

Post-Neoliberal or Just Past Social Housing? Affordable Housing Policy in Ontario, Canada since Devolution

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Social housing devolution and retrenchment: nowhere stronger than in Canada. It is the world's most decentralized federation, and in the 1990s had perhaps the most severe social housing retrenchment of any affluent nation. But 'evolution is not closed'. What happens after (as in Germany, Belgium, or Scotland) much of the action shifts to the subnational level? This paper examines recent affordable housing policy in Ontario (pop 14 million, including Toronto), in the national context. Under centrist federal and provincial governments, modest but significant affordable housing initiatives arose, yet the fundamental structural changes of the 1990s were solidified. Some main themes from the nation's twentieth-century policy history survived the passage to the post-social-housing era. But when overall priority is weak, political chance plays a larger role, and the ratio of optics to policy content is high.

Introduction

This paper reviews affordable housing policy in the Province of Ontario, Canada, in the past 15 years. There are reasons in many countries to turn attention to subnational as much as national policy, in the current era. And there are reasons for international readers to consider Canada.

Devolution is a major international trend, growing from several roots. It reflects loosening of central control as the nineteenth-century state model recedes in favour of a polity with stronger regional identities and political power. It reflects the principle of subsidiarity, that democratic control and responsiveness is served if responsibilities are located at the most local scale that can effectively exercise them. It reflects an argument on fiscal efficiency and political efficacy in meeting divergent needs or preferences (e.g. Oates, 1999). Devolution in social policy is also a means of retrenchment: an institutional scaling-back of the state (Schwartz, 1994), handing responsibilities to smaller units even more mismatched than the nation-state to the continental and global scale of market power.

A large literature exists on social policy vis-à-vis federalism, and a few sources on cases of post-devolution housing policy. Affordable housing policy may be viewed as straddling the broader spheres of social policy, usually led by the federal or central government, and urban development which is more often a subnational matter. Federalism is theorized and observed historically to have large consequences both in welfare state development and in the 'new' welfare state politics of retrenchment (Obinger et al., 2005, pp. 29-45). Federalism may pose hurdles to welfare state expansion, due to multiple veto points, but it may retard retrenchment for the same reason. It may offer political openings for competitive subnational policy innovation. It may also foster muddying and evasion of political responsibility, a 'race to the bottom', or offloading responsibilities to lower government levels with less fiscal capacity.

Analyses of post-devolution housing policy are few but include Scotland (Sim, 2004) and Belgium (Kirchner, 2005; Winters, 2013).

Much recent literature has focused on policy in and for global cities rather than at the national level. This may point to a greater significance of subnational policy in many places, and certainly so in Canada. If the future of affordable rental housing in most second-order global cities (Boston, Sydney, Madrid, Bangkok, São Paulo, etc.) depends – alongside local factors – mostly on policy of the respective national governments, in Toronto it perhaps depends mostly on Ontario policy.

The international reader may contemplate Canada as the ultra-case of devolution. Canada is the world's most decentralized federation: more so than the USA and Australia, or Germany and Switzerland, or the devolved regions of the UK, Spain or Belgium. Canada has the largest share of health and social welfare at the subnational level (referring to 'state', lander, provincial, or 'regional' – not local). It has the largest subnational borrowing autonomy. A high share of subnational revenue is from subnational taxation rather than federal transfers. And Canada has shifted strongly in a devolved, decentralized direction in the past generation. (See Obinger et al, 2005, esp. pp. 28, 320; Darby et al., 2002; Cantillon et al., 2006; Banting, 2005.)

Canada's ten provincial governments are responsible for education (including post-secondary), social and community services, and municipal affairs; health care policy is provincial, within a diminishing federal framework, and takes almost half of provincial spending. Income security programs, labour market regulation and training, environmental protection, immigrant settlement, and agriculture are all shared spheres. Provinces raise their own personal and corporate income taxes and sales taxes, coordinated with but autonomous from federal taxes. Resource royalties are provincial. While the federal level sets banking and monetary policy, most large companies are provincially incorporated, and securities regulation is a provincial sphere, dominated by Ontario.

Ontario? What, where and why?

The Province of Ontario (13.5 million, 2013) comprises 38 percent of Canadian population and GDP: smaller than the Netherlands, larger than Belgium. Its demographic and economic history until 1945 was similar to adjacent areas of the US Midwest, and it remains Canada's 'manufacturing heartland'. Its housing stock is 71 percent homeowner, 22 percent private rental and 6 percent social rental.¹ Population growth averages 1.2 percent annually. Greater Toronto comprises almost half of Ontario population and is the nation's primate city, dominating finance, corporate head offices, English-language media, and high-order services. Ottawa, the national capital, is Ontario's second-largest city.

