

# Fed affordable housing cash in limbo

*By Heather Scoffield, The Canadian Press / Metro RSS – Mon, 14 Mar, 2011*

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OTTAWA - Hundreds of millions of federal dollars for affordable housing are in limbo, causing confusion for tenants and consternation among opposition critics.

Human Resources Minister Diane Finley has said funding for affordable housing will not be cut for the coming fiscal year, beyond the scheduled end of stimulus funding. But that commitment has yet to show up in detailed government documents.

Government spending estimates suggest funding for affordable housing will be about \$300 million lower in the coming fiscal year, compared to pre-recession levels — unless Ottawa moves to fill the gap.

Sources close to the housing file believe the government will indeed move soon to fill at least a good part of the hole, either in the budget next week or in separate announcements. But the uncertainty is disconcerting for those who are trying to maintain or add to the affordable-housing stock.

"In an ideal world, we'd like to get some sense of what the rules will be," said Nicholas Gazzard, executive director of the Co-operative Housing Federation of Canada.

"Are we OK with the limbo? No, it's frustrating."

Federal funding for affordable housing has been ample in the last few years of stimulus spending — about \$1 billion from Ottawa alone, supplemented by provincial funds. But now that the stimulus plan is drawing to an end on March 31, concerns that the federal Tories will withdraw from the housing file are mounting.

"If there's nothing added, then we have a big hole," said John McCallum, the Liberals' housing critic.

Details of the government spending plans for the coming year were published this month and showed several housing programs receiving only a fraction of the funding they used to get in the pre-recession days.

The Affordable Housing Initiative, for one, received \$83.1 million in federal funding in fiscal 2008-2009, but has so far only been allocated \$15.6 million for the coming year.

The Residential Rehabilitation Assistance Program has been given \$37.4 million so far,

compared to \$128.3 million in pre-recession funding.

And just \$156.3 million has been earmarked for on-reserve housing programs for First Nations, compared to \$284 million pre-recession.

Unless he sees details for the missing \$300 million in next week's budget, McCallum said he will assume the government is trying to cut spending on housing to help erase the deficit.

"I think it's important to know what level of additional commitment is needed, and in what areas . . . to at least maintain funding relative to pre-Economic Action Plan years," McCallum said.

"They shouldn't balance the books on the backs of the most vulnerable Canadians. We'll have to wait until the budget to see whether or not they will."

He said he is suspicious because the Tories made it clear in 2006 that they did not see a role for the federal government in housing.

It's a sentiment that has been repeated by Finley in the past. She has also rejected several high-profile calls to craft a national housing strategy as a way to alleviate poverty.

But for now, her spokesman said the minister plans to keep federal funding for housing steady.

"There has been no change in funding other than the temporary money part of the Economic Action Plan which was designed to be a temporary measure to help create jobs and stimulate the Canadian economy in the global economic recession," Ryan Sparrow said in an email.

Affordable housing has a history of having one-time booms and busts of funding, but the overall trend for federal spending in this area is down, said Michael Shapcott, director of affordable housing at the Wellesley Institute research group.

"There has been a serious erosion of federal investment in terms of housing," he said.

Part of the problem right now, he said, is that provincial and federal governments can't agree how the money should be spent.

Provincial and federal ministers agreed in 2008 to put an additional \$1.9 billion into housing, over five years. But they could only agree on a spending plan for the first two years. To date, there is no agreement on how the money should be spent, starting next month, for the remaining three years of the program.

A spokesman for Canada Mortgage and Housing Authority said the government will soon seek approval for an additional \$253 million to fund the remaining years of that initiative.

Even more worrisome is the fact that the federal government is allowing its operating subsidies for affordable housing to expire, says the Federation of Canadian Municipalities.

The government normally spends about \$1.7 billion on subsidies' upkeep costs for the social-housing stock, but the subsidy agreements are ending over the next 10 years, the FCM says.

Already in 2009, subsidies were \$200 million lower than in 1996, the mayors' group calculates.

In the coming fiscal year, another \$20 million will disappear. And by 2020, funding will be \$1 billion lower than in 1996 — even though the housing stock has fallen into a state of disrepair.

Still, the government has shown a keen interest in setting up a new loans program for co-operative housing, said the housing federation's Gazzard. The program would allow housing units to borrow government money at favourable rates, and use the financing to fix up their buildings.

"The government is considering it at the moment," he said.