



Ottawa, provinces reach \$1.4B deal on affordable housing

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OTTAWA — After about two years of talks, Ottawa and the provinces have agreed to a framework for how to spend \$1.4 billion on affordable housing over the next three years.

The deal aims to help the more than 1.5 million needy households in Canada find an affordable and secure place to live.

The pact ends a troubling limbo in funding that left many housing advocates and opposition critics wondering if Ottawa was on the verge of pulling out of the affordable housing business.

"We were really worried that the promise they made in 2008 to carry the spending forward to 2014, that that would get lost in the shuffle. So it appears from today's announcement that they've at least decided not to cut," said Michael Shapcott, director of affordable housing research at the Wellesley Institute in Toronto.

"But there's a lot of big questions. The framework doesn't set any goals (or) targets. It's full of general statements," he added.

"It's basically a funding transfer to the provinces and territories, and there's no particular guarantees."

The agreement does not add any new money to affordable housing. Rather, it maintains Ottawa's transfer to the provinces at \$238.7 million annually for the next three years.

That's as long as the funding is at least matched by the provinces or some other party such as the private sector, a municipality or a charity.

It differs from previous agreements by handing the provinces more responsibility in designing and delivering their housing programs, federal officials say.

"This framework recognizes the need for local solutions to housing challenges and the importance of reporting progress on outcomes," said Human Resources Minister Diane Finley.

In return, the provinces have committed to spending the money on increasing the supply of affordable housing, improving the quality of housing, or providing rent and shelter support.

"It gives the provinces a lot of leeway," Alberta housing minister Jonathan Denis said in an interview Monday.

Unlike other provinces, Alberta funds much of its social housing through the private sector, and this framework allows that kind of arrangement to flourish, Denis said.

New housing will have to be solidly built and environmentally sustainable under the federal framework.

The recipients also commit to providing a public, annual accounting of their accomplishments.

But details of the deal have yet to be agreed on, with each province left to forge a separate bilateral agreement with Ottawa. And Quebec has its own parallel process that still needs to be approved by the provincial cabinet.

With all the delays, governments now need to focus on dotting their final 'i's and getting the funding flowing as quickly as possible, said Berry Vrbanovic, president of the Federation of Canadian Municipalities and a councillor in Kitchener, Ont.

"The program design is going to be key" in making sure social housing responds to rising local needs without putting huge financial burdens on city governments, he said.

The money for this agreement was initially announced and put aside by the federal government in September 2008. It was a five-year, \$1.9-billion housing and homelessness investment that included a two-year Affordable Housing Initiative.

But the federal and provincial governments had difficulties negotiating how they would spend the money after the two-year initiative expired. Disagreements about whether the provinces would need to match Ottawa's funding hindered progress.

Despite extended talks, the program ended on March 31, 2011, leaving recipients and urban planners wondering if their funding would dry up.

Finally, after three months of limbo, the parties now agree that Ottawa would pay half the funding, but provinces wouldn't have to pay all of the other half as long as they could find someone else to do it.

Details of these arrangements will be negotiