Canadian Social Housing: Policy Evolution and Program Periods

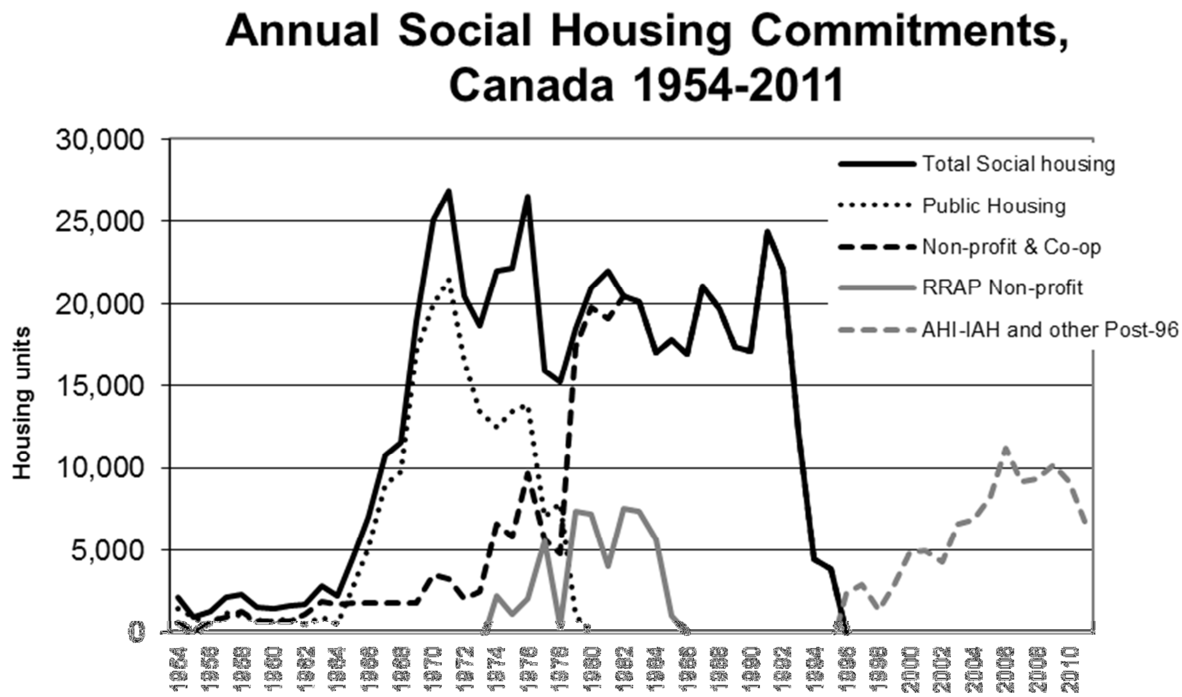
Introduction

The policy history of Canadian social housing falls into six periods, each lasting a decade more or less. Each was created by a turning point that echoed and responded to larger changes in the political and economic context, social policy, prevailing ideas, and conditions in the housing market and urban development. Each had a particular program framework for social housing production, which also determined what sort of agencies would own and operate the housing, how low-income targeted it would be, and how rent subsidies would flow for years to come.

The first period ran from the National Housing Act amendments of 1949 to those of 1964. Social housing was about 1½ percent of total annual production, slightly higher in Ontario. The second period was the peak years of public housing production in all-low-income projects, 1964-73, delivered mostly by provincial housing corporations and with the production volumes expanded ten-fold. Next was the first decade of the community-based non-profit regime, 1974-85, with emphasis on mixed-income social housing as part of a broadly expanding state role, subsidy to all housing sectors, and an urban agenda nationally, provincially and locally. Then came the second non-profit decade, 1985-93, with program management devolved to the provinces, the programs again more income-targeted, and production declining toward the end. The years from 1993 to 2001 were a time of devolution and retrenchment, with almost no funding for new social housing and with program management and policy leadership transferred to the provinces. There was widening divergence among them. Ontario was the extreme case and devolved funding responsibility and program management to municipalities; Quebec and BC maintained significant ongoing priority for social housing; Alberta, the six smaller provinces, and the territories mostly stood still for a decade. In 2001 to 2015 a modest re-engagement created new models of affordable housing funding, softening the severe retrenchment, without reversing the fundamental 1990s downgrading of policy priority, program scope, and institutional capacity. There remained wide variation among the provinces.

Canada's social housing system today is essentially the product of three elements in the policy history: the legacy of the 1965-1995 programs in terms funding, housing stock, and program structures; devolution and retrenchment in the 1990s; and the modest post-2001 re-engagement.

Figure 1



Sources: CMHC, *Canadian Housing Statistics*, various years and tables; Ontario unilateral,total attributed by year as per data for GTA projects.; Post-1996 as per Figure 11 in this book.

The early postwar period, 1949-64

Federal decisions of the early postwar years opened a 1949-1964 period in Canadian social housing policy that created a foundation in institutional roles, practices, and discourse that was different from US or UK models. The early postwar turning point marked a departure from the pre-war regime which lacked any purposeful state role in housing or almost any social housing production. It settled a policy direction after a turbulent 1930s and 40s where on one hand the federal government rejected intense advocacy for social housing, and on the other hand delivered a large 46,000-unit program of break-even social housing to meet the intense pressures of wartime growth and demobilization. This postwar settlement built a foundation on which was built the ten-fold increase in activity at the next turning point in the mid-1960s.

