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Rethinking Canada's Housing Affordability Challenge

A discussion paper prepared by

J. David Hulchanski, PhD, Director and Professor
Centre for Urban and Community Studies, University of Toronto
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Canada is able to build safe and adequate housing appropriate to the needs of all its households. That is, there are no physical, institutional, or financial impediments, no shortage of building supplies, construction workers, or mortgage financing to supply adequate housing for all. After the Second World War, improvements in housing finance, residential land servicing and building techniques, materials, and regulations produced high-quality housing for the vast majority of Canadian households. So why are some Canadians still poorly housed or unhoused?

The inability of a country as wealthy as Canada to adequately house all its people is usually called a *housing affordability* problem. This vague term became common about thirty years ago, when it was no longer appropriate to talk about specific problems such as the postwar housing shortage or the slum problem or the inadequate mortgage lending system – since, for the most part, these problems had been addressed. There is, however, something unsatisfactory about policy analysts' use of *housing affordability* as a problem definition. Policy experts seldom debate what it really means or ought to mean. Yet it is used in the media and everyday language as if it meant something specific. The term alludes to income levels and housing costs, so it seems to make sense. But policy experts ought to do better at naming the specific problem or group of problems – so as to better define solutions.

1. Canada's Incomplete Housing System: Market demand for housing is addressed; the social need for housing is not

Canada stands out as one of the few Western nations that rely almost completely on the market mechanism to supply, allocate, and maintain its housing stock (Scanlon and Whitehead, 2004). The market is the mechanism by which about 95% of Canadian households obtain their housing.

Canada also is one of the more inegalitarian Western nations (that is, there is a wide gap between rich and poor) and ranks near the bottom of the list in an eighteen-country comparison of net social expenditure by the OECD (Adema, 2001, Table 7). The OECD defines social expenditures as "the provision by public and private institutions of benefits to, and financial contributions targeted at, households and individuals in order to provide support during

circumstances which adversely affect their welfare.... Such benefits can be cash transfers, or can be the direct (in-kind) provision of goods and services” (Adema, 2001, 7). Given Canada's poor record on social spending, the United Nations Committee on Economic, Social and Cultural Rights, in its 1998 review of Canada's compliance with these rights, issued a highly critical and detailed report on Canada's social policies (United Nations, 1998).

Households living in extreme poverty with an inadequate social safety net do not contribute to market demand for housing. Markets respond to market demand. If households have too little income or wealth to stimulate market demand for a particular good, the market will ignore them.

In theory, this problem can be defined as one of income inequality. Some policy analysts even claim that there is no housing problem, that there is an incomes problem – and therefore no need for housing interventions – because the problem boils down to income distribution. The housing system, they suggest, is not to blame.

This oversimplification is neither logical nor policy-relevant (that is, it does not lead to useful policy). The assertion that poorly housed or unhoused people have an income problem is not analysis. It does not help us answer questions such as: *Why* do a substantial minority of households in a country like Canada lack enough income for housing? How and when will this problem be addressed? What do we do in the meantime? Even if we had a near-egalitarian distribution of income – or a massive universal housing allowance program (like the United Kingdom's Housing Benefit) – would we no longer have a housing problem?

Housing is not just another optional commodity. It is a fundamental necessity for health and well-being, and therefore a problem that is relevant to public policy. Adequate housing, like adequate health care, is a recognized human rights obligation. Households that are unable to generate market demand for a basic necessity in a society that relies almost exclusively on markets are generating *social need* (or “non-market demand”). Society can respond to social need only by changing the institutional arrangements that are responsible for the failure to meet these social needs. There are many ways to do this, but relying on so-called trickle-down effects from subsidies to those who are already well-off are not among them.

Good-quality housing is expensive. Market providers of housing, whether the housing is rented or sold, need to make money. If they cannot make a profit, they will not provide the housing Canadians need. Households with enough money to pay the market rates for either renting or owning adequate housing have no housing problem. Households without the financial resources to rent or pay for adequate housing do face a problem. They live in a society in which access to one of the essentials of human life is priced beyond their ability to pay for it. At the same time, they have few alternative ways to get the housing they need, since most public-sector housing programs have been phased out since the late 1980s.