Ontario's centrist politics has usually resembled closely the complexion of Canadian federal politics – far more so than Quebec or Atlantic Canada or Western Canada. The great federal welfare state expansion of the 1960s was supported and echoed in Ontario, as was the great retrenchment of the 1990s. Since the 1990s Ontario has been the main locale of a 'swing' vote which has alternately propelled or moderated the profound national shift to neoliberalism.

The Ontario government is large. It spends almost as much as California which has three times its population: reflecting different public shares of GDP, and public health care, but mainly decentralized Canadian federalism. Ontario has almost identical population and state/provincial spending as New South Wales and Victoria (Australia) combined, but total Ontario provincial-and-municipal spending is far

¹ The social rental count cited here comprises 282,000 in 'legacy' social housing programs plus 10,000 non-profit and municipal units in post-1999 'affordable' housing programs (see Suttor & Medow, 2013). 262,000 units are devolved to municipalities, the rest being in supportive housing and cooperative programs.

higher, and federal transfers far lower.² When the American auto companies (with 20 percent of production in Ontario) got their \$15 billion bail-out in 2009, the cost was paid 80 percent by the US federal government, 10 percent by its Canadian counterpart – and 10 percent by Ontario!

Backstory: Canadian and Ontario affordable housing policy

Banting (2005) has articulated three models in federal-provincial policy in Canada, varying by sphere: joint decision in matters of clearly shared jurisdiction, such as pensions; shared-cost in matters of ambiguous jurisdiction and complex politics; and classical (assigned to one level). Provinces are constitutionally responsible for ‘property and civil rights’ which includes civil law generally, land tenure, and in recent decades landlord-tenant issues in rental housing. But the federal constitutional ‘spending power’ permits it to be active in provincial spheres.

Housing supply policy was strongly federally led in the of the 1940s to 1970s era of welfare state expansion and rapid urbanization, even though housing policy is deemed to fall under ‘property and civil rights’. The federal role included direct financing of housing producers and households, mortgage insurance, bank lending, and tax law. Social housing has been a shared-cost policy sphere; a broad shift occurred from the 1950s to 1990s, from an active federal dominance to a passive provincial dominance. Annual federal-municipal social housing subsidy in Ontario is about \$1.4 billion – to amortize capital costs and to fund rent-geared-to-income (RGI) subsidies. Canada has no demand-side assistance programs at scale (see Steele, 2007; Suttor, 2011).

Ontario and Toronto have loomed large in Canadian social housing (Suttor, 2014), reflecting their place in national political life, and Ontario’s higher urbanization and affluence until recently. Toronto issues propelled the small public housing program initiated in 1949. Federal *and* Ontario policy created the ten-fold expansion in 1965, with production by a large provincial agency on a model soon adopted across Canada. Toronto was central in a multi-city housing politics that led to the mid-1970s federal policy shift from all-low-income public housing to a mixed-income, community-based model. Controversies over Ontario social housing reinforced a politics driven primarily by fiscal and constitutional factors and neoliberal ideas, that led to major retrenchment in the mid-1990s.

The Ontario government was active in affordable housing as part of urban policy. In the 1950s to 1970s, it actively managed Toronto region growth through major land assemblies, infrastructure planning and funding, and creating a Metropolitan Toronto government. From 1956 to 1981, rental apartments ‘purpose-built’ by private firms were 33 of total production, fully integrated into suburban development (Suttor, 2009), and rental became a focus of policy. In the 1970s Ontario introduced strong legal protections for tenants; from 1974 to 1995 it had flexible rent control with an inflation- or cost-based guideline but allowance for repairs (it retains this for sitting tenants); it supported legal barriers to demolition of rental housing or conversion to condominium. As private rental production ceased to be viable in the 1970s – due to tax policy changes, interest rates, declining tenant incomes, rising production costs, investor sentiment on rent control, and the condo alternative – Ontario augmented some federal programs sustaining this faltering regime (Crook, 1998; Hulchanski, 1990; Suttor, 2009). Ontario in the 1960s and 1970s operated significant ownership programs, funded low-income home repair, and fostered the condo sector when this tenure form was first introduced.

Social housing was important from the mid-1960s to mid-1990s, at 8 percent of total production nationwide and 10 percent in Ontario, meeting half of net low-income renter demand. This late start was

² Ontario 13.5 million population and C\$123 billion provincial spending; New South Wales and Victoria combined 13.2 million and A\$126B state spending; California 38 million and US\$145B state spending (General Fund, Special Funds, and Bond Funds). Population data 2013 and fiscal 2013/14 budgets (see references).

rooted in Canada's later urbanization and affluence; the catch-up was intimately tied to the welfare state expansion of the 1960s and 1970s. The priority also rested on a strong 'discourse of rental supply', reflecting the systemic significance of renting, housing politics in Toronto and elsewhere, and a middle-class tenant vote (Suttor, 2014). As private rental production crashed, social housing became the main mode of new supply (Fallis, 1994). Neoliberalism was delayed, as Canada floated through the global 1970s economic crisis on a resource boom, and sustained the politics of centrist accommodation and 'regional brokerage' (Myles, 1996) on which it was founded.