Figure 2

Main Turning Points and Periods in Canadian Social Housing Policy

<table>
<tr><th colspan="2"></th><th>Key Events and Characteristics</th></tr>
<tr><td colspan="2">Early postwar turning point</td><td>Sell-off of wartime housing; creation of CMHC; National Housing Act; first income-targeted social housing program.</td></tr>
<tr><td colspan="2">Early public housing (1949-1964)</td><td>• Modest volumes, about 1-2 percent of total housing production, no systemic significance.</td></tr>
<tr><td colspan="2">Mid-1960s turning point</td><td>1964 NHA amendments and creation of provincial housing corporations, leading to a ten-fold increase in production.</td></tr>
<tr><td rowspan="5">Social Housing Prime Period</td><td>Public housing heyday (1965-1973)</td><td>• Much larger volumes, about 10 percent of total housing production, all-low-income projects.</td></tr>
<tr><td>Early-1970s turning point</td><td>Shift to mixed-income non-profit and co-op housing, amid an expanding government role in all housing sectors.</td></tr>
<tr><td>First non-profit decade (1974-1985)</td><td>• Production volumes sustained, somewhat peaking
• New mixed-income non-profit/co-op model operating initially in tandem with ‘public housing’ model.</td></tr>
<tr><td>Mid-1980s turning point</td><td>Management of programs devolved to provinces, but with a continued federal lead in policy and funding, happening amid a broadly contracting government role in housing.</td></tr>
<tr><td>Second non-profit decade (1985-1993)</td><td>• Production volumes at first sustained, then declining.
• No more all-low-income ‘public housing’; but non-profit/co-op housing become more income-targeted.</td></tr>
<tr><td colspan="2">Mid-1990s turning point</td><td>End of active federal policy, including no more funding for new social housing, devolution of program management to the provinces, multi-year phase-out of federal subsidies.</td></tr>
<tr><td colspan="2">Devolution era (1994-2001)</td><td>• Diverse approaches by province; greatest retrenchment and devolution in Ontario; least in BC and Quebec.</td></tr>
<tr><td colspan="2">Early 2000s turning point</td><td>Re-starting ‘affordable rental’ production, volumes one-fifth of pre-1996 levels (higher in Quebec, BC).</td></tr>
<tr><td colspan="2">Modest re-engagement (since 2002)</td><td>• Modest volumes, little systemic significance.
• Federal-provincial capital grants, no operating subsidies, few geared-to-income rents (except Quebec, BC).
• Great variation by province; more in Quebec BC, Alberta.</td></tr>
</table>

The key event was a 1949 amendment to the National Housing Act (NHA) which created a small public housing program. This was one of a series of wartime and early postwar decisions, notably the NHA itself in 1944, the new Central Mortgage and Housing Corporation (CMHC) established in 1946, and the winding down of Wartime Housing Limited and its housing stock. Several provinces quickly passed legislation to participate in the public housing program or enable municipalities to do so. The new NHA Section 35 provided capital financing and operating subsidies, each shared 75/25 by the federal and provincial governments. That 25 percent funding requirement set a big hurdle to strong provincial or local take-up, but the first projects were soon built in several cities across the country.

The economic context was extremely rapid growth, with a doubling of Canada's manufacturing workforce in the 1940s and a doubling of GDP per capita. The interwar years had been dominated not only by 1920s growth and then 1930s depression, but by the large transition to an urban, industrial society and the associated labour and urban social issues. The political consequences of these arrived will full force during the 1939-1945 wartime boom. In the 1940s, with an economic pie that was growing and also more equitably shared, middle-class standards of living arrived for the majority of Canadian people. Growth and urbanization altered political expectations and transformed fiscal capacity, and together these propelled welfare state expansion. There was a wide 1950s political consensus on growth led by private investment and 'free enterprise,' but also on an essential role for government in macroeconomic management, and in spreading the rising output around through social welfare spending. From 1942 to 1952, Canada initiated Old Age Security, Unemployment insurance, and Family Benefits. The small social housing program reflected international trends and ideas. But the new social programs were about security for the broad middle and lower-middle class, not income transfers to the poor, and the small scale of social housing activity reflected this.

Closely associated with economic growth was rapid urban growth. Canada in the 1940s and 1950s became a predominantly urban nation. In the postwar years (1945-1975) the population living in urban areas of over 100,000 more than doubled. Housing starts doubled during the 1950s. The share of Canadians living in larger urban centres passed the US and drew close to the Australian level. From 1941 to 1961, the Toronto and Vancouver urban areas doubled in population, a higher growth rates than counterparts such as Sydney or San Francisco, or even Brisbane or Seattle.

What most influenced social housing policy was market-oriented ideas – 'keeping to the market.' The CMHC priority was financing urban development: the house-building industry; municipalities in infrastructure; and mortgages for homeowners. CMHC absorbed Wartime

Housing Limited, the federal agency that had built 46,000 homes in the economic boom of the 1940s, and sold off that housing. Yet attitudes about state versus private activity were pragmatic within these bounds – more so than today. An institutional mould was set: an active state role in housing previously unknown; policy concern to ensure adequate housing production; federal leadership and capacity in these matters; and direct federal relationships to municipalities in housing. The 1949 social housing program was a minor add-on to this market-oriented policy. The provinces played a quite secondary role in co-funding and helping implement the federal program. Ontario took a far more active role than other provinces, leaving less to municipalities.