Such households face one or both of the following outcomes. Either the household pays such a large proportion of its income on housing and not enough money is left for other essentials (such as nutritious food, warm clothing, or prescription drugs). This is known as “shelter poverty,” because paying for housing leaves the household in poverty: “What we really mean when we say that a household is paying ‘more than they can afford’ for shelter is that after paying for their housing they can't meet their non-shelter needs adequately.” (Stone, 2004-05:109) The other outcome is that the household is eventually dehousing. Unable to pay the monthly rent or mortgage, individuals or families find themselves using unsatisfactory and

harmful alternatives in terms of health and well-being – staying with friends, using homeless shelters and drop-ins, or living on the street.

The term *housing affordability* conflates all these issues and outcomes. And after at least thirty years of monitoring and debating the problem of *housing affordability*, things are, by most measures, worse today than in the past. So what is wrong? The issue needs greater conceptual clarity.

2. Conceptual Framework: The problem of problem definition

The inability of Canada's housing system to house all its people suggests that there is something structurally wrong with the way we have organized part of our housing system. It should work for all households, but it does not.

In other words, it is not a matter of discovering some particular technique or mechanism that will ensure that all Canadians have access to adequate and appropriate housing at a price they can afford to pay. Rather, we need to explicitly recognize that Canada's housing problems are the result of our normal, day-to-day ways of going about our business. That is, the problem is an unintended consequence of our established laws, institutions, and social practices.

In an imaginative treatment of the nature of difficulties we call "social problems," the author of a 1925 article in the *American Journal of Sociology* (L.K. Frank) used the perspective of a well-intentioned "man from Mars," who views mundane earthling affairs with an unprejudiced eye. The Martian researcher was sent to study problems involving large numbers of earthlings who were in distress. After being told about the housing problem, he was confused.

Please be patient with one who is anxious to understand and to sympathize with your difficulties, for I cannot see how, if you are concerned with a housing shortage, you talk about income taxes, mortgages, and all these other seemingly unrelated subjects. If you need houses, why, in the name of intelligence, don't you build them or address yourself to finding ways of building them instead of talking about money, capital, and so on? Your architects and builders know how to construct dwellings, your building-material factories know how to produce materials and the land awaits. Then, wherefore and why?

To help the Martian, the earthlings assign "an economist, a lawyer, a political scientist, a sociologist, and a historian to explain about the system of private property, the price system, popular government, congestion of population, transportation, and so on." After listening patiently, the Martian concludes:

If it is not indelicate of me to remark, every social problem you describe seems to have the same characteristics as every other social problem, namely, the crux of the problem is to find some way of avoiding the undesirable consequences of your established laws, institutions, and social practices, without changing those established laws, etc. ... And from what your historians tell me, every generation has its own peculiar social problems, or as I would prefer to say, its difficulties in keeping "business as usual" (one of your most expressive phrases) despite the exigencies of social life.
(p. 467)

Little has changed since 1925, and a Martian visiting today would make the same observation. Our society is composed of institutions that we create over time. Most, if not all, operate in ways that benefit some groups more than others. But a just society seeks to ensure that the

benefits and costs of our institutions are shared. It seeks to improve the functioning of its institutions over time – especially as more resources (overall societal wealth) become available. Its professionals and experts, whether civil servants, academics, or consultants, have a duty to speak up when institutions cause harm rather than offer benefits.

Consider homelessness. Before the 1980s, Canada's "homeless people" tended to be a small, fairly homogenous group of irregularly employed, transient men who were detached from their family homes. They were not, for the most part, unhoused. They lived in flophouses and rooming houses and other low-cost and low-quality places (Social Planning Council, 1960).

When the number of people living on the streets and in shelters began to increase in the 1980s, this situation began to be referred to as the *problem of homelessness*. The word *homelessness* provided a blanket description of a diverse range of problems affecting a diverse group of people. *Homelessness* and *housing affordability*, which are of roughly the same vintage, dating from the 1980s, are to some extent complementary, as the former simply refers to the most extreme consequence of the latter. *Homelessness* would be a more precise term. The one thing the diverse group of people we call *homeless* have in common is that they are unhoused. Otherwise, they are a heterogeneous group of destitute Canadians.

Writing in 1992 about homelessness, Rene Jahiel makes a similar point to that made by Frank in 1925.

The events that make people homeless are initiated and controlled by other people whom our society allows to engage in the various enterprises that contribute to the homelessness of others. The primary purpose of these enterprises is not to make people homeless but, rather, to achieve socially condoned aims such as making a living, becoming rich, obtaining a more desirable home, increasing the efficiency of the workplace, promoting the growth of cultural institutions, giving cities a competitive advantage, or helping local or federal governments to balance their budgets or limit their debts. Homelessness occurs as a side effect. (Jahiel, 1992)

Over the past two decades, the public and private actors in the system have increasingly left more and more people without housing. Homeless-making processes are now a part of Canada's housing and social welfare systems.

