

Bricks and Mortar or Rent Subsidies

The Peretz Centre, Vancouver B.C.

May 2, 2012

Notes by Leslie Stern, Lower Mainland Network for Affordable Housing

Last week's Housing Affordability Forum was a great success. The program drew planners, developers, students, staff and members of community groups and housing organizations, as well as interested individuals from both the Jewish and secular communities. As promised, the panel offered a wide range of opinion and lots of good ideas. Here is what I took away from the discussion. If I've made any errors, please let me know.

Tikva Housing

Susana Cogan of Tikva Housing Society welcomed us and set out the task for the evening. The topic has become a philosophic issue for Tikva. Should Tikva use its resources to build more buildings or to provide more rent subsidies?

Susana took us through the history of Dany Guincher House (DGH). Starting with a gift from Dany's family and other donors, that was then matched by BC Housing and a loan from Royal Bank of Canada, Tikva Housing Society was able to purchase a building. There are 11 units (see power point for details), some market, some subsidized. With the rent it collects, the building "pays for itself, except for the mortgage payment". Four of the units are rented at market rates.

We then heard from Michael Goodhart who today lives at DGH. He told us he was very thankful to be there. For four years, he had been homeless going from shelters to couches and back again. Through Jewish Family Service (JFSA) he'd been guided to his home. He has written about his experience in a book published by Pivot Legal Society which gives "glimpses of the street". Similar to the "Hope in Shadows" calendar, his story is in the 2012 issue of "Voices of the Street". Michael said and demonstrated that "through awareness we create change".

Susana then brought us back to the current dilemma. In 2008 the society received a gift of one million dollars for housing and that's where the "problem" started. The society would like a building of 15 to 20 units which would be more economical to run. They went to BC Housing with their funders. However there were no programs. Even Tikva in partnership with Katherine Sanford Society couldn't find anything they could afford in this market. So for three years the gift has been earning interest and with the donor's agreement the \$30,000 annual interest has been used to provide rent subsidies for needy families. The donor has agreed to this arrangement for the next three years. What advice would the panelists give Tikva for the future?

See the power point for financial and other data. This was a great hands-on introduction to a classic debate in affordable housing.

Panelists: Tim Wake, Tsur Somerville, Bonnie Rice, Nathan Edelson

Moderator: Dr. Penny Gurstein, UBC School of Community and Regional Planning

Tim Wake, CEO Greater Vancouver Habitat for Humanity

Formerly Whistler Housing Authority and private consulting

Over the years there have developed many tools to create affordable housing. Each municipality is different. One needs to identify what's available in any community and then choose the best for one's project. Those using the most are doing the most, evidenced in a SPARC BC 2012 publication on Municipal Tools for Affordable Housing. Working with SPARC and Smart Growth, Tim published a paper on the topic in 2008. For further information see www.timwake.ca and Tim's power point.

Most important is to create a strong housing organization – a non-profit entity for the community. Both affordable rent and affordable ownership are needed. To date Tim's projects have not required on-going subsidies or substantial funding from government. He feels development can be self-sustaining with partnerships among city, housing organizations and private interests.

Tim has particular interest in what he calls the middle sector, and even more so as the gap in wealth continues to increase. To his mind the economy depends on affordable housing.

Whistler developed its own program for “work force” or “residents” housing out of necessity. There was a lot of push back but council stood behind the program. Policy was enshrined so the first units developed are still affordable today. Affordable Ownership in Whistler is a \$325,000 townhouse for a family earning \$50,000 to \$65,000 per year. Today, 85% of the Whistler's Athlete's Village is affordable rent or ownership, all sold before the games even started – designed as housing and converted only temporarily for its short term use.

Tim spoke of Verdant at SFU – noting there are challenges but that they can be met. He mentioned Pantages Sequel in the Downtown Eastside - 97 units with 18 units of social housing and 79 condos for households earning less than \$60,000.

This year Habitat for Humanity will be building four homes in Vancouver and six in Burnaby. They will be sold with an interest free mortgage with payments tied to income. New residents will be contributing their skills and labour rather than a down payment. At least 500 hours of “sweat equity” is required from potential owners. The Vancouver project will be located at 60 West Cordova which recently closed. It will become 108 units of supportive housing managed by the Portland Society, 86 mixed income units and 4 Habitat for Humanity homes.

To answer Tikva's question Tim suggests bricks and mortar – we need housing. Tens of thousands of units are needed. “Talk to us” he said, “perhaps there can be a partnership”.