The 1950-64 period produced 14,000 public housing units and 11,000 municipal and charitable Limited Dividend units across Canada: an average of 1,600 annually over 15 years. Over half of this, 900 units annually, was in Ontario. Public housing was a mix of break-even housing for people earning lower-middle incomes, and 'low rent' housing with subsidized rents for the poor. Social housing was a tiny 1.4 percent of total nationwide housing production, and much smaller per capita than in peer nations such as the USA or Australia. It was enough to absorb about 1 in 10 of the low-income renters added each year as part of the spectrum of ongoing rapid growth.

The public housing heyday, 1965-73

The mid-1960s turning point brought about a ten-fold expansion of production in social housing, and opened the three decades of active social housing policy. Canadian social housing production surged to per-capita levels they would sustain for almost three decades, notably higher than the USA although well short of Australia or Western Europe.

The key events were in federal and Ontario policy. The 1964 amendments to the National Housing Act enabled CMHC to finance 90 percent of project capital costs rather than 75 percent, and to fund provincial housing corporations rather than only municipal ones; accompanying this was a great increase in federal funding. Ontario that same year invented the provincial housing corporation, a high-capacity delivery model soon adopted by all provinces. The significance of the mid-1960s turning point is that it transformed the scale of Canadian social housing from trivial to systemically significant, and created one of the nation's half-dozen main income transfer programs in the form of a large rent geared to income (RGI) program. The broader public role, institutional capacity, and normalized higher funding levels became the platform on which governments could respond to the turbulent housing politics and careening housing markets that arrived in the decade that followed.

Canada in the 1960s branched away from the US welfare state model, with more 'universalist' programs and more ample targeted ones: widely subsidized post-secondary education, the Canada Pension Plan, public health insurance, and federal cost-sharing of provincial social programs through the Canada Assistance Plan. This was the period of peak welfare state expansion across most affluent western nations, at the culmination of the postwar economic boom. In affluent countries, the climate of opinion was that governments could largely 'solve' poverty; that the welfare state should not only offer security against sickness and old age, but give the poor a better slice of the pie. Canada's housing policy was informed by international ideas about social policy, and the place of social housing in it. Canada's 1960s welfare state expansion brought this nation up to international norms for the level of affluence we had reached. The 1960s to mid-1970s were one of the few periods when Canada's average annual growth in GDP exceeded 5 percent, thereby doubling every 15 years, generating abundant fiscal resources to fund such programs.

The Pearson Liberal government was elected in 1963 with an explicit platform of social program expansion. His social policy advisors were a sharp break from the 1950s Liberal old guard; they were concerned about the electoral challenge of the new social-democratic NDP; and his 1963-65 and 1965-68 governments were minorities dependent on the NDP. Ontario and Quebec, despite federal-provincial conflicts, were strong allies in social program expansion. The mid-1960s turning point in social housing was directly propelled by this federal agenda of welfare state expansion. Public housing and urban renewal were small parts of the Pearson welfare state agenda, but they were integral parts. They were among the half dozen main elements in the Liberal 1960 social policy conference while in opposition, in the explicit thinking and writing of Pearson's social policy advisors, in the action plan prepared prior to the 1963 election, and in the legislative line-up once in office. This government, unlike any in Canada before it, was receptive to CMHC officials' and advocates' proposals for a more ambitious social housing program, and this is what led to the 1964 NHA amendments.

Urban Canada was growing at an astonishing pace, with surging rental demand. Toronto, Vancouver and other urban areas were still doubling in population every 20 years. The number of Canadian households grew by over 35 percent per decade in the late 1960s and 1970s, compared to 15 percent today. The Ontario government, in particular, was concerned to ensure enough rental housing production to nourish the golden goose of urban growth. Social housing was one instrument in its growing involvement in managing urban development, especially in the Toronto region. The new Ontario role in low-income housing was part of a broad policy shift toward a significant role across a housing spectrum that included assisted private rental, land development, and assisted home-ownership.

The provincial housing corporation was a sudden departure from prevailing ideas, and from any existing model of US, British, French or Canadian public housing. The new model arose from the priorities of Ontario and Quebec. The Ontario government had a 'province-building' agenda of provincial government capacity; Ontario Housing Corporation would be a provincial CMHC. Quebec had virtually no housing agenda in the mid-1960s, but the Quiet Revolution and associated Quebec state-building were at their peak, and Quebec wanted to ensure the province controlled the housing relationships between municipalities or local groups and the federal government. The NHA amendments responded to these agendas with provisions for funding provincial housing corporations. This model was soon promoted by CMHC as *the* delivery vehicle for the new policy regime, and within five years it was adopted in every province.

The peak years of Canadian all-low-income public housing production from 1965 to 1973 converged precisely with the peak of the much larger development private rental apartment boom. Private landlord-developer firms were building 100,000 rental apartment units a year in the 1960s, and this shaped social housing policy. Ontario's explicit strategy was to piggy-back social housing production on that boom, to integrate new low-income housing with these private-sector towers that comprised up to half of all housing production at the time, sprinkled across the new suburbs of the day. In most of Canada's larger cities, high-rises adjacent to suburban middle-class subdivisions became a common form of social housing.