Jahiel proposes that discussion of solutions to homelessness "reach into those areas of housing, income production, health care, and family life where the events and people contributing to homelessness are situated." People, in public and private institutions and organizations large and small, corporations and governments, have set in motion and left unchecked these homeless-making processes. People able to stop or redress the harm fail to do so. Homelessness will continue as long as these processes continue.

We need to design our institutions so that all Canadians have access to necessities such as adequate housing at a price they can afford. To do so is a public policy choice.

3. Defining Canada's Remaining Housing Challenge: The failure of Canada's rental sector

The ownership part of Canada's housing system is already the subject of carefully thought-out public policy. This is the housing sector that people can opt into if they have enough money or can qualify for a mortgage. Federal and provincial governments support owners and potential

owners with subsidies and institutional changes (such as lower minimum down payments or the use of RRSP funds to buy a home).

This is not the case with the rental housing part of Canada's housing system. The only choice for Canadians who cannot buy a house is the market and non-market rental sector. Therefore, one could view this part of the housing system as the essential base, and the ownership sector as an option for those with enough money to buy. Looked at in this way, it might be reasonable to suppose that public policy would focus on creating a solid rental sector. But this is not the way Canadian housing policy history has unfolded over the past sixty years (Bacher, 1993).

Canada has failed to address harmful trends in the rental housing sector over the past few decades. Three key dynamics that have produced market failure in the rental sector are: (1) the growing income gap between owners and renters; (2) the loss of lower-rent housing stock and the lack of replacements; and (3) the loss of land zoned specifically for rental housing.

1. The income gap between owners and renters is now about 100%. Owners have twice the income of renters. This gap was much smaller in the 1960s (Hulchanski, 1988, 2001). Today, instead of one pool of consumers in a market-based housing system, there are now two very different groups of consumers. Yet there is still only one land market and one housing *market* price structure, which is set by those able to pay – owners.
2. As the baby boom entered the ownership market, the process of urban gentrification removed both lower-cost ownership housing and rental units from the market. Many rooming houses were converted into single-family dwellings. The loss of the lower-cost rental units was well documented by municipal housing departments in the 1970s and 1980s (see, for example, City of Toronto Planning Board, 1977). U.S. researchers have now demonstrated that the U.S. metropolitan areas that have the higher rates of homelessness are those that lost more lower-rent housing units (Quigley, Raphael and Smolensky, 2001).
3. Before the late 1960s and early 1970s there was no condominium form of ownership housing in Canada (Hulchanski, 1988). Residential land was zoned for either rental or ownership housing. All areas zoned for medium and high residential densities were by definition rental districts. Low-density zoning tended to be associated with owner-occupied housing (although some houses were rented out, and some had second suites). Since the passage of provincial condominium legislation in the early 1970s, however, rental housing providers have to compete with condominium providers. Since renters have about half the income of homeowners, condo developers can always outbid rental developers for residential sites.

In terms of public policy, the federal and provincial budget cuts in housing programs as well as in income support programs are well documented and their effects well known (Prince, 1998; Carter and Polevychok, 2004). The end of the Canada Assistance Plan in 1996, together with the continual cuts in federal transfers to provinces in the decade prior to that, resulted in provinces failing to adequately fund social assistance benefits as well as other important social supports relevant to housing stability. The most recent annual report of the federal government's National Council of Welfare, for example, begins by calling current welfare rates "punitive and cruel."

Welfare Incomes has never been a good-news report and Welfare Incomes 2003 is, unfortunately, no different. The gap between the poverty line and welfare incomes remained large and relatively

unchanged in 2003 with people on welfare subsisting on as little as one-fifth of the poverty line. People on welfare continued to realize an even smaller fraction of the average income of other Canadians.... Unfortunately, Welfare Incomes 2003 paints a disturbing picture of poverty in Canada... Rates this low cannot be described as anything other than punitive and cruel. (Canada, National Council of Welfare, 2004, ix-x)

Federal and provincial tax cuts have had the effect of transferring money from low-income households to higher-income households. This situation has exacerbated the structural problems outlined above.

The social and political system clearly privileges ownership housing and house owners. There is no tenure neutrality, nor do public policies relating to housing demonstrate a progressive orientation (that is, they do not focus on those in need first before helping those who are already well-off). To call this an *affordability problem* among the poor is to conceal an entrenched bias in public policy.