This 'post-postwar' mid-Atlantic welfare state, active social housing policy, and mixed urban development model, ended dramatically and abruptly in the mid-1990s. The global recession of the early 1990s was very severe in Canada, the worst downturn since the 1930s. Amid high interest rates and on the heels of 1970s and 80s welfare state expansion, this propelled a severe fiscal crisis at the same point that 'Washington consensus' neoliberalism triumphed globally. The Canadian welfare state, except health and education, was massively downsized from 1993 to 1997 (Battle, 1997; Prince, 1998; Banting, 2005). The greatest retrenchment was at the federal level: in shared-cost spheres, and in low-income-targeted income security. Social housing retrenchment was driven by this context, and fed by housing market factors. As prices and interest rates plummeted by the mid-1990s, housing affordability and rental housing evaporated from the political concerns of middle-class voters for the first time since the mid-1960s (Suttor, 2014).

The mid-1990s social housing retrenchment had three main elements at the federal level, and four in Ontario. At both levels, there was an end to subsidies for new development. Federally there was also a transfer to the provinces of the half of social housing programs that remained federal; and a three-decade phase-out of subsidies to zero. In Ontario, there was a transfer to municipal governments of the provincially-owned one-third of social housing; devolution of program administration to municipalities; and devolution to them of responsibility to pay \$0.8 billion annual subsidy. Other Canadian provinces retained funding and program management as a provincial, not municipal responsibility. In Greater Toronto, devolution doubled the municipally-owned social housing stock to 69,000 units (of which 57,000 in the City of Toronto): far higher than any North American city except New York, but with some \$300 million in annual subsidies municipally funded.

All this was far more extreme than UK-style stock transfer, or the end of social housing production in 1990s Australia, or the squeeze on US housing subsidies or Low Income Housing Tax Credit allocations. It was a severe retreat from any social policy priority for de commodified housing.

Political and economic context since 1990s devolution

From 1996 until 2008, Canada had strong growth, with a 30 percent rise in GDP per capita. Canada felt only lightly the Global Financial Crisis, floating on the global commodities boom, stimulus (Canadian, US, Chinese), and a happy housing market. Ontario's real household incomes rose 15 percent from 1996 to 2010 – the best gains since the 1970s – but disparities widened as 70 percent of this went to the upper two quintiles (CANSIM Table 202-0405; see also OECD, 2014). Canada's high petro-dollar and the inroads of global and North American free trade fed extensive deindustrialization, with shrunken steel, auto, and pulp-and-paper sectors; and high-tech giants brought low. Growth, polarization, high labour market mobility and immigration have propelled racialization of poverty: recent immigrants, Canadian-born in some groups, and Aborigines.

In housing, the dominant theme was homeownership. Ontario home-ownership rates had been at 63–64 percent from the 1960s to 1996, but rose to 71 percent by 2006; there was zero net rental demand in 1996–2006, the first time recorded. This was propelled by earnings growth, declining interest rates, aging, recovery of young adult ownership rates, follow-on effects of the 1980s doubling of immigration, and

favourable federal policy. In the first half of that decade, there was large loss of lower-income renters as young adults and new immigrants adjusted to lower wages, job security, and social benefits; in the second half there was a large loss of middle-income renters as they bought homes (Suttor and Medow, 2013). Rental housing was residualized and rental issues marginalized, a great shift from 1950s to 1980s Ontario. The cities, as in Europe, now have a large stock of aging rental apartment buildings housing the new-immigrant, racial-minority poor, while the diverse middle class decamps to expanding homeowner automobile suburbs lacking the tenure mix of postwar areas.

Once retrenchment and returning growth alleviated the fiscal crisis (Mendelson, 2011), Canada and Ontario reverted in 2000-2004 to a more familiar centrist politics. Federally, this was a re-tuning within the same Liberal (centrist) government that had carried out the severe retrenchment; in Ontario its sister party defeated the neocons in a 2003 election. Expanded social and urban programs included a new tri-level infrastructure program, reinstated federal cost-sharing of health care, stabilization of minimum wages and social benefit levels, tax benefits for families with children and ‘working poor’, expanded post-secondary education spending, new federal and Ontario homelessness programs, alleviation of devolution’s fiscal pressures on provincial and municipal governments, and a ‘growth plan’ and embryonic regional transit system for Greater Toronto. The largest such initiatives fit the shared-cost model noted above, in a context of ‘collaborative federalism’: federal initiatives led to joint federal-provincial frameworks and joint spending or tax credits (Cameron and Simeon, 2002).