Quebec attitudes toward the state role in housing changed rapidly in the latter 1960s, as the Quiet Revolution gathered force and new attitudes toward urban issues – both managerialist and activist – took hold. For centrist governments in almost all provinces, abundant federal funding made it an easy political and fiscal choice to create a provincial housing corporation and pursue a public housing agenda to house the burgeoning population of seniors, meet surging rental demand, support downtown megaproject ambitions, and undertake slum redevelopment. The latter 1960s saw a new turbulent politics of housing in Canada, which would soon end the public housing program production regime. But initially this new politics reinforced the provincial priority for public housing as a way to address housing issues that had moved dramatically into mainstream political concerns.

In 1965-1969 Ontario social housing production rose rapidly from under 1,000 to over 10,000 units annually. The rest of Canada followed with a 3 to 5-year lag, reaching 15,000 in 1970. The social housing production levels reached in the latter 1960s would be sustained, with a few ups and downs, for 25 years until 1992. Average public housing production nationwide in the heyday of 1965 to 1973 was 12,000 annually, and about the same across the fuller period of

1964 until 1978 when that program ended. (Total 1970s production in the 1970s was higher than this, as noted below.) Including the small volumes of pre-1974 non-profit and co-op housing, total 1964-73 social housing production averaged 16,000 units annually. This was sufficient to accommodate about half the increase of low-income renters that is an integral part of the spectrum ongoing growth – half of the 300,000 or so low-income renters among the 2 million households added in a decade. The 1964-1978 period of intensive public housing development still provides today, half a century later, half or more of all low-income-targeted units nationally and in most provinces.

The first non-profit decade, 1974-85

The early 1970s turning point brought a shift away from all-low-income ‘public housing’ developed by provincial agencies, to social housing developed by a mix of community groups, co-ops, and municipalities, in projects that had a mix of regular tenants paying market rent, and subsidized low-income tenants. Accompanying this was a new priority for housing repair and neighbourhood renewal. The production volumes reached in the prior 1964-73 period were maintained, and reached a gentle peak in the years around 1980. The federal government led the policy shift and re-entered into direct program delivery. The decisive event was National Housing Act amendments in 1973 that enabled the new program model. It was the culmination of five years of turbulent policy change, including a high-profile federal task force, a large federal experimental program, and a major federal policy review led by outsiders to CMHC.

The significance of this turning point was to sustain politically the social housing priority, by inventing a better social model and creating a larger interested constituency. The new model sequestered the inevitable stigmatization of low-income housing within the pre-1974 ‘public housing’ sub-sector, and supported fairly steady social housing production in Canada for two more decades, in contrast to the sharply waning volumes in peer nations such as the USA, Australia, Britain and France. Mixed-income social housing, along with subsidies to private rental, maintained rental apartments as a significant element in Canadian urban development through the 1970s to early 1980s, and thereby mixed-tenure, mixed-income suburbs.

Mixed-income social housing was part of a widening state role in housing in the 1970s, which included large spending on programs of assisted homeownership, subsidies to private-sector rental development, subsidies to private-rental tenants, and public land development. Social housing was one element of this and rode on the back of this broader shift. The mixed-income model hoped to subsume programs to meet low-income housing needs into a broader agenda of rental supply. Unlike the US case, protests against public housing did not dampen the priority for social housing in Canada. The contested issue was not whether to continue with substantial social housing production, but how.

Despite federal re-entry, the 1970s were a time of strongly rising provincial roles in social housing. It was the peak of public housing production in most provinces. Ontario, following a 1973 housing task force, actively fostered the new model and funded add-ons to the federal programs; Quebec did the same starting in 1976. Provincial priority for social housing was boosted by minority government in Ontario from 1975 to 1981 and by the Parti Québécois government of 1976 to 1985; it was boosted by the election of NDP governments in Manitoba in 1969 and BC in 1972. Across Canada in the 1970s, the politics of fiscal constraint and the neoliberal critique of the postwar welfare state did not have much impact in the decade from the mid-1970s to early 1980s, unlike the US, UK or Australia. More significant in Canada were federal-provincial conflicts that propelled social policy decentralization, soon making the dominant federal role in social housing a politically vulnerable anomaly.

The expanding government role in the early and mid-1970s was enabled by unprecedented prosperity and ample fiscal resources, amid a global resource boom and economic growth rates similar to the 1960s. Canada as an oil producer was less affected by the 1973-74 oil crisis and ensuing recession on most peer nations. The 1970s and 1980s program models were dependent on large subsidy flows, reflecting in the housing sphere the transfer-intensive character of Canadian social policy in that period in terms of international norms.

