, it cannot be called a step in the right direction. It is simply a step leading to nowhere in particular.¹⁹

In other words, the homeless would probably be a little more comfortable after federal funding started to flow, but they wouldn't be any less homeless.

Another concern with the homelessness announcement was the focus on 10 cities to the exclusion of the rest of the country. Several provinces and all three territories were shut out, along with small towns and rural areas throughout Canada – because the government had decided that homelessness is a big-city issue. Advocates succeeded in convincing the federal government to open up the program to the rest of the country, but no extra dollars were added. The \$753 million pie was simply divided up into smaller slices: 80% of the money was directed to the 10 large cities; the remaining 20% went to the rest of the country.

In September 2000, provincial and territorial housing ministers met for their annual summit in Fredericton, New Brunswick. For the first time in six years, the federal government sent its housing minister. The National Housing and Homelessness Network (NHHN), the Federation of Canadian Municipalities, and the Canadian Housing and Renewal Association all sent representatives to lobby ministers.

The NHHN, along with its Quebec partner, the Front d'Action Populaire en Réaménagement Urbain, built a symbolic house in front of the hotel where the ministers were meeting. The network released its first national report card on housing and homelessness in Fredericton. Advocates dominated the media agenda for the meeting, but ministers finished their three days of talks with a bland communiqué that offered further study without any commitment to action.

Housing and homelessness crept onto the political agenda of the federal election in fall 2000, as a growing number of opinion polls showed that a majority of Canadians were deeply concerned about the housing crisis and wanted governments to take action. Four of the five major political parties promised increased funding for housing, including the governing Liberals, which promised \$680 million over four years for new housing.

Federal, provincial, and territorial housing ministers held their next annual meeting in London, Ontario, in August 2001. The pressure was

building on the federal government to honour its promise for more funding for housing. NHHN convinced ministers to listen to the national groups. The ministers were reluctant to bring advocates into the formal meeting, so they allowed four national organizations 15 minutes each to address the ministers.

It was a small, but important victory. Non-governmental groups rarely have a voice at federal-provincial-territorial meetings. NHHN had managed to open a small window at the housing summit.

The National Housing and Homelessness Network, the Federation of Canadian Municipalities, the Canadian Housing and Renewal Association, and the Co-operative Housing Federation of Canada collaborated on key messages in their separate presentations.

The network released a new report card and staged a demonstration in front of the hotel. Advocates and homeless people from Quebec and Ontario came to London to deliver a noisy and energetic call to the ministers to adopt a fully-funded national housing strategy.

The ministers didn't quite reach a deal, but they did set a deadline. They agreed that the federal, provincial, and territorial governments would sign off on a new national housing strategy within three months. Their next housing summit was set for November 2001 in Quebec City.

Once again, the four national groups gathered at the national housing meeting. They privately lobbied the ministers, made formal presentations, and released reports on key features of a proposed new national housing strategy. And, in the face of one of the worst blizzards in years, as the winds howled up the St. Lawrence River, hundreds of homeless people, low-income tenants, and advocates held a demonstration in front of the hotel where the ministers were meeting. The combined actions had a powerful effect.

Affordable Housing Framework Agreement

The ministers emerged from their talks with the announcement that they had signed an Affordable Housing Framework Agreement. Under the terms of this deal, the federal government would invest \$680 million over five years (the same amount the Liberals promised during the 2000 election, but spread out over an additional year) and the provinces and territories were supposed to match that with an additional \$680 million.

It wasn't the full One Percent Solution, but it was an important step forward.

Each of the provinces and territories were required to sign a bilateral housing deal with the federal government that set out the details of the new housing. All 13 did over the next 18 months. But two concerns quickly emerged:

- A major loophole in the original agreement allowed provinces and territories to pass on the costs to municipalities or third parties, such as social housing providers. Ontario, which was supposed to match the federal government's contribution of \$245 million, offered only \$20 million in new provincial funds. The rest was supposed to come from cash-strapped municipalities and housing developers. Other provinces were also unable or unwilling to match the federal dollars.
- The loose definition of "affordable housing" in the bilateral deals meant that the provinces and territories could fund new units with high rents, and even ownership units that were not affordable to the target group of low- and moderate-income households. Under the program, the maximum per-unit capital grant was set at \$50,000, which meant that truly affordable housing would likely not be built under the program.

Advocates and national organizations continued their national campaign. Their goal was to press federal, provincial, and territorial governments to honour the commitments that they had made in Quebec City, and to convince them to increase spending to meet the goal of the One Percent Solution.

In August 2002, Prime Minister Jean Chrétien gave one of his senior ministers, David Collenette, responsibility for housing. The newly appointed senior federal housing minister mused in his first speech:

Perhaps it is time for the federal government to get back into social housing. . . In the '60s and '70s, CMHC was remarkably developmental and progressive. Whether it was low-cost housing, not-for-profits, limited-dividend buildings or co-ops, all was done by CMHC. And then governments said, "No, we think the private sector should take over." The fact is, the private sector is not going to voluntarily build low-cost housing, which is what we need in communities in this country.²⁰

In the September 2002 Speech from the Throne, which set out the legislative agenda for the federal government in the new session, the government promised:

[The government] will extend its investments in affordable housing for those whose needs are greatest, particularly in Canadian cities where problem is most acute. It will extend Supporting Communities Partnership Initiative to provide communities with the tools to plan and implement local strategies to help reduce homelessness. In a number of cities, poverty is disproportionately concentrated among Aboriginal people. The government will work with interested provinces to expand on existing pilot programs to meet the needs of Aboriginal people living in cities.