Federal affordable housing policy in this recent period is well reviewed in Pomeroy and Falvo (2013; related paper at the 2013 ENHR conference). A main element was new affordable rental supply through the Affordable Housing Initiative (AHI) of 2001 onward. AHI in combination with related federal initiatives averaged somewhat under 4,000 new affordable units annually or 2 percent of national production, at a shared federal-provincial cost averaging \$535 million annually over the 10 years 2002-2011, of which \$400–\$450 million for new supply.³ For the present paper, three points are central. Firstly, this program was created and sustained politically by a series of happy accidents. It arose in a politics of new fiscal room, ‘urban agenda’ discourse, and advocacy on homelessness; it was augmented in 2003-2004 by an interested federal minister; it was augmented again in 2004-2008 by Liberal and Conservative minority governments in parliamentary political deals; and it peaked as one plank of the large 2009-2011 federal-provincial stimulus. Secondly, the program model was entirely different from pre-1996 social housing, with capital grants only, inconsistent income targeting, little long-term accountability, and no operating subsidies for truly low rents. Thirdly, this program fit the post-2000 shared-cost collaborative federalism model and – in this devolved sphere – retrieved the pre-devolution pattern of federal program leadership and matching provincial funding.

In sum, the 15 years from 2000 to now were mostly economically and politically favourable times, a new period following upon the fiscal crisis and severe retrenchment of the 1990s.

What, then, were the results in affordable housing policy in Ontario? The following sections review five policy areas: legacy social housing; new affordable rental supply; demand-side housing assistance; overall housing strategy; and strategic links to related policy spheres. The small changes in rent regulation and market rental supply policy are omitted in this paper. More broadly but also importantly, there was a new climate of partnership in provincial relations with the municipal and social housing sectors; housing policy capacity was incrementally restored and the public service undertook some forward-looking policy research internally.

³ This number is federal-provincial grants (and Ontario municipal 2002-04), not total project capital costs. Talled from *Canadian Housing Statistics*, AHI cumulative federal \$2.07 billion 2002/03-2011/12 (matching the sum of amounts announced by phase), plus provincial matching, plus federal \$1.4B trust funds. Total \$5.5B, i.e. annual average \$535 million over 10 years. Of this, 80–90% was for new supply, i.e. \$400–\$450 M average.

‘Legacy’ social housing

When Ontario’s centrist Liberals replaced a very neoliberal Conservative government in late 2003, social housing devolution was still fresh. Devolution decisions of 1996 had led to a long period of developing the devolved legal and funding framework and implementing it in stages. Transfer of the provincial public housing stock and devolution of program management to municipalities had occurred in 2000-2001. These were part of a large provincial-municipal ‘trade’ of responsibilities, leading to upheaval and weariness with change. The new government’s platform included planks on rental supply, housing allowances, and rent regulation, but electoral politics is not concerned with institutional arrangements for social housing. A new model had emerged in AHI for new subsidized rental supply. There was no thought of reversing devolution.

A statutory body, Social Housing Services Corporation, set up to do some system-wide functions the neocon government didn’t want to be involved in (investing reserve funds, bulk-purchasing insurance and natural gas, ensuring capacity in long-term asset management, etc.) emerged not only as a vehicle for these but as a strategic body for the sector and municipalities.

As part of the 2009-2011 stimulus, the federal and Ontario governments flowed some \$0.6 billion to the repair of social housing in the province, resulting in large improvements in the portfolio.

In due course, concerns with the prescriptive legislative framework for devolved social housing (*Social Housing Reform Act, 2000*) led to a new *Housing Services Act, 2011*, which became the centrepiece of the Ontario government’s new positioning on affordable housing. The Act brought two types of changes. In macro terms, the Act stated a general ‘provincial interest’ in assisted housing and homeless services and was accompanied by a ‘Long Term Affordable Housing Strategy’ and ‘Housing Policy Statement’ (below). The micro changes were a series of adjustments and simplifications in rules for eligibility and intake, administration of rent-g geared-to-income (RGI) rents, and related operating policy. These were much welcomed but were not any broad change in policy.