But the expanding state role in housing was also propelled by economic strains in the postwar economic model, including sharply rising inflation, interest rates, and housing prices. By the early 1970s, the real carrying costs of home purchase had doubled in a decade, the first cohort of baby-boomers were flooding into the housing market, and the Canadian postwar private rental production system was collapsing. With rapid growth, these created enormous pressures of urban change and rental demand that erupted into political life. The housing market was no longer ‘working’ as well or meeting the rising expectations. Globally and in Canada, housing and urban issues were one of the main flashpoints in youth protests, new activism, and urban political upheaval. Housing became a mainstream political concern, and the federally-led shake-up in social housing policy and the expanding state role were the Trudeau Liberal government’s response to this bubbling politics of housing

The model of mixed-income, community-based social housing had little precedent in Canada, the US or UK. It was informed by European models of social housing, it paralleled shifts in US policy at the time, and it responded to urban and neighbourhood agendas in Montreal, Toronto, and other cities. It was part of a broader shift to a ‘mixed economy of welfare' involving a dual delivery system, partly by government agencies and partly by non-profit community agencies funded by the state.

The essence of the new program model was that CMHC provided mortgage loans (guaranteed private lender mortgages after 1978) for 100 percent of project capital costs. CMHC and the provinces provided operating subsidies to cover amortization and rent-geared-to-income (RGI) in typically one-quarter to one-half of the units. Social housing production averaged about 19,000 units annually in 1974-1985, about 30 percent higher than in 1965-1973. In the first half of the period, the old and new program models operated in parallel, with more public housing production than non-profit and co-op production. Then in 1978 the federal government ceased funding new public housing, and non-profit and co-op became *the* Canadian approach to social housing. Co-ops were about one-quarter of production in the new programs, provincial and municipal agencies accounted for about one-third, and the largest share was developed by community-based non-profit bodies such as social agencies, service clubs, ethnic associations, and labour unions. Almost all non-profit and co-op housing agencies depended entirely on state funding. Federal expenditures on social housing increased rapidly, a function of high mortgage interest rates and steady production volumes.

The second non-profit decade, 1986-93

At the mid-1980s turning point, management of programs for social housing production was devolved to the provinces, while the federal government retained the lead in framing policy and in the cost-shared funding. The 1970s federal re-entry into direct program delivery was mostly ended, and a trajectory set of devolution to the provinces. The pivotal change was a new federal policy framework that emerged at the end of 1985, some 15 months after the election of the Mulroney Conservative government.

The significance of this turning point was to clinch the closure of the federally-led period of expanding programs, and shift toward a clear provincial lead in social housing. By partway through this period, provincially managed programs again comprised the majority of Canadian social housing. Without this, the more fundamental devolution of the mid-1990s could not so easily have happened. Policy again made new social housing more low-income targeted, much of it for people with special needs, disabilities, or experiencing homelessness. Social housing moved away from the earlier agenda of comprehensive policy. It was no longer part of an expanding state role that included assisted private rental, land development, and affordable ownership, and it now stood alone as the sole housing sector receiving large direct public funding. Dualism was reinforced, with social housing again highly targeted, increasingly framed in 'special needs' terms, not so much a matter of mixed-income projects and mixed-tenure urban development. This was a non-market provincial sphere separated from the paramount federal housing policy lead in market housing that operated via tax policy, mortgage insurance, regulation of lending, monetary policy, and macroeconomic management.

The new policy regime was a compromise shaped by three competing forces: neoliberal leanings in the cabinet and federal central agencies; concerns of federal officials about the housing spending trajectory and weak income targeting; and input from provincial and local stakeholders. The new policy was much less neoliberal than expected, and much less so than policy trends in peer nations such as the US, UK, France or Australia. This reflects the tension that characterized the 1984-1993 Mulroney Conservative government, between neoliberal voices and 'regional brokerage' – the role of public spending in sustaining political support. But as this policy period progressed, and economic and fiscal conditions declined sharply toward the end of it, the balance tilted strongly toward cutbacks.

The housing market swung dramatically in the 1980s and early 90s, creating a series of strong pressures. Mortgage rates remained in the range of 10 to 13 percent (for five-year terms) through the decade. These and a house price bubble in the latter 1980s put home purchase out of reach for many young middle-income people. With the younger baby-boom cohorts entering the housing market, and a doubling of immigration in 1985-1990, rental demand pressures remained intense. There were severe losses of low-cost private rental in the major cities as gentrification accelerated, and rising numbers of homeless people. In Toronto, Vancouver and other cities, this sustained strong mainstream, middle-class concerns about housing affordability, urban issues, and rental supply. The private-rental production system was almost entirely gone, except in Quebec, and social housing became the main way to build rental.

Social housing policy reflected intense debates in 1980s Canada over a larger versus smaller state role, the merits and shortcomings of the market, and targeted versus universal programs. Although market-oriented attitudes on housing and the economy came to the fore, the stakeholder interests of the provinces, the non-profit and co-op housing sector, and municipalities were strong enough to keep the federal government involved in social housing. But incremental devolution created a self-reinforcing spiral of federal marginality, and advocacy was increasingly directed at provincial governments.

Ontario, home to 42 percent of Canadian social housing and since 1949 the strongest social housing partner of the federal government, was governed in 1985-1990 by reformist Liberals and in 1990-1995 by the social-democratic NDP. These governments responded to the federal pulling-back and to the intense pressures, with a large and unprecedented Ontario unilateral social housing program, without federal cost-sharing. This expanded Ontario housing spending seven-fold, stirring up a strong conservative reaction which would affect the politics of social housing nationally at the next turning point.

