



MEMBER OF PARLIAMENT



PETER GOLDRING

**Although constitutionally housing is a provincial responsibility, Canada Mortgage and Housing, a Crown Corporation under Federal Ministerial direction, must statistically analyze and seek solutions to the affordable rental housing crisis.**

New multiple unit rental apartment housing development numbers have drastically declined over the last 30 years, while new multiple unit condo ownership apartment housing numbers have grown. 30 years ago, 90% of all multi-unit housing being built were rental units. Today 90% of all units are condo ownership apartments and the few rental apartments being built are not entry level, economical apartments but are upscale, expensive, luxury units. What happened?

While Canada's population has grown greatly, society's most basic housing need has not changed. Virtually all people first leaving home are low income earners and rent because they cannot afford the down payment to buy a house. The need for affordable entry level rental housing is great but assistance by government to help create more, should not be made in isolation from private

professional rental owner market forces. The decline of the new rental construction market, with an increasing need for affordable rental units, must be explored statistically to determine what went wrong with the marketplace.

The private rental market knows that affordable rental housing begins by building economical, basic, entry-level housing with fees, levies and taxes no higher than for home ownership, and allow private developers to access funding meant to encourage construction of new affordable housing.



Each year thousands of economical private apartment bldgs with tens of thousands of rental units, were built 30 years ago—practically none are being built today

**DETERMINE BARRIERS TO NEW DEVELOPMENT**

Private developers of economical multi-unit rental projects are discouraged by the barriers against building new rental units, such as proportionately higher property taxes, higher construction fees and levies as compared to ownership condo units. Excessive city planning

and aesthetic requirements unnecessarily add considerable costs to economical basic housing. Research would show that these barriers are more numerous and much higher than thirty years ago.

In short, fees, levies, grand municipal ar-



chitectural vision, and taxes have together served to halt development of building basic rental apartment units, while artificial rent controls and rent subsidies made certain new development would not start again.

For example, apartments could be built in Edmonton for \$75,000 per two-bedroom suite with land and rented for \$750.00 per month without a penny required in government subsidy grants, if the fee and taxation structure was as encouraging as they were 30 years ago, relative to today's dollars.



A private developer proposed 2000 units of these good quality, affordable apartments in the Edmonton area with lower than market rents for a \$30,000 per unit grant, but was refused funding.

In the 2000 election, the Liberals promised to build up to 120,000 homes with \$680 million before year 2005. To date, \$2.1 billion has been allocated for affordable housing and homeless (homes), but less than 25,000 independent living units

have been committed to construction with various public grants normally totalling \$50,000-\$80,000 per unit. In addition, community, lottery, federal, provincial, municipal grants have added another estimated \$1 billion in grants, fees, and subsidies. Non-profit landlords many times have received up to 100% of the project funding from multi

**UNWORKABLE FEDERAL SOLUTIONS**

The Liberal federal government position on affordable housing and homeless funding is little different from the N.D.P.'s 1% solution other than they have spent more money. The Federal Government has failed to provide provinces and municipalities with statistical guidance that would help them understand the barriers and offer solutions to affordable rental home development. Instead the Liberals bring out the federal cheque book that, with poor guidelines and no remedial long-term measures, actually exacerbates the problem and loads more taxation burden on the fewer and fewer unsubsidized rental taxpayers. Proper statistical analysis of the cause and effect of taxation, fee burdens and subsidies will point to long-term solutions for governments to recognize the problems and correct them.

sourcing of taxpayer funding grants, pay no property taxes and charge just slightly less than market average rents. Liberal funding mismanagement is quickly destroying what little is left of the private competition in rental housing.

The problem is that the Federal Liberal Government has no more idea of how to effectively control these funds than the N.D.P. do. Most of these funds were dispersed over the last five years and very little housing has resulted.

Properly planned and disbursed, the \$2.1 billion partnered with provinces could have helped build over 150,000 new homes and half emptied Canada's emergency shelter spaces. Over 50% of Canada's 15,000 emergency shelter users have some money and could, them-



selves, pay for moderate entry level single room homes but none are available. Sadly, the \$2.1 billion has leveraged no more than 25,000 homes, and most of them are social industry, non-profit housing. Meanwhile, private developers would build, pay taxes and rent apartments at less than market rents, for a fraction of the lavish grants now being made but they are discouraged from applying.