What did not change was the fundamental policy framework set in place by devolution in the 1990s. Program management responsibility and funding responsibility remained municipal – anomalously among affluent Western countries. The greater Ontario cost-sharing implemented in other municipal social programs in that period did not extend to social housing. While in this period public housing regeneration took centre stage in the USA, Western Europe and Australia (and municipally in Toronto), Ontario had no policy on this. While Canadian and Ontario social housing now entered a long-foretold decade of sharp transition to much lower debt and much lower federal subsidies, there was no Ontario strategic policy on the risks and opportunities. All this meant no expansion of social housing, only slow and fragmented adaptation, and nothing to rescue social housing from its fate as under-funded and aging legacy stock. As Hackworth (2008) identified in geo-neo-Marxian language about ‘roll-out’ neoliberalism, the decision-by-default of this well-intentioned centrist government to leave untouched the devolved institutional arrangements was of pivotal importance.

New affordable rental supply

New affordable rental supply under the federal Affordable Housing Initiative (AHI)⁴ was by far the largest policy initiative in dollars, households, and political profile. The federal ‘happy accidents’ converged with the priorities of the Ontario government. Ontario had been a reluctant partner in the first (2001/02) round of AHI, leaving cost-matching to municipalities. But after the 2003 election Ontario was a willing,

⁴ In Ontario this was called the *Canada-Ontario Affordable Housing Program* (AHP), and after 2011 the *Investment in Affordable Housing* (IAH) program.

active partner in successive program rounds in 2005, 2008/09, and 2011, readily matching the federal dollars. Ontario appears to have averaged nearly \$200 million in annual federal-provincial capital spending on this program in the decade 2003 to 2012, and closer to the mid- \$200 millions including municipal contributions.⁵ AHI delivery from 2005 onward involved a strong provincial lead, but with project selection by municipalities as part of their devolved responsibilities. Policy fostered activity across all areas of the province, supportive housing, and Aboriginal housing.

About 1,300 new affordable units annually were produced across the province, about 2 percent of total housing production (Suttor and Medow, 2013). Two-thirds was non-profit or municipal projects, the rest assisted private rental. This 1,300 was far more than the minimal production of 1996-2003, and AHI was a centrepiece of provincial re-engagement and a major focus of municipal activity.

Yet AHI is small compared to the average 7,000-unit annual social housing production seen fairly consistently in Ontario from 1965 to 1995. Whereas in that thirty-year period, social housing had met about half of net (incremental) low-income renter demand, AHI met a fraction of net demand. Unlike the former programs, AHI had weak income-targeting and no operating subsidies. Where once social housing contributed significantly to suburban social mix, AHI is tiny in suburban growth. Where once Ontario was the strongest federal partner in social housing, Ontario now does less per capita than Canada's other three large provinces of Quebec, British Columbia, and Alberta. AHI and legacy social housing exist as separate program silos at the federal, provincial, and municipal level.

Demand-side housing assistance

Demand-side assistance emerged in 2004-2014 as an area of significant although ad hoc policy and program initiatives.⁶ A short-term rent supplement program for private-rental (and AHI) tenants was extended to 2023, supporting a peak count of over 6,000 households (SCRSP). In 2005 an agreed portion of Ontario AHI was earmarked for a demand-side initiative serving over 3,000 households until 2013 (HARS). In 2007-2012, a portion the federal 'Trust Fund' housing monies in Ontario were used for a \$100/family/month housing assistance program delivered through the tax system (ROOF), with a rolling caseload of roughly 6,000 to 10,000. In the 2008-2010 recession, unspent dollars in the latter program were rescued for a new initiative supporting a more than 6,000 households until 2013 (STRSP). When AHI was re-profiled in 2008, Ontario entrenched demand-side assistance alongside new-supply subsidies and repair assistance as a menu of municipal program and delivery choices.

Several factors propelled this. The 2003 Ontario Liberal platform had promised 20,000 housing allowances, a wishful figure but a reference point in policy-making. In 2005, this converged with the urgency of the federal minister to get AHI 'money out the door' more quickly than is possible in a supply program. In 2008, a high-profile coalition of the leading food bank, non-profit housing association, Ontario and Greater Toronto private landlord bodies, and two social policy foundations proposed a 'housing benefit' model prepared by experts, to an interested Ontario government (Daily Bread et al., 2008). The context was the 'poverty reduction' discourse of the time and associated advocacy; awareness of landlords that their tenants were increasingly low-income (with high arrears); and a shift in thinking in housing advocacy.

The new demand-side policy is a departure from policy norms that had dominated in the era of active social benefits expansion and social housing. It departs firstly in terms of policy priority. Through the 1970s and 1980s when housing allowances were put in place in Western Europe, the USA and Australia,

⁵ This includes the 2006-07 federal housing Trust Fund, which did not require provincial matching funding.