The 1985-93 program model had clear low-income targeting and 60/40 federal/provincial cost-sharing of subsidies to households in ‘Core Need’ – in effect the lowest 20 to 30 percent of the income spectrum. Unified operating subsidies to each project covered the difference between rent revenues and amortization-and-operating costs. The targeting, funding formula, and provincial delivery brought non-profit housing closer to the public housing model. Provinces could opt to add more funding and deliver a larger program and thereby a more mixed-income one, and the four large provinces did so. The program for co-ops was separated from the main program, and delivered federally.

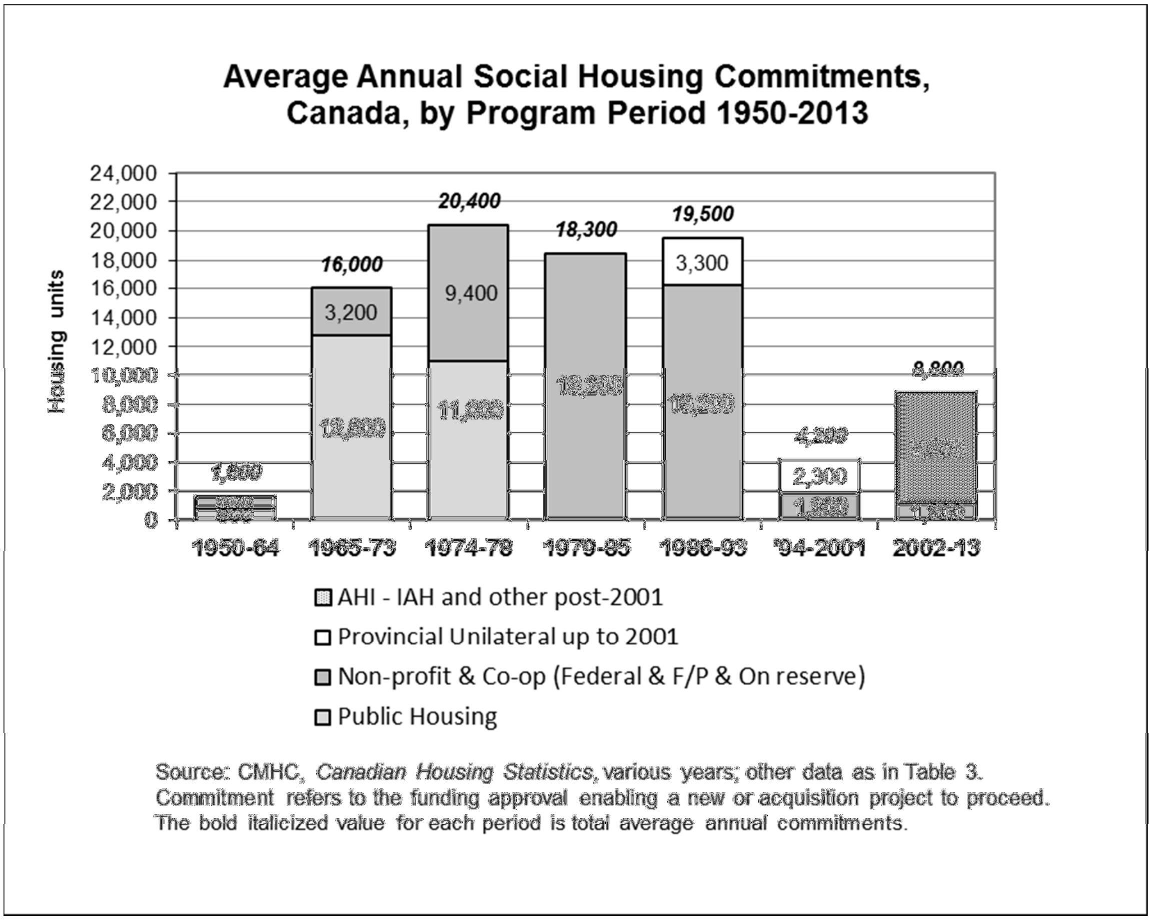
Production volumes were initially maintained at the normalized level of the 1970s and early 1980s, almost 20,000 units annually. As cuts were made the volumes declined, averaging 16,000 annually across the 1985-1993 period. The Ontario unilateral programs averaged an additional 3,000 units annually, keeping total nationwide volumes close to 1970s and 1980s levels. Federal expenditures on social housing subsidy rose only 4 percent in real-dollar terms in the period, as interest rates declined, new unit commitments declined, and provinces assumed a larger share of costs.

Devolution and retrenchment, 1993-2001

The mid-1990s brought the end of the three-decade prime period Canadian social housing. The key elements in the policy shift were devolution of virtually all program management to the provinces, the end of funding for new social housing, and the end of social housing as a significant national social policy priority. The changes happened in the three short years of 1993 to 1995, and were entrenched in new federal-provincial arrangements by the end of the decade.

The pivotal decisions were the ending of funding for new social housing production in 1993 (1995 for Ontario unilateral programs), and decisions in 1995-96 to devolve program management to the provinces, and to the municipal level in Ontario. Federal funding to individual social housing projects and provincial housing agencies was bundled into an annual transfer to each province, initially quite ample but phasing out over three decades. The change was implemented in devolution agreements, known as Social Housing Agreements, between CMHC and each province and territory.