4. The housing expenditure-to-income ratio

How helpful is the commonly cited housing expenditure-to-income ratio for policy-making purposes? The short answer is that it is at best a crude indicator of the number of households facing “shelter poverty” – those who do not have enough money left over in the budget, after paying for housing, to pay for other essentials. The specific ratio is selected on a purely arbitrary basis. Where are the empirical studies documenting that 25% or 30% or 50% is the “appropriate” affordability ratio?

Each *individual* household does, however, reach a point at which it cannot pay for the necessities, and the cost of housing is the largest budget item for most households. If a household is at the point at which it is only just able to pay for necessities, and its cost of housing rises with no matching rise in income, we can say that housing costs have contributed to the impoverishment of that household.

There can be no one single ratio of housing expenditure-to-income for a society as a whole. Each household has its own ratio. Households vary in terms of the number of people, their ages, their income and job prospects, their employment stability, their job benefits if any, and their access to other resources (such as friends or community services). Furthermore, each city and even each neighbourhood varies in terms of the cost of living, the cost of housing options, the available community services, and so forth.

It is thus far too simple to state that the housing expenditure-to-income ratio is either valid or invalid, useful or not useful, or that it is being used appropriately or inappropriately. Instead, we must ask: How is it being used? What is it supposed to measure? Does it do so in a valid and reliable manner?

In the postwar housing literature, the ratio is used in at least six distinct ways: (1) to describe household expenditures; (2) to analyse trends and compare different household types; (3) to define eligibility criteria and subsidy levels in rent geared-to-income housing; (4) to define housing need for public policy purposes; (5) to predict the ability of a household to pay the rent or mortgage; and (6) as part of the selection criteria in the decision to rent or provide a mortgage (Hulchanski, 1995).

An example of uses (1) and (2) is the recently released Statistics Canada (2005) report, *Evolving Housing Conditions in Canada's Census Metropolitan Areas, 1991-2001*. This helpful statistical picture describes how Canadians were housed using three standards: whether the dwelling needed major repairs; whether it had enough bedrooms for the size and composition of household members; and whether it cost the household 30% or more of its total before-tax income.

Like many such descriptive reports, however, the authors take an analytic leap (without explaining or justifying it) in claiming that households above the arbitrarily selected 30% housing expenditure-to-income ratio have an affordability problem and those below it do not. For example:

Affordable dwellings cost less than 30% of before-tax household income. (p.36)

In 2001, 15.3 percent of all CMA households were in core housing need because they were below the affordability standard, that is, because they paid 30 percent or more of their before-tax incomes on shelter and had incomes that were too low to access acceptable housing. (p.43)

The six-part typology can help us distinguish between valid and invalid, appropriate and inappropriate uses of housing expenditure-to-income ratios (Hulchanski, 1995). It can also provide an improved vocabulary in place of "housing affordability".

The list can be divided into two categories. The first three uses – description, analysis, and administration – can be considered valid and helpful when used properly by housing researchers and administrators. "Used properly" means that no significant methodological errors are made. These uses provide reliable descriptive and analytic statements about the housing expenditures of different types of households. They can also be helpful in defining administrative rules about eligibility for means-tested housing programs.

Uses (4), (5), and (6) – definition, prediction, and selection – are all invalid, because they fail to measure what they claim to be measuring, *even if the research methods and the statistical analysis techniques are properly carried out*. The ratio cannot define a household's need for housing or predict the ability of a household to pay for housing, because it applies a statistical average of a group of households to an individual household, leading to the problem of statistical discrimination.

The fourth use of the ratio – as a "rule of thumb" for defining housing need for policy and program purposes – is based on a simplistic generalization about household expenditures and cannot be accepted as valid. To suggest that everyone who spends more than a certain percentage of income on housing has a housing problem, takes a descriptive statistical statement (a ratio) and dresses it up as an interpretative measure of housing need (or lack of need).

Housing researchers recognize that household consumption patterns are diverse and complex. The following weaknesses of the rent-to-income ratio as a measure of affordability are commonly mentioned in the literature: it is essentially arbitrary; it does not account for household size, which has a bearing on the choice of an appropriate ratio; it fails to reflect changes in relative prices in all categories of household expenditures; it is not easily adjusted for the amount of housing services being consumed and the substitutions available to the

household; and it relies on current rather than permanent income and is subject to seasonal and cyclical sensitivity.