Questions followed. Jean Swanson of the Carnegie Action Project reminded the room that some groups in the DTES opposed the Cordova project as adding to gentrification of the area. Tim responded that it was a collaborative effort among the city, the developer and the non-profit groups. Another audience member asked “how do we “incentivize” developers to build affordable housing?” Tim suggested through increased density and partnerships. He mentioned the redevelopment at Oakridge coming up – that it was important to hook into the process. Asked about keeping home ownership affordable Tim told us that covenants on the title are necessary and a good housing organization to manage the program.

Tsur Somerville, Sauder School of Business, UBC

Tsur told us he usually bores only his students with the economics of demand and was appreciative of the chance to “bore” this highly varied crowd. Why talk about it here? For government and others addressing housing affordability, the demand side means subsidies – giving money to landlords, owners or tenants. The supply side is building housing.

Tsur told us economics doesn’t take its work from actual practice – it doesn’t include heart, the need for housing or the concept of home. And he was anything but boring!

A demand side solution to unaffordable housing is a subsidy. The recipient is given money to spend how he or she sees fit. A person given a voucher for \$100 might not spend all of it on housing. Subsidies can be empowering to the individual – for example, a person can choose where to live. There are two issues that affect this solution:

The first is how many get it. Those who need it but don’t get it will be worse off. The efficiency of subsidies depends on how complete the distribution is – 10 to 20% versus 90-95%. The second issue is no one builds new low income housing from a market perspective. The more affordable housing tends to be basement suites or older buildings. The amount of new supply available and, more difficult to build - low income housing, affects the efficiency of any subsidy distribution.

On the supply side we have many examples of building social housing. We can get new units at a certain level of quality and performance. It can stay publically accessible for a long time. This can lead to more diverse neighbourhoods. The issue is the non-recipients - but in this instance, they are not made worse off because others are housed.

Other issues include crowding out. There may be a net increase in housing but this does not improve the market supply of affordability - rather we have more sharing by individuals and crowding of families. There must be new construction for full benefit. From Tsur’s perspective, buying an existing building to keep it affordable is not helping the market. The demand side helps more people at lower cost, however Vancouver is the worst place for the efficiency of subsidies due to the difficulty in achieving affordable supply.

Tsur concluded with what he called a heresy, asking us - “is it a housing problem or is it an affordability problem?” Supply may be affected by changes in regulation. Affordability is

challenged by a growing gap – households with lower incomes exhibiting no growth while incomes among the upper 20% experience dramatic increase. Perhaps it is an income and not a housing problem. What should Tikva do? Figure out who you want to help and how. Then use the most efficient means to reach articulated goals.

Bonnie Rice, Katherine Sanford Society

Katherine Sanford Society provides supportive housing for people affected by mental illness, addictions and/or homelessness. The society currently operates 21 supportive housing projects. Bonnie's presentation and power point provided data and insight based on years of experience.

Katherine Sanford manages both dedicated buildings and subsidies in scattered units. There are advantages and disadvantages to each approach. Select comments are included here.

Affordable housing increases the likelihood of community involvement and integration. Access to housing reduces poverty, isolation, vulnerability and stigma. Supported housing is a best practice model.

Purpose built or dedicated housing means subsidies for both program and housing units. The majority of residents require some support. This is a good option for those who prefer a stable environment and is good for program delivery. Buildings, units or programs can be dedicated to a specific purpose. Disadvantages can include a sense of stigma for some, limited flexibility and limited availability. The trend to larger projects may result in lower levels of support.

Individual subsidies go to clients who are scattered in market housing. Individuals receive varying levels of support through SIL (Supported Independent Living) or Super SIL subsidies. The advantages are: less stigma; support tailored to need; greater independence; more choice as to neighbourhood and housing type; and possibly more interaction with the wider community. The disadvantages include: a tendency to isolation; more evictions; possible gaps in support; fewer options for programs; no control over rent increases.

Best practice requires a range of options. Each approach has advantages and disadvantages. Both Bricks and mortar and housing subsidy are needed in Canada. The reality is that the current lack of options and availability of either supply or subsidy does not meet best practice experience.

Here we had a break and some lively discussion around the room.

Nathan Edelson, 42nd Street Consulting

Nathan drew on his experience as community planner for the City of Vancouver and as an urban geographer. From his perspective Affordable Housing is the top issue facing our city and region. His answer to "Bricks and Mortar or Rent Subsidies?" is yes – we need both. Plus we also need to

direct attention and resources to Community Building. Work in all three areas needs to be done to achieve more affordability and healthier communities. However, Bricks and Mortar are most important to our city at this time. We are “all immigrants to the future.” We don’t know what will happen next.

Nathan was the housing planner when Secondary Suites was “the issue” in Vancouver. He reminded us that knowing what’s right doesn’t always bring immediate results. Sometimes the best ideas can trigger reaction, yet over time, things change.