Figure 3



This change, from one viewpoint a sensible administrative rationalization, was also the end of a policy era. It ended ongoing funding for non-market housing as an integral part of Canada's housing system. It transferred to the provinces the long-run responsibility for rent-geared-to-income (RGI), which was among the half-dozen largest social transfer programs, and phased out explicit housing-related subsidy as an element in such transfers at the federal level. It pulled the federal government back from the political front line in responding to low-income housing needs, and removed CMHC from involvement in strategies to address the emerging issues of aging social housing stock and its adaptation to evolving needs. It meant a doubly large volume of low-income demand to be met at the low end of the rental market, which would soon feed into trends of neighbourhood decline in urban Canada.

The political and economic context was the 1990-93 recession, the worst in 60 years, and its fiscal aftermath. This converged with two other powerful factors: the global triumph of neoliberal ideas which shifted pragmatic middle-of-the-road politics to a more market-oriented place, and a particular Canadian agenda of devolution. The downturn caused a fiscal crisis, with escalating deficits and public debt, and the threat of lower credit ratings and higher interest costs on that debt. The Chrétien-Martin Liberal government elected in 1993 was determined to overcome this, and to restructure and reduce federal fiscal obligations for the long term. In 1995-96, in a sluggish economic recovery, it initiated major unilateral cuts to income-targeted federal programs and to federal-provincial transfers that had been entrenched elements of Canadian social policy and Canadian federalism for two to three decades. After the Quebec referendum in fall 1995, which separatism lost by a hair, devolution of particular program spheres became one strategy to achieve this restructuring while also assuaging Quebec nationalism. Social housing was among the spheres tackled this way – collateral damage from this broader fiscal agenda and downsizing of the Canadian welfare state.

The housing market context was favourable. The 1990-93 recession had brought a real estate crash, with real prices declining by up to 40 percent in the larger cities and construction of market housing falling by half. This led a developer-landlord sector in distress to wage a virulent campaign against Ontario's social housing, echoing in federal politics. With inflation now lower, interest rates came rapidly off the high plateau they had been on for over two decades. For homeowners, price and interest rates declines meant great improvement in affordability – back to 1960s levels – and massive net outflow of renters into ownership ensued. Rental housing and housing affordability both evaporated from mainstream middle-class political concerns, for the first time since the 1960s. The housing market was now working well for most people and social housing could no longer ride the coattails of broad support for an active state role.

The change appealed to the provinces in its administrative simplification, recognition of paramountcy, and earmarked federal housing dollars in a time of fiscal pressures. This turning point brought diverging provincial approaches. Ontario took the extreme path of devolving funding responsibility and program management to municipalities. Its agenda was impelled by the populist neoliberalism of the Harris Conservative government elected in 1995, and Ontario's own fiscal crisis. This province, with 42 percent of Canadian social housing, was preoccupied with retrenchment and devolution for seven years, arriving by 2001 at a social housing regime of enormously reduced capacity and an inexorable long-run funding squeeze. Quebec and BC maintained a middling, provincially-funded priority for social housing in the face of federal withdrawal, propelled by a social-democratic government in BC and a tripartite politics of social inclusion in Quebec. The other one-third of Canada (by population) mostly experienced stasis and inactive provincially-led policy for a decade.

Modest re-engagement, 2002-2015

At the turn of the millennium, new program initiatives in affordable housing emerged, amounting to a modest re-engagement in affordable rental by the federal and provincial governments after a decade of inactivity.

The post-2000 initiatives softened but did not reverse the fundamental changes of 1990s retrenchment and devolution. The devolved 1990s institutional arrangements remain. Volumes of production nationwide are far lower than in the thirty-year prime period, and program approaches and volumes vary widely among the provinces. Unlike the prime period, the post-2000 federal and federal-provincial policy frameworks have no operating subsidies, weak low-income targeting, and moderate rather than low rents. Although much of the funding for existing social housing remains in place, there is no policy to expand the non-market housing sector significantly in a growing country, as was the case through 1965-1995.

The pivotal decisions were a federal policy framework and multilateral federal-provincial-territorial agreement in late 2001. The result was the ‘Affordable Housing Initiative’ (AHI), later renamed Investment in Affordable Housing (IAH), implemented with differing elements and different names in each province or territory. The weak federal policy leadership and loose overarching federal-provincial agreement reflect the ‘collaborative federalism’ of the post-devolution era, and the 1999 Social Union Framework Agreement. AHI was one of a set of social policy initiatives arising in this manner through federal-provincial negotiations in 1999-2003.

These programs emerged in a much improved economic and fiscal context. A strong recovery, cutbacks, and lower interest rates put the federal budget into surplus by 1998. The Chrétien-Martin Liberal government tilted back toward centrist politics, with competing voices on how to use the ‘fiscal dividend,’ and new spending initiatives to serve social and economic needs or political advantage. The new programs also reflected a renewed concern for urban issues. Cities across the country were seeing rising homelessness and more people living on the margins, in the wake of the profound labour market changes of the 1990s and the reduced social benefits. As the economy recovered, Canada’s big cities had rental markets with low vacancy rates, and more tenants with flat real incomes or low incomes facing ongoing increases in market rents.

