

SHELTER CRISIS

# Housing is a human right



Government does have a place in the bedrooms and living rooms of the nation, says builder **MITCHELL COHEN**. It must help provide affordable homes

**S**tart spreading the news: Affordable rental housing cannot be built without government help.

This week a study by David Hulchansky of the University of Toronto reported that unless governments step back into the housing market, as many as two-thirds of Montrealers, Torontonians and Vancouverites who rent could face severe accommodation problems, or even homelessness.

It's time to face that reality and get on with it.

It has been almost 30 years since Ottawa made housing for all Canadians a national priority, with affordable rental housing a cornerstone of the Canadian Mortgage and Housing Corporation program.

Twenty years and thousands of affordable homes later, the feds abandoned their program, downloading responsibility for housing to the provinces.

Ontario, British Columbia and several other provinces took up the challenge and, for a time, continued to deliver affordable rental communities. In June, 1995, the newly elected Ontario government followed the lead of its federal counterpart and cut off assistance for affordable housing.

The rationale for killing the program was simple: It was too expensive, a waste of taxpayers' money.

The theory goes that if government gets out of the way, market forces will respond to demand and the private sector will build what people need. Well, here we are, six years later. Six years in which Ottawa and most provinces spent no money on new affordable housing. The result: ever increasing numbers of men, women and children living in substandard, temporary housing — or on the street.

Our company had built thousands of non-profit homes, and were close to starting an additional 860 when the axe fell on Ontario's affordable housing program. After the initial shock, we focused on building ownership homes at all levels of the market: big homes, small homes, bungalows, condos. With a strong economy behind us, we did well.

But what about the people who could never afford to buy a home? Could rental housing be built without government support? Our chairman, John Daniels, who had built tens of thousands of rental homes at the helm of Cadillac Fairview, pushed us to find a way.

For the next five years we tried, but couldn't make the numbers work. Finally, in June, 2000, with vacancy rates at an all time low, and tremendous upward pressure on rents, we built our first rental community — 60 townhomes in Mississauga, just west of Toronto. At an average rent of \$1500 per month for a three-bedroom townhome, we knew these homes were far from "affordable." We also knew the only way to make them more so was with government assistance.

It's not likely that governments will in-



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A squatter protests against Montreal's lack of affordable housing: Ottawa must help solve severe shortages of lower-income accommodation in major Canadian cities.

tervene in housing as directly as before. But the private sector can step in — with the right support. For example, private-sector builders could charge market rents for 75 per cent of the homes in a new community, and lease the remainder to a public-sector, non-profit group for 15

years, creating a true public/private partnership.

The non-profit group would provide lower rents through government assistance. Ottawa would waive the GST it would normally charge to the user (in this case, the non-profit group). The province

would waive PST, and municipal and regional governments would waive development charges, parks levies and building permit fees (these add as much as \$30,000 to the cost of a new home. Waiving them would save \$300 a month, or \$54,000 per home over the the 15-year lease.) Given no outlay of cash, this strategy would be a relatively pain-free investment in affordable housing, and a significant long-term public benefit.

We tried to implement it ourselves. In May, 2000, before starting construction of our first 60 rental homes, we offered to lease 15 to a regional non-profit housing group.

After some initial excitement, we were told they couldn't go forward because of a decades-old provincial taboo on providing incentives to the private sector. To its credit, the government of Mississauga agreed to a "fast track" approvals process for rental housing, but wouldn't waive levies or fees unless the province matched its contribution. Queen's Park thanked us for our ideas, while the feds told us they were working on their own program.

So without assistance from government, we built our first rental community. We now have more than 350 new rental townhomes occupied or under construction, and another 400 on the drawing boards. They're not, however, "affordable" in terms that would matter to, say, a family trying to live on less than \$2,000 a month.

Apartments are no easier.

Building a concrete building costs twice as much as a townhome, making affordable rental apartments impossible without government assistance.

But once again, solutions are available.

**Step 1: Waive property taxes** — in this case, the taxes normally paid by the builder (this is what New York City has done for years in response to their housing crisis).

**Step 2: Require the builder to make 25 per cent of the apartments "affordable"** (and the non-profit sponsor group has an incentive to get involved — government has eliminated its development charges and taxes).

Once again, we're making the rounds of all levels of government. This time, things are looking brighter. The feds are close to implementing an affordable housing initiative. And the province of Ontario has opened the door for municipalities to provide incentives to the private sector to build affordable housing.

This frees up Ontario municipalities to waive fees and property taxes or spend their own cash to get new affordable housing built, instead of spending millions of dollars every year housing families in motels, rooming houses, and other temporary emergency accommodation.

The good news is that attitudes are finally changing.

Voices for affordable housing are emerging everywhere, from the Federation of Canadian Municipalities to the Toronto Board of Trade. These voices are being heard not only in church basements and homeless shelters, but in corporate boardrooms and political backrooms.

But Ottawa must take the lead, and make housing a national priority. It's also time for provincial and municipal governments to participate actively in implementing solutions.

No more studies.

No more expensive reports.

We all have to recognize shelter as a fundamental human need, and to commit the resources to ensure that each of us has a safe, secure, and affordable place to call home. All it takes is the will and a commitment to do better.

*Mitchell Cohen is president of Daniels Corp., one of Ontario's largest builder-developers.*