⁶ Program acronyms are included here for the Ontario reader. No systematic official data have been publicly released on these programs, but see ONPHA (2013), p. 15, for the counts cited here.

in Canada such thinking had foundered on ideological debates about supporting tenants in the market versus supporting a non-market sector. Housing advocates had carried the day with Centrist and Left parties, and public money went to social housing programs, not demand-side benefits. Gradual social policy devolution in the 1980s and then the fiscal crisis of the 1990s foreclosed a mass demand-side policy option as neoliberalism arrived and social housing production ended. By the new century this was past. Most players had changed. In an era of zero net rental demand, mixed-sector new supply programs, and only modest political appetite for expanded social spending, the climate was more pragmatic. Unlike the 1970s and 1980s, it was clear that the scale of housing stress among private rental tenants far outweighed the need for new supply. In a time of less fiscal room, demand-side assistance could help far more people, more quickly, more cheaply.

The demand-side initiatives are a departure secondly in terms of program model and depth of subsidy. They have been small-scale, benefiting some 20,000 to 40,000 households in an Ontario private-rental sector of 1.0 million households, half of them low income. The drift has been toward a flat-rate ‘shallow’ benefit of \$200–\$300 per household monthly. The flat benefit is simpler to administer than RGI and the smaller benefit assists more households in a modest budget. Benefits were administered through the tax system in one pilot program, but more often administered municipally in tandem with homelessness prevention and emergency rent assistance programs. This fits today’s labour market and rental market where far more low-income households live chronically with arrears and risk of eviction. The program model sits better vis-à-vis Finance departments’ and social policy thinkers’ concerns about marginal effective tax rates (METR or claw-back), tax-system delivery to manage METR and for efficiency, and putative work disincentives of deep subsidy.

The meaning of ‘housing allowance’ is now altered in Ontario. It does not mean a wide-eligibility program. *De facto*, it means a shallow benefit, targeted to certain priority cases and with a capped budget. It means a program that can be delivered either through the tax system or in the mix of devolved municipal housing and homelessness programs. Although to date these programs have mostly been carved out of federal transfers, Ontario may see more of this program model, fiscal conditions and politics permitting.

Ontario’s affordable housing strategy

In the 2007 provincial election campaign, advocates shamed the governing party into promising a strategy for affordable housing. After consultations, the government in 2010 released its ‘Long Term Affordable Housing Strategy’ (Ontario, Ministry of Municipal Affairs and Housing, 2010), accompanied by an ‘Ontario Housing Policy Statement’ (idem, 2011). The spirit was positive, and unlike anything imaginable under the 1995-2003 neocon government.

The strategy pointed to the new program accomplishments and set out principles such as people-centred, inclusive, and fiscally responsible. It affirmed an ‘interest’ of the provincial government in a sustainable affordable housing system. Its main program content pertained to operating policy in administering RGI, an enhanced mandate for the Housing Services Corporation, and merging homelessness programs at provincial and local levels. It articulated affordable housing as a matter led municipally, and closely related to local homeless services, with provincial support. This set the stage for a requirement, amplified in the Housing Policy Statement, for municipalities to develop ten-year housing and homelessness plans.

It is instructive to consider the Strategy vis-à-vis the criteria that Ontario made applicable to those mandatory municipal plans, and some big evident issues. The Strategy had no evidence base or background research released publicly. It arrived at no list of main issues. It expressed no vision for the role of non-market housing or the new program initiatives in the broader housing system. Policy options were not discussed, nor funding and resource requirements. The Strategy said nothing about the role of

affordable housing in ‘upstream’ stability that pre-empts homelessness, not just downstream rescue. The Strategy reaffirmed system-management of social housing as a municipal responsibility, and its funding as a federal-municipal one; the requirement for ten-year plans positioned affordable housing as primarily a local matter. There was nothing about links between affordable housing and urban growth management, tax policy, income security, or support services.

The strategy made no reference to the implications of rapid growth, or to the almost half of Ontario which is Greater Toronto, or its issues (see MacLennan, 2008). In a province growing by some 600,000 households per decade, in what sort of dwellings and neighbourhoods will the market house the 15 percent or so that are low-income renters? There was nothing on the role of affordable rental for Ontario’s 100,000 immigrants each year, or its over 300,000 Aboriginal people who are disproportionately poor and young, and rapidly urbanizing. Toronto issues include imbalances and investment flows amid a great housing boom about to peak; the future of the several hundred postwar private-rental apartment towers; surging housing-driven spatial polarization; lack of rental housing in peripheral job growth zones; and the case for regional coordination given municipal fragmentation.

The minister and key public servants involved were quite committed to setting a new climate, and to seizing the opportunity for political and media exposure for this minor policy sphere. It is well to remember that public policy is mostly incremental, boundedly rational, fiscally constrained, and very rarely comprehensive. Even so, the lack of strategic content in the strategy is striking.

