

Presentation Notes

Bricks and Mortar or Rent Subsidies

Future Directions in Affordable Housing

By Nathan Edelson

Tikva Housing
Paretz Centre, 6284 Ash Street,
6:00 – 8:30 May 2, 2012

Introduction

Thank you Penny.

I am going to speak from my experience as a community planner with the City of Vancouver for 25 years and from a bit of my training as an urban geographer.

In my view Affordable Housing has been and remains one of the top issues facing our city and our region. And to cut to the chase – from my experience the answer to tonight’s question is YES – Bricks and Mortar and Rent Subsidies. But I would also argue that both need to be provided in a clear policy framework and targeted toward specific public objectives.

That said, I believe Bricks and Mortar carry more weight than Rent Subsidies. I would also like to offer for consideration a third point of focus – helping to build a sense of Community.

My experience

- Secondary Suites in low density neighbourhoods
- Transit oriented development in Collingwood Village
- High density housing in Downtown South
- Policy of One for one replacement of SRO’s with purpose built social housing in Downtown South and the Downtown Eastside
- Emphasis on affordable rental and affordable home ownership in the DTES
- Mayor’s Affordable Housing Task Force

As much as I would like to, I can’t give you an overview of the conclusions of the Mayor’s Task Force – because we are still in deliberations. But I can say it has been very interesting working with a group of people with diverse expertise in trying to find common ground and practical solutions to a very complex set of issues.

Why Housing Is Expensive For Low and Moderate Income Households

I have also had a chance to think more about why affordable housing is it such an important issue and what are some of the forces that are contributing to the challenges we face in Vancouver.

1. The Very Poor
 - People with mental illness or addictions to drugs or alcohol
 - Single Parent families
 - People with disabilities
 - Seniors on low fixed income
2. Moderate and Low Income Workers
 - Young families
 - Single people

I would argue that the causes of the affordable housing issues facing these groups are similar, but the possible solutions and policy frameworks are different.

The cause can ultimately be traced back to fundamental restructuring in our workforce – both locally and internationally and growing income disparities. In effect the housing crisis is really a symptom of inadequate incomes. The restructuring has also resulted in more people concentrated in larger urban settings – which has tended to drive up the value of land.

The affordability challenge is also tied to sources of investment. For many years home ownership was seen as a relatively secure investment. In many growing markets, it was not only safe, but also provided a return greater than other forms of investment. This has been especially true in Metro Vancouver where there has been a rapid growth in population as well as a limited supply of land. It has also been seen as a good place to live and a safe place to invest.

Neo-liberalism this has also meant less public sector funding available to reduce the impacts of income disparities and poverty. The shelter allowance for people living on social assistance is generally not high enough to cover operating costs of existing housing, let alone to enable the private sector to develop new units without incentives.

Even the wages of low and moderate income families is not enough to attract investment in affordable rental housing without incentives.

Social Housing for the Poor

Some people have argued that the poor should live at the outskirts of the City where they can afford housing. I believe a strong case can be made for providing social housing throughout Metro Vancouver so that low income individuals and families can benefit from stable social networks and services.

1. Bruce Alexander has written a very interesting book called ***The Globalization of Addiction*** which speaks to the importance of establishing stable communities in which people can have easy access to friends and affordable services.

- He argues that the fundamental cause of addiction is a sense of a world of rapid change in which most of us feel perpetually displaced and with limited or little power. Some of us turn to alcohol or illegal drugs; others become addicted to work, to shopping, to food – too little food or too much, to video games ...
 - Dr Alexander argues that if the cause is a sense of lack of control, and the symptom is addiction, that the cure is a sense of community. Community is not just about receiving benefits. It is about creating a sense of belonging; of being known, of having opportunities and responsibilities to contribute and of security of tenure.
 - This is especially true of low income people who have limited financial resources and who need access to social and health services.
 - But it is true of all of us. And I would argue it is especially true of our children. They need an opportunity to understand the full diversity of our society – rich and poor; including those with physical and mental challenges.
 - Isolation creates a society based on fear; and a lack of community – or responsibility to one another. It provides a context for us to support measures such that we may see in the media – whether non-fiction or fiction – even when the facts are very different. For instance, there is considerable support for the federal government’s expansion of prisons and cutbacks to social programs – at a time when crime rates have significantly decreased and many programs – both within prisons and in communities – are significantly reducing recidivism.
 - Parents who spend much of their day commuting or to get to shopping and other services have limited time or resources to spend with their children.
2. Stable housing is essential for community building. It is a starting point for other needed programs and services to have an impact.
 3. Several years ago, the Provincial government raised the shelter allowance from \$325 to \$375 a month. Most of this went to landlords who simply raised rents without providing better quality housing. The money was not targeted; it needs to be if it is to help low income residents secure better quality housing.
 4. As other forms of affordable rental housing became more expensive, lower waged workers began competing for space in SROs. Though the units remained, many very poor people could no longer afford their own homes.
 5. After not building any social housing for almost 8 years, about a year before the Olympics, the Province purchased SROs – many of which have been renovated and are being operated by non-profits societies. This housing is more targeted toward the very poor – but the subsidies are not enough to provide the social and health supports that many tenants who have been homeless require.
 6. Furthermore, these units are still inadequate as a long term form of housing for many people and require ongoing subsidies as the shelter allowance of welfare will not pay for ongoing maintenance nor needed staffing.
 7. Additional Housing is needed for the poor. Some of this may be provided in the medium to longer term as older SROs are demolished and replaced by purpose built social housing or mixed income projects.