AHI, never put forward as a long-run program, was sustained for over 15 year by a series of happy political accidents. Its funding was boosted or extended by 'urban agenda' politics, parliamentary deals under the minority Liberal and Conservative governments of 2004-2011, the brief international consensus on stimulus spending in the 2009-2010 Global Financial Crisis, and a pragmatic approach by the Harper Conservative government to keeping provinces, municipalities and housing advocates assuaged.

AHI and related federal initiatives have averaged somewhat under 4,000 new affordable units annually or 2 percent of national production – about one-fifth the volumes of the thirty-year prime. Shared federal-provincial cost averaged about $400–$450 million annually (out of the total AHI $535 million annually) over 2002-2011. But total funding and production in the post-devolution era is much higher than such federal data suggest, and far more divergent by province. The nationwide total in 2002-2013 was almost 9,000 units annually (including 1,200 average on reserve): about 40 percent of the volume that was normalized in the social housing prime period although much less low-income targeted. This was assisted by special federal funding including the 2006-07 housing Trust Funds and the housing stimulus in 2009-11. Production declined after 2011 to lower levels.

BC, Quebec, and for a few years Alberta had more active policy than other provinces. Their per-capita volumes of new affordable production were over twice as high as the basic nationwide AHI level, and involved rents-geared-to-income (RGI) and operating subsidies. These differences arise from a stronger politics of homelessness and of middle-class rental need in BC; ongoing attention to Montreal urban issues and social inclusion in Quebec policy; and enormous growth pressures and fiscal resources in Alberta during the oil sands boom.

Figure 4

Canadian Social Housing 1949-1996: Key Features of Major Programs							
Program: *(date = when project started)*	**Public Housing 1949-1963**	**Public Housing 1964-1978**	**Non-profit & Co-op 1974-1978**	**Non-profit & Co-op 1979-1985**	**Federal Co-op 1986-1992**	**Federal-Provincial 1986-1993**	**Provincial Unilateral 1987 onwards**
Also known as	Federal-Provincial public housing	Provincial housing corporation	s.15 & 15.1 (later s.26 & 27) co-op s.34.18 (later s.61)	s.56.1 (later s.95) (includes "MNP" munic.non-profit)	ILM (Index Linked Mortgage)	"F/P"	Homes Now (Ont), Homes BC, AccèsLogis (Que)
Owner	CMHC+PHC **§**	PHC **§**	Non-profit, Co-op, or Municipal (some provincial in Que, Sask, Yukon)		Co-op	Non-profit, Co-op, or Municipal (some F/P provincial in some cases)	
Financing ***(100% of original project cost exc. as noted)***	75% CMHC loan (25% provincial) Fixed rate. 50-60-year am.	90% CMHC loan, (10% provincial), Fixed rate. 50-60-year am.	10% CMHC grant. 90% CMHC loan. Fixed rate. 50-year am.	Private mortg., CMHC guarantee. 35-year am.	Private mortg., CMHC guarantee. 35-year am. Special formula.	Private mortg., CMHC guarantee. 35-year am.	Varied by province (Private mortgage in Ont. 1987-95, with CMHC guarantee)
Rationale for Changed Funding Model	First funding recipe. Federal gov't required strong provincial cost-sharing	Federal priority. Capital costs were biggest challenge. Fed. fiscal capacity.	Not gov't owned. Projects then could break even at market rent, after 10% grant	Reduce federal capital spending. High interest rates then were biggest challenge	Back-loaded (inflation-based) amortization intended to enhance viability	High capital costs, high percent RGI → Break-even well above market rent → Unified subsidies to make project viable (may vary from this in AccèsLogis)	
Percent RGI	Varied originally. 100% by 1968.	100%	Usually 25%	Usually 25-40% (40-60% if munic)	Usually 40%	Varied by project; norms were 80% in Ont., 100% in BC, 50% in Que.	
Who paid operating subsidy ‡	75% federal, 25% provincial **§**	50% federal, 50% provincial **§**	Mostly RGI subsidy only	Federal subsidy equivalent to 2% mortgage rate + related provincial subsidy **§**	Federal subsidy tied to special mortgage formula	60% fed. on Core Need units (=most RGI). Rest of subsidy provincial. **§**	100% provincial **§**
Funding of RGI subsidy	RGI is part of overall operating subsidy for difference between rents & approved costs		Stacked rent supplement, usually cost-shared 50/50 federal-provincial	Some RGI within 56.1 program; Some stacked rent supp, usually 50/50 F-P	Federal ILM rent supplement	RGI is part of operating subsidy for difference between rents & approved costs	Varied by province (Same as F/P in Ontario 1987-95)
Capital Repairs	No reserve funds. Major repairs in operating budget or special funding.		Capital reserve funds, with annual contributions (rarely adequate for long term).				

"s" = section of National Housing Act. CMHC = Canada Mortgage and Housing Corp. "am." = amortization period. "PHC" = provincial housing corporation. "munic." = municipal. Private mortgage refers to lending institution (bank, insurance co., trust co., etc.). Urban Native program not shown. Some variations exist which are not included in this table.
§ = Provincial subsidy in Ontario became a municipal responsibility in 1998; provincial housing stock in Ontario became owned by municipal housing corporations in 2000.
‡ Original cost-share is shown. Federal subsidy share is declining in many cases in recent years under the devolution agreements (Social Housing Agreements).

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