Strategic links to related policy spheres

Social housing priority in Canada has historically ridden on the back of broader welfare state and urban development agendas (Suttor, 2014). In 2005 to 2012 Ontario’s Liberal (centrist) government released four major strategic policy documents in three spheres where affordable housing issues are large and intersecting: provincial-municipal fiscal relations, poverty and income security, and urban planning and development. None of them had much strategic content on affordable housing issues.

There was no overall strategy document on homelessness, although there were many significant provincial (and municipal) initiatives in the 15 years covered by this paper. As noted, the Long Term Affordable Housing Strategy positioned social housing in close relation to homelessness.

In 2005, the government promulgated a new ‘Ontario Policy Statement’ under the Planning Act, to guide municipal land use and development planning (Ontario, Ministry of Municipal Affairs and Housing, 2005). Such policy statements have legal force in that they must be adhered to by municipalities in their Official Plans which are subject to provincial approval, and in their zoning and land subdivision decisions which are routinely appealed to a provincial quasi-judicial tribunal which rules on planning merits and policy. There have been successive versions since the 1980s and the 2005 one replaced a watered-down iteration put in place by the neocon government in 1995. The main content of the Policy Statement pertains to land use planning: adequate serviced land supply; efficient transit-supportive development and intensification; protection of heritage, farmland, natural environment and open space; and infrastructure aspects.

In housing, the 2005 Policy Statement requires municipalities to ‘provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents of the regional market area by... establishing and implementing minimum targets for the provision of housing which is affordable to low and moderate income households’, as defined. But unlike the 1950s to 1970s when rental development fostered socially mixed suburbs and transit-supportive densities, the document said nothing about the role of private or social rental in offering alternatives to ‘sprawl’ and its spatial extremes of affluence and poverty. Unlike the 1980s when Canadian social housing was an implementation tool,

and unlike the UK, France and various US jurisdictions where inclusionary housing became well entrenched in the past two decades, the Policy Statement had no mechanisms to implement its laudable goals in affordable housing. The planning and housing dots were quite unconnected.

In 2007-2008 a joint 'Provincial-Municipal Fiscal and Service Delivery Review' took place, a systematic collaborative process focusing especially on urban infrastructure and social services (Ontario, 2008). This revisited the fiscal regime created by the hasty 1990s provincial-to-municipal devolution, with a view to adequate investment, equitable responsibilities, and sustainable fiscal burdens. Ensuing decisions included a staged 2010-2018 'uploading' of the municipal share of income security, and adjusted equalization grants. Although social housing is a municipal fiscal burden and concern as large as income security or infrastructure, and suffers from less consensus and priority, this issue was punted from the high-profile, analytical, and collaborative PMFSDR to the Affordable Housing Strategy (then just starting) which lacked such qualities and avoided fiscal issues.

The Poverty Reduction Strategy (Ontario, Cabinet Committee, 2008) involved a government committee led by an interested minister, in a process with social advocacy groups. In current discourse, 'poverty reduction' does not refer to fundamentals such as the structure of the labour market, shares of GDP by income quintile, income tax equity, adequacy of income security, or after-rent disposable income. It speaks of a 'cycle of intergenerational poverty', embraces diverse modest program initiatives, and stresses targets and results measurement. The document framed poverty for the broader audience in terms of impacts on children and families, as well as new immigrants, people with disabilities, Aboriginal people, and women. It described and promoted various initiatives of the Liberal government, especially the newish tax-based Ontario Child Benefit, but also early learning, school readiness, and child care, and diverse other elements (mental health, student loans, social assistance rates, training programs). The strategy put in place annual reporting: one way to institutionalize political, public service and media attention in a context of shaky priority.

Housing was present in the Poverty Reduction Strategy in limited ways. The document described and promoted the government's new-supply and demand-side program initiatives, priority for abused women in social housing intake, municipal regeneration of social housing, and an augmented provincial rent bank. Its performance measures would include the percentage of Ontario residents with access to stable and affordable housing. But there was nothing about housing costs, which consume over 40 percent of income for most low-income residents, or the widening quality and neighbourhood poverty issues. This was punted to the Long Term Affordable Housing Strategy.

In 2010 two eminent, committed people were appointed to lead a major review of social assistance (Ontario, Commission, 2012) – the first in the 15 years since major neocon cutbacks. Provincial social assistance supports an average 6½ percent of Ontario population (2013). It is the main income security for people with disabilities, non-working single parents, and the half of unemployed not covered by retrenched federal Employment Insurance (seniors pensions are separate). It is paid for at the margin by 100 percent provincial dollars. After extensive policy analysis and consultations, the Review proposed major changes in the benefits structure, guided by three concerns: adequacy to cover food, housing, and other basics; fairness vis-à-vis low-end wages; and incentives to work.