Political pressure, including a growing call for a “new deal for cities,” prompted the federal government to add an additional \$320 million to its affordable housing program in the February 2003 federal budget – for a total of \$1 billion over five years, or an average of \$200 million annually (10% of the One Percent Solution).

In the same budget, the federal government extended its homelessness strategy by adding \$305 million over three years, plus an additional \$128 million to its housing rehabilitation program.

Positive momentum was continuing in the political sphere, but few new units were actually being built. The National Housing and Homelessness Network, in an attempt to keep political pressure on the senior levels of government, released a series of national housing report cards every six months after the framework deal was signed in November 2001.

A depressing picture emerged: few new units in most parts of the country. And about half the provinces continued to cut provincial housing spending after signing the housing framework deal, even though they had agreed to increase provincial spending to match the federal dollars.

The NHHN report cards drew criticism from some provincial officials, who complained that the network’s information was wrong. The 13 bilateral housing deals signed between the federal government and the provinces and territories required an annual public report listing spending, number of new units created, and a full performance audit. But the

governments never released a public accounting, so the network based its reports on the best available data.

By 2003, the important advance that came with the signing of the affordable housing framework agreement in November 2001 had stalled. In April 2003, federal, provincial, and territorial housing ministers gathered for a national summit in Winnipeg. The national network upped the ante by calling on the federal government to use its powers under the bilateral housing deals to bypass provinces and territories that were unable or unwilling to meet the commitments they had made in Quebec City 18 months earlier.

Prime Minister Chrétien appointed Steve Mahoney as a “junior” housing minister just before the Winnipeg meeting. It was a clear signal that the federal government was adding some muscle to the housing file. Mahoney, taking his lead from the network and other housing advocates, told the media that he was prepared to get tough with the provinces and territories.

In October 2003, Ontario voters tossed out the Conservatives and elected a Liberal government under Dalton McGuinty. McGuinty’s election platform included significant housing commitments, including a promise of 20,000 new affordable housing units and other measures. Advocates hoped that new housing would finally be built in Ontario two years after the housing framework deal had been signed. That deal had earmarked \$245 million from the federal government for new affordable housing in Ontario which, combined with the \$245 million matching share from the province, would fund at least 10,000 new units (based on an average capital grant of \$50,000 per unit). However, that hope was dampened by the announcement by McGuinty, soon after his election, that his “discovery” of a significant provincial deficit meant that all election promises were now on hold.

On December 5, 2003, Minister Mahoney sent a letter to the National Housing and Homelessness Network with the first new numbers. The minister reported that only \$88 million had been committed by the federal government as of October 2003. That is less than 9% of the \$1 billion that the federal government had promised to spend. The bleak assessment by the NHHN was confirmed by the federal government.

Federal affordable housing recorded spending to 2003

Province	Allocation (\$m)	Recorded spending (\$m)
Newfoundland and Labrador	\$15.14	0
Prince Edward Island	\$2.75	0
Nova Scotia	\$18.63	\$0.07
New Brunswick	\$14.98	0
Quebec	\$161.65	\$43.72
Ontario	\$244.71	\$1.20
Manitoba	\$25.39	\$0.48
Saskatchewan	\$22.93	\$0.94
Alberta	\$67.12	\$8.50
British Columbia	\$88.70	\$26.70
Northwest Territories	\$7.54	\$1.89
Yukon Territory	\$5.50	0
Nunavut	\$4.96	\$4.96
Total	\$680.00	\$88.48

One week after sending that letter, Mahoney was dropped from the federal cabinet. Paul Martin was sworn in as prime minister, capping his personal political campaign over the previous decade to rise to the nation's top political post. In Martin's first cabinet, housing was handed to David Anderson, the environment minister. Advocates and the media criticized Martin for downgrading housing.

Soon after, Martin quietly named Andy Scott as the junior housing minister. But Martin's finance minister, Ralph Goodale, launched a national budget consultation saying that all federal spending – except for new military helicopters and the massive tax cuts – would be under review.

Housing advocates started the year 2004 worried that the hard-won gains of the previous five years could come unravelled.

The challenge today

Federal, provincial, and territorial housing and social spending cuts of the 1980s and 1990s fuelled the growing homelessness disaster and housing crisis. Effective advocacy managed to win some important gains, but senior levels of government failed to meet even the minimal commitments that they made to fund new homes and services.

The fiscal capacity of governments to respond to the housing crisis by meeting the goal of the One Percent Solution (\$2 billion annually) was eroded by massive tax cuts at the federal level, and in many provinces.

By the end of the 1990s, advocates had managed to convince the public, the media, and most politicians that the housing crisis was real, and that strong action was required by senior levels of government.

And while there has been grudging acceptance of the need for action and a limited commitment in the form of a growing patchwork of funding and programs, federal and provincial politicians have failed to enact the fully-funded and comprehensive national housing strategy set out by the National Housing and Homelessness Network and other national groups.

One enduring symbol of the depths of the crisis came in January 2004, when the federal government agreed (after considerable political pressure from advocates) to open an emergency shelter for the homeless in downtown Toronto after two extreme cold weather alerts. Two days after it was opened, about 75 homeless people were sleeping on the cots and more were expected.

The federal government has been mostly unwilling to invest in housing solutions, so it has been forced to open empty military spaces where the homeless can huddle with some measure of warmth and comfort.

Michael Shapcott is co-chair and a founding member of the National Housing and Homelessness Network and a founding member of the Toronto Disaster Relief Committee, the Toronto Coalition Against Homelessness, and the Bread Not Circuses Coalition. He is the coordinator of the Community/University Research Partnerships (CURP) program at the Centre for Urban and Community Studies, University of Toronto (see:

www.urbancentre.utoronto.ca/curp.html).

Endnotes

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