All public programs that are targeted (as opposed to universal) require criteria that determine eligibility. Using the housing expenditure-to-income as part of the analysis – uses (1) and (2) – can help policy makers make a case for selecting a particular benchmark in determining both the size of the problem to be addressed and the eligibility criteria. Some U.S. programs, for example, define eligibility using 50% of the median household income. The selection of the percentage cut-off, the use of median income (for a particular area, for all households, or for the median income of renters only) are all policy choices. No empirical science will provide a “correct” benchmark. Establishing rent levels for public housing is in the same category – use (3). There is no “science” behind the decision to charge public housing residents a certain percentage of their income. It is a policy choice.

Some of Canada's households pay a great deal for housing and are not in housing need, while others pay very little and experience great housing need. A definition of housing need based on the ratio is simply not a valid measure. It fails to account for the diversity in household types, stages in the life cycle of the maintainer(s) of each household, diversity in household consumption patterns, and alternative definitions of income, since it focuses only on cash income rather than on household resources.

5. Completing Canada's Housing System: Meet the need for rental housing; end mass houselessness

There is no mystery about what needs to be done. Canada has an incomplete housing system, which privileges households in the ownership sector and discriminates against low-income households stuck in the declining low end of the rental sector. Canada needs to complete its housing system by creating an adequate system of supports for households that do not have and never will have a place in the housing *market*. The gap between rich and poor will persist for a long time to come. Without supportive public policies and subsidies, Canada will never have enough market rental housing for households that cannot pay the economic cost of that housing.

The need for adequate and appropriate housing for low- and moderate-income households that cannot enter the privileged ownership sector must be met directly. Indirect routes (tax incentives for private investors, house ownership schemes, and the like) have been shown to offer limited or no benefits to households most in need.

Yet the sloppy definition of the problem persists, in part, because it benefits market housing lobbyists. If policy-makers accept that there is nothing structurally wrong with the housing system, and that the rental market is fine (except for all those regulations and taxes), then they will be content with a few low-cost incentives that help higher-income people in the belief that the benefits will eventually filter down to those in need. All they need to do is choose the right subsidies for these private investors and wait an unspecified time for filtering to work.

But the many households that cannot generate market demand for the housing they need are not going to go away. More and more are being dehousing, and when that happens, they are forced to rely on expensive services for unhoused people. They need housing assistance that is direct and targeted. The problem needs more than a temporary three- or five-year program.

It needs ongoing direct attention, and policies and programs designed to complete Canada's housing system.

A big step could be taken towards ending homelessness and addressing the worst-case housing needs by doing the following:

Canada currently spends about 1% of its budget, close to \$2 billion, on programs and subsidies for existing social housing (about half a million units). This non-market housing, most of it built with direct federal subsidies, accommodates 5% of all Canadian households. Phasing in a social housing supply program of about 20,000 to 25,000 units a year – the amount created during the early 1980s – together with related housing programs, would mean spending another 1% of the federal budget on housing. This is the logic behind the “One Percent Solution,” a national grassroots campaign for ending homelessness.

Five types of programs are needed (Hulchanski, 2002; Hulchanski and Shapcott, 2004). First, capital subsidies are required to build new units. Second, rent supplements can make housing affordable for very low-income households by filling the gap between the renter's ability to pay and the rent level. These two subsidy types ensure an income mix of very low-income to moderate-income households in social housing, create communities rather than “projects,” and allow for better integration into existing neighbourhoods. The other three types of programs address the needs of people requiring supportive housing, the rehabilitation of aging housing, and assistance for people who are homeless. A rough budget breakdown would be the following:

1. **Supply:** about \$1 billion in capital funding to build 20,000 to 25,000 new social housing units a year. A construction subsidy reduces the capital cost of housing, bringing all rent levels down.
2. **Affordability:** about \$500 million a year for rent supplements for about 160,000 households. Rent supplements are based on a formula linked to household income. They establish a legal relationship between the government and the landlord. In exchange for receiving the rent supplement, the landlord agrees to maintain the property to a proper standard and to follow rental housing regulations and tenant protection laws.
3. **Supportive Housing:** about \$125 million a year for 10,000 new supportive housing units. Supportive housing providers bundle together subsidized housing and extra services designed to accommodate the special needs of certain low-income people so that they can remain stably housed. These include people who have been homeless for a long time and people who can live independently with some supports. Support includes help with housekeeping, meal preparation, job hunting, banking, and obtaining medical care, as well as counselling and referrals to agencies. In 1999, the Mayor's Task Force on Homelessness recommended building 5,000 new supportive housing units in Toronto over the next five years. Only a few hundred units have been built since then. (Toronto, 1999, p. 125)
4. **Rehabilitation:** about \$125 million a year to double rehabilitation funding for 30,000 units. The rental housing stock is aging and the federal government's small Residential Rehabilitation Assistance Program, introduced in 1973, should be expanded. This program is most appropriate for smaller urban areas with little population growth, because it is less expensive than building new social housing. It also helps improve inner-city

neighbourhoods in older cities and maintain affordable rental housing that might otherwise be lost to demolition.