**HISTORICAL DATA WOULD SUPPORT REASONS FOR DECLINE**

A primary role of the Federal Government should be to provide leadership and guidance for both Provinces and Municipalities by the development of comprehensive national Emergency Shelter, Affordable Housing standardized economic data detailing trends of national need and production.

CMHC provides basic major city statistical housing information, insures mortgages, offers the Residential Rehabilitation Assistance Program and affordable housing funding, but has service flaws in delivery mechanisms.

While recognizing federal jurisdiction in Canada Mortgage and Housing, and Aboriginal affairs housing, and, a provincial jurisdiction in the matters of emergency shelters, housing and related infrastructures, the Federal government must develop a much more comprehensive national research strategy in cooperation with, and sensitive to both provincial and municipal agen-



This private developer is selling new luxury condo apartments in Edm. for \$85,000. Even lower costs are possible with economy of scale building and by reducing barriers that inhibit development of rental units.

das. It should include comprehensive data assessment with historical trends of occupancy rates, construction costs, Federal, Provincial and Municipal fees and taxation levies to demonstrate how these factors impact the development of affordable rental housing. This research must necessarily include for regional comparison not only the major cities but also their surrounding suburban municipalities within commuting distance.

**SUMMARY**

We need to return to the competitive enthusiasm of the private rental building construction market of the 70s, where literally thousands of very

affordable 2 ½ story modest apartment buildings were built for entry level renters. The cause of today’s affordable rental housing crisis is because we no longer build significant quantities of very necessary affordable housing for entry level renters. Statistically identifying and then working with federal, provincial, and municipal departments to remove the barriers that inhibit private rental development should be the first priority. Then, we must develop with the provinces a plan to proceed with workable guidelines, to encourage competitive private enterprise to return to the business of building, owning and renting affordable entry-level housing.

Artificial marketplace rent controls, excessive emphasis on social housing, and subsidies are not solutions, but in fact can aggravate the crisis.

**PROMISE MADE — AFFORDABLE HOUSING**

Liberal Election 2000 Red Book promised \$680 million to build up to 120,000 affordable homes.

**MONEY COMMITTED**

2001 Budget	\$680 million	Affordable Housing	
2003 Budget	\$320 million	Affordable Housing	Total \$1 billion for Affordable Housing
2001 Budget	\$753 million	Homeless (Homes)	
2003 Budget	\$400 million	Homeless (Homes)	Total \$1.153 billion for Homeless (Homes)

**Grand Total of \$2.153 billion on affordable housing and homeless homes.**

\* In addition, approximately \$1 billion in grants have been given by miscellaneous federal, provincial, municipal, community, charitable trusts, and lottery funding.

**PROMISE BROKEN — AFFORDABLE HOUSING**

Total houses built in Canada to May 2005, less than 25,000—in Alberta 2,500—in Edmonton 647 were built with \$31 million Federal-Provincial shared funding, but most are inappropriate and wastefully high cost units. Where did the \$2.1 billion go? Funding efforts are poorly coordinated and do not invite competitive market bidding. \$2.1 billion could have helped build over 150,000 units of very affordable housing for single homeless persons and families in desperate need of housing as homeless counts across Canada rise still.

**Update:** In 2005, under pressure from the NDP, a further \$1.6 billion was proposed. Without a plan of action and without correcting existing out of control and ineffective spending, this is just another recipe for continued waste, unless the root cause of the problem is identified and corrected.

9111 - 118th Ave.  
Edmonton, AB T5B 0T9  
(780) 495-3261  
Fax: 495-5142

Web Site:  
www.petergoldring.ca  
Email:  
goldrp1@parl.gc.ca

411 Justice Bldg.  
Ottawa, ON K1A 0A6  
(613) 992-3821  
Fax: 992-6898

*This brochure series is intended to highlight special issues that Member of Parliament, Peter Goldring, has been involved in. If you wish to comment, please take a moment to fill out the survey below, write or call to the address above.*

**Your Opinion Matters...**

Should we have a national affordable housing and emergency shelter strategy?

Yes       No

Do you believe that private industry can provide affordable rental housing?

Yes       No

Would you agree that the federal Liberals have failed to address the affordable housing needs of Canadians?

Yes       No

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Postal Code: \_\_\_\_\_  
Telephone: \_\_\_\_\_



**Peter Goldring**  
Member of Parliament  
Edmonton East  
House of Commons  
Ottawa, ON K1A 0A6