Next we heard about transit oriented development heralded by Expo 86 and Joyce Station – a “perfect plan” drawing strong community support through the inclusion amenities for everyone anchored by Collingwood Neighbourhood House. At the time the City thought they could get the neighbourhood to accept three to four stories, but the community pushed for more. This same neighbourhood recently approved the highest density for its next project, including amenities for both new and current residents.

Other housing achievements cited include one for one replacement of rental housing in the downtown eastside developed at the policy level with Jill Davidson, reminding us of the need to consider both the policy and implementation aspects of our work.

Consideration of the “middle tier” is also important, both affordable rental and ownership. Moving into or out of poverty, one should have the opportunity to remain in one’s neighbourhood. A complete plan would include secure social housing, moderate rental, affordable ownership and market options. The challenge needed is changes in funding mechanisms to provide social housing quickly enough to respond to growth and development pressures.

Currently, Nathan is consulting with residents in False Creek South who have 25 years remaining on their land leases with the city, looking to the future to retain and expand existing housing and thinking about how to remain inclusive.

There is ongoing need for housing for those who are very poor, for families, for people challenged by addictions and people with disabilities. What kind of city provides 20% of housing for those with low incomes? One that we are proud of. Housing for the very poor is critical. So is moderate affordability and housing for those with low wages. Why up-zone an area so taxes go up and maybe 10 people don’t have to commute – we need to ensure there is housing for workers.

According to income disparity studies, even the wealthier are happier when there is less gap in incomes. We’re all in this together. We need to look at assumptions. Some of the issues behind the scenes come from international income disparities. We have to figure this out. One of the most important policies of the last century was the establishment of the agricultural land reserve. Our survival depends on this type of thinking. Due to political pressures, today there is less money than previously in the public sector.

Nathan referred to Bruce Alexander, *The Globalization of Addiction*, addressing rapid change, people feeling displaced and with limited power, resulting in people becoming addicted to drugs, work, food, shopping, etc. The cure is community.

With a diversity of population, we are all better off. Populations are not isolated. There is less fear of “the other” as opposed to fears that are built up by what we watch on TV.

The problem with rent subsidies is that housing prices tend to increase. When the shelter allowance for singles on welfare increased from \$325 to \$375, slumlords in the DTES pocketed the difference and “maybe the lives of the children of landlords improved.” Even that was outstripped by students willing to pay \$600 or \$700 for one room with a toilet down the hall. We need targets. SRO (single room occupancy) hotel accommodation should be an interim mode. We need the whole package of options to house people in a way that builds community.

How did the affordability gap happen? In residential neighbourhoods there were increases in density with no policy for secondary suites. Much ground oriented housing is occupied by empty nesters. When we talk about increasing density, it can’t be just about increasing the number of units, there must be some control on affordability. There needs to be good management and a sense of community. Non-profits can bring this.

Why did Collingwood agree to increased density? Community amenities were essential. Giving up amenity to crowd people doesn’t work. Nathan told us he is not opposed to developing affordable home ownership but feels this should not be subsidized by government. Home ownership is important for a sense of control, the ability to fix up a place to one’s liking, and security of tenure. However in today’s environment, buying a house is like playing the stock market. We need to develop constituencies interested in promoting and reporting on affordable housing outcomes.

From the audience, Darren Kitchen of the Cooperative Housing Federation informed us of the upcoming end to federal housing agreements. 900 units of cooperative housing are about to lose subsidies. It is like a carpet being rolled up behind us.

How can management build communities? There should be respect for the needs and abilities of residents. You can feel the difference this makes in individual buildings and their surrounding neighbourhoods. Prior to development there should be debate within the existing community as to what types and models of housing are best suited to their needs and aspirations. SROs are too similar to jails.

WRAP UP

At the end of the evening the full panel was brought back for a final round of questions. Tsur reminded us that the most important piece moving forward is to figure out one’s objectives.

We heard from a front line worker who refers clients to housing services in the Jewish community. For every household that might meet the criteria for temporary rent subsidies there are 20 others in deep poverty who don't. For those in desperate need it can take a lot longer than two years to recover.

A seniors' advocate with wide experience, told us that in Europe rental accommodation is far more accepted and acceptable to professionals. There they are able to make changes to their rental units and have much better security of tenure.

Nathan told us he would like to see a move toward more inclusionary housing in Vancouver.

Tim reminded us that there is no silver bullet when addressing affordability. Some people are meant to own but the market has lost the middle sector.

Moderator, Penny Gurstein closed the evening by thanking the speakers and reminding us that the need for housing affordability includes young and old and that there is need for a whole combination of strategies. She urged us to think about what each one of us could do to move this issue along. Whether it's doing more research, making a donation or lobbying – whatever we can do – we should get started today!