The social assistance review report gave curiously limited attention to housing. It noted the grave housing issues low-income people face, and the concentrations in disadvantaged neighbourhoods. It supported movement toward less siloed benefits, with new rules on RGI vis-à-vis social assistance. It stated that the Review had done analysis on housing benefit program design, but did not reveal specifics. It spoke favourably of a unified housing benefit for social assistance recipients and others (e.g. seniors and working poor) such as advocates had articulated (Daily Bread et al., 2008), but did not put forward a proposal. The report identified housing costs as among the factors to be built into a new rate structure, but

offered no specifics on the formula. The recommendations had very little housing content, if one considers that housing typically consumes 60 to 70 percent of recipients' incomes.

This result in social assistance reflects Ontario's dire slow-growth, post-GFC fiscal situation and the need to position doable recommendations in that context. It also avoids the invidious matter of housing costs in Toronto and Ottawa versus the rest of Ontario. More fundamentally, it conforms to the inability of Canadian policy to overcome the cost hurdle and political hurdles to demand-side housing assistance as a fundamental plank of social security, in the post-social-housing era.

Conclusions

History and theory tell us that the politics of welfare state expansion and retrenchment are both strongly affected by federalism. Federalism's multiple veto points can hold back welfare state expansion, but may also hold back retrenchment. Federalism may create openings for competitive subnational policy innovation (Obinger et al., 2005). Post-devolution policy initiatives in the neoliberal era perhaps have characteristics of each. History and theory also tell us the power of entrenched institutional arrangements, practices, and ideas.

Affordable housing policy in Ontario in the past 15 years (2000-2014) has been dominated by four main influences. One is the shared-cost 'collaborative federalism' which dominated the post-2000 initiatives that have mitigated the severe 1990s retrenchment. The second is elements of subnational policy innovation. The third is the past: institutional legacies, entrenched practices and ways of thinking, and themes from past policy junctures occurring again today. The fourth operates regardless of federalism: the low policy priority arising in today's fiscal, ideological, and housing market context.

The largest Ontario affordable housing policy initiative in the period is the Affordable Housing Initiative (AHI). This fits the post-2000 'collaborative federalism' model of initiatives that have softened the severe 1990s retrenchment, where a federal initiative leads to negotiations and a joint federal-provincial-territorial policy framework and joint spending. Thus, like earlier episodes in affordable housing policy (Banting, 1990; Suttor, 2014) AHI reflected broader welfare state turns.

Subnational policy innovation is seen in the demand-side programs. The program models depart significantly from the past, with shallower subsidy, relation to homelessness programs, and some tax-based delivery. The policy innovation has been influenced by 'political' considerations of visibility and responsiveness; by policy-rationalism now that the scale of low-income market renting and risk of homelessness far exceeds net low-income rental demand; by broader policy interest in tax-based delivery; by fiscal pressures to do more with less; and by flexibility for devolved municipal delivery.

Influences and echoes of the past? The largest element of Ontario affordable housing policy remains 'legacy' social housing. Involving large spending, complex legal and financing agreements, and significant stakeholders, these programs are not easily reconfigured, and no upheaval is worthwhile without some clear policy goal. The program structures are much the same as a generation ago, albeit now funded and administered municipally, despite large shifts in the labour market, housing system, and income security policy. The past is echoed in the expectation of federal leadership: Ontario is a willing cost-sharing partner but responds to the federal lead in new supply, and awaits a federal rescue of the worsening social housing funding regime. AHI resembles past Canadian policy in its emphasis on new supply as the main way to address low-income housing needs. AHI, like expansionary turning points of the 1940s, 1960s and 1970s (Suttor, 2014), was propelled significantly by an 'urban agenda'. But, befitting neoliberal realities, it was not a postwar agenda of urban development or urban mix, but one of response to urban homelessness: the fallout of labour market shifts and retrenchment.

Low policy priority is the dominant note. Devolution and retrenchment in a federal context have indeed led to a 'slouch to the bottom' (Obinger et al., p. 336) in Canadian affordable housing. Pomeroy (2007) showed that in roughly the first decade following 1990s devolution, provincial governments used their new paramountcy and autonomy mostly to realize fiscal savings by backfilling provincial spending cuts. This has now shifted, with cost-sharing of AHI, and regeneration initiatives. But in the era of rental residualization, homeownership boom, market-oriented ideas, and fiscal pressures, there is little political impetus for stronger affordable housing policy. Ontario's stronger social housing priority than other provinces in the 1960s to 1990s was driven by more acute housing cost escalation and growth pressures, big mainstream concerns about affordability and rental supply, and greater fiscal capacity. None of these exists today. Low policy priority is greater than any dynamics of federalism. Whereas in a former era Ontario's priority reinforced affordable housing as a national priority, its weak policy today is yet another factor undermining any such national priority.

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