5. **Emergency relief:** \$250 million a year to double spending on services and shelter for homeless people. Until homelessness is eliminated, money must be spent to improve the quality of the emergency shelters and develop better transitional services to help people get back into stable housing. However, relief efforts should not simply support people in their homelessness. This is a major criticism of the current federal homelessness initiative. Any federal homelessness initiative must be designed to *decrease the size of the homeless population*. No one should have to live in a “temporary” or “emergency” shelter for more than a month or two. After an earthquake or flood, homeless people are rehoused quickly. The number of emergency shelter beds and size of emergency service agencies should be going *down*, not up. A homelessness program that is not part of a housing strategy simply maintains people in their houseless state and requires more funding for further services as the number of such people increases.

This five-part program *would directly* address the most critical and worst-case housing needs in Canada. The total cost is not high relative to Canada's overall wealth and financial status. As the program is implemented, it would be reviewed and fine-tuned to identify and address specific critical needs. Different regions and different-sized communities will require their own variations in terms of the mix of supply, rehabilitation, and rent supplements. Significant progress will be made, though gradually, towards completing Canada's housing system. People in the most serious need will be helped.

Details of the specific programs that would implement the five housing strategies outlined here would need to be developed in consultation with other governments and experts in housing, social welfare and community development from the public, private and non-profit sectors. To be effective, new programs would have to be targeted to make sure that the housing and services directly meet the needs of low- and moderate-income households and do not “leak” upwards (to investors and landlords, or to expanding the poverty and homelessness service sector). These proposals are focused on the most severe aspects of the urban housing crisis. Rural and on-reserve housing conditions require attention and action. The home ownership market, in contrast, does not present serious problems requiring a public policy response.

None of the five strategies is new or untested. Most were part of the 1973 changes in federal housing policy. Most were explicitly discussed and recommended in the 1990 Liberal Party Task Force report on housing. Most are either recommended or implied in the housing options proposed by the Prime Minister's Task Force on Urban Issues. In addition, for a number of years the Federation of Canadian Municipalities has been recommending a similar list of programs.

Provinces must also be part of the solution, even though most are not in as good fiscal condition as the federal government is. In the area of social assistance, provinces can help with housing affordability by maintaining social assistance and disability rates, including their housing component, at realistic levels (i.e., with periodic cost of living adjustments). This would help reduce the number of people at risk of homelessness. One possible sharing of costs between the federal government and the provincial and territorial governments relates to the distinction between the ‘bricks and mortar’ subsidies for the construction and rehabilitation of housing, and subsidies to people – income-tested rent supplements. The federal government could supply

the former, the provinces and territories the latter. This is preferable and more realistic than seeking – and the waiting for – agreement to joint fund a particular program.

Both levels of government, however, receive their revenue from the same taxpayers. Government actions and inaction have contributed to the rental housing crisis and homeless-making processes that emerged in the 1980s. Over the next decade, a coordinated and properly funded effort can address the most severe failure of Canada's housing system. The federal government should lead the way and should do so as part of a comprehensive urban strategy. The solution today is the same as it was when Carver wrote *Houses for Canadians* in 1948.

It will be necessary to supplement the supply of housing. Under the social and economic conditions characteristic of a society such as ours, the recourse to public housing and the operation of rental subsidies seems to be an expedient which cannot be avoided if the national housing program is to be maintained. (Carver, 1948: 124)

In the end, the debate over whether and how to address housing need and homelessness comes down to a set of ethical questions. Will those in a position to make the necessary decisions do so? This is a political problem. There is no scientific or objective way to arrive at an answer about a political problem. That said, the nature of the problem is now well understood. Moreover, the package of solutions is not complicated or even very expensive for a country with Canada's wealth.

In a highly urbanized country such as Canada, the quality of city life, and the efficiency of cities as places to live and work, depend on the degree to which Canada has fair and inclusive societal institutions and policies. This has always been the core issue: the degree to which public policy addresses the needs of *all* Canadians. A sustainable housing policy must be one that attempts to move in the direction of creating a socially just housing system (Marcuse, 1998).

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