8. And density bonuses for the market residential development cannot provide deep enough subsidies to create very much in the way of new social housing. Several years ago, Michael Mortensen demonstrated that it would require a bonus of about 10 square feet of market housing to support one square foot of social housing for low income people. This is reflected in the recent proposal by Marc Williams on the site of the recently demolished Pantages Theatre in the 100 block of East Hastings - to provide 10 units of housing as the welfare rate and 80 units of affordable home ownership.
9. Social housing for low income families is even harder to achieve. These units might best be provided by purchasing some of the older rental buildings and renovating them over time as tenants move out and replacing them with lower income residents. Such a strategy would provide housing for moderate income housing in the short term, low income housing in the medium term and could ultimately be redeveloped for larger social housing or mixed income projects in the longer term.

Affordable Housing for Moderate Income Households

Providing affordable housing for moderate income working people is can help achieve similar community benefits for individuals and their families. There are many moderate income support and service workers in Vancouver's downtown, along Broadway, at UBC and other commercial districts. They provide reception and secretarial services, maintenance, security and other services essential to higher paid professional and managerial functions. As housing prices increase, more moderate income workers are forced to living further and further out into the suburbs and to commute by transit or private automobile. This commuting requires significant public investment in transportation and contributes to air pollution and climate change. It also takes away considerable time workers have to spend raising their children and enjoying friends and family. Hours of commuting and travel to suburban shopping centres also has a significant impact on fitness and health.

For these reasons and more, there needs to be a regional planning commitment to enable more workers to live within less than a half hour of where they work. This requires a significant increase in affordable rental housing – including housing that is owned and/or operated by non-profit societies or as coops.

There are many challenges to creating affordable rental housing. However, in many ways we know how to do this. During the 1960's and 1970's federal tax incentives yielded a great deal of rental housing – about half of Vancouver's current rental stock. Thousands of additional units were created by co-op housing programs. Renewing these highly successful government initiatives can yield a great deal of affordable housing. It is also important for the City to ensure that existing affordable housing on City owned land – such as South False Creek and Champlain Heights is protected and expanded.

In addition, it would be worthwhile to explore other mechanisms such as such as a City-owned housing authority and partnerships with major financial institutions to channel funds into affordable rental housing. These partners should include organizations such as Tikva that could

either help raise funds to develop new housing, purchase existing housing or to manage affordable rental housing that is developed by others.

Finally there are opportunities for the City to use its zoning and other regulatory powers to increase affordable housing. This can be done by allowing secondary suites and by requiring that all new houses can easily be converted to provide one or more suites. This can be done in multiple family buildings as well as “single family” dwellings.

In addition, the City can allow for more types of moderate density housing such as row housing on small lots, laneway housing, and stacked townhouses. And it can approve inclusionary zoning in areas of medium and higher density. This would require private developers to build affordable rental housing in order to build profitable market housing. Groups such as Tikva might work with private developers – especially those who are part of the Jewish community - to manage such housing in ways that help build a strong sense of community for residents.

There is also a need for affordable home ownership. However, I think it is important to question the amount of public investment that should be provided to encourage such development. Here it is helpful to look at the elements of home ownership. It has been very attractive in part because it provides a security of tenure and in part because owners can do a great deal to renovate housing to meet the emerging needs of resident owners. However, a primary reason for home ownership is the fact that as more people congregate into large metropolitan areas – the price of land and single family housing has generally risen at a rate that is higher than other investments. Thus home ownership has been seen as a way of raising securing funds for retirement, major consumer purchases, education or business. Affordable home ownership programs in effect take a portion of the increase in land values and put it back into the enterprise that owns the land. This can be used to help reduce mortgage or maintenance costs for existing housing or to build new housing or support other needed commercial or social services. However, to the degree that the private owners benefit from a share of the rising land values, it may be less efficient than affordable rental or coop housing initiatives in which 100% of land value increases remain with the housing organization – and can likely be used to develop more housing in the future. In assessing the need and effectiveness of affordable home ownership projects it is important to determine whether there is a shortage of capital from other sources (thus the need for individual owners to bring much of the capital to the project) and whether the sweat equity inherent in such projects helps to significantly reduce construction and operating costs – beyond what might be achieved through coop projects.

Conclusion

Housing is more than a building – it is a platform for community building. And it is in building strong, stable and inclusive communities that organizations such as Tikva can make a major contribution to the future of our city and region. This can be done through bricks and mortar – securing funds to directly invest in housing; it can be done to some degree by providing rent supplements to those in need. But organizations such as Tikva are uniquely placed to put at least a portion of their time and energy into developing and supporting non-profit and

cooperative management models that enable all residents to feel that they are part of stable and inclusive communities in which they can receive – but more importantly – contribute to needed social, health and cultural services and activities.