

\$2.1 Billion for Homeless and Housing

Where Did It Go?

MEMBER OF PARLIAMENT



PETER GOLDRING

The current hodgepodge Liberal approach to emergency shelters, affordable singles, and family rental housing is both financially wasteful and appallingly ineffective.

In the 2000 Liberal Red Book, the government promised to build up to 120,000 units of affordable housing for \$680 million by the year 2005. To date less than 25,000 units of housing costing over 3 times the allotted funding have been built—over 2.1 billion dollars! Now Bill C-48, the “NDP Budget Bill,” commits \$1.6 billion more—no plan—no specified numbers of houses expected to be built, because the Liberals just don’t know.

Homeless emergency shelter usage and affordable singles housing availability are interrelated concerns. A shortage of affordable low cost singles entry level rental units leaves many no option but to seek very costly emergency social shelter space. Any discussion of housing needs must include a basic understanding of the most needy single people who dwell in Canada’s emergency shelters.

Who Are The Homeless?

It’s impossible to individually categorize all the sheltered homeless; some have varied levels of mental capabilities and addictions that generally inhibit independent unsupervised living, let alone employment. Most of those living in homeless shelters though, are fully capable of paying their own way in modest, independent living, affordable homes, but none are available. Canada’s sheltered homeless population can be approximately broken down in the following categories:

- 25% are de-institutionalized singles really in need of institutional care
- 25% are unemployable, hard to house singles with addictions
- 50% are simply low income singles in need of affordable rental housing

Statistics Canada (2001) says that there were 14,150 homeless single persons in Canada’s Emergency Shelter System. In Edmonton there were 590.

Of course Canada needs affordable rental housing for low income families, but for those of the 14,000 homeless singles in emergency shelters across the country that are able to live independently, the need is great for simple entry level single room housing.



3 private developers proposed 120 units of \$300/month singles housing if granted \$20,000/unit, but were turned down by funders.



Research has indicated that at least 50% of Canada's homeless residing in shelters are actually low-income individuals with some income but with no independent living rental housing alternatives. Federal funding flows into replacement emergency shelters and assisted living transitional social shelters, but not into the building of independent-living, private singles homes.

What Caused High Singles Homeless Numbers?

Nationally 75% of all private single-person entry level rental housing has been torn down or closed down over the last 30 years, but has not been replaced. During the same period, singles homeless emergency shelters have been expanded and now are one of Canada's fastest growing industries. Unavailable private \$350 per month self-paid entry level singles homes are now being replaced, out of necessity, by \$1500 per month emergency shelter and transitional social shelter industry taxpayer-paid emergency beds.

One contributing problem is that the affordable housing funding agencies are very disconnected from the emergency shelter funding agencies, and sadly neither prioritize the true need for private basic entry level singles independent living rental homes.

What Caused Rental Housing Shortages?

New multiple unit family rental apartment housing development numbers also 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.

While Canada's population has grown greatly, society's most basic housing need has not changed. Virtually everyone 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 in 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.

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



This project typifies homeless funding excesses. Moving from a 62 bed rental bldg with a \$600K/year budget into a brand new architecturally designed \$4 million 75 bed shelter industry owned bldg with a \$900K/year budget and adding only 13 very expensive beds.



higher property taxes, higher construction fees and levies as compared to ownership condo units. Excessive city planning and aesthetic requirements unnecessarily add considerably to the costs of 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 architectural 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.

Unworkable Federal Solutions

The Liberal federal government position on affordable housing and homeless funding is little different than the NDP'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.



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 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.

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 1/2 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 busi-

ness of building, owning and renting affordable entry-level housing.

Properly planned and dispersed, the \$2.1 billion partnered with provinces should have helped build over 150,000 new homes and half emptied Canada's emergency shelter spaces. 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 with economy of scale, 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.

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

Update: Throwing billions of dollars, through the "NDP Budget" Bill C-48, at the problem without a plan will continue a trend of policy incoherence and ineptitude. The Liberal promise made in 2000 was to build up to 120,000 units of housing by 2005 with \$680 million. The money grew to \$2.1 billion and produced less than 25,000 units—a Liberal promise broken—and colossal mismanagement on a monumental scale.

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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...

Do you agree that Canada's major cities should have sufficient basic emergency shelter floor mat space?

Yes No

Should Canada have a national housing and emergency shelter policy?

Yes No

Do you believe that private industry can provide independent living affordable singles housing?

Yes No

Would you agree that the federal Liberals have failed the homeless?

Yes No

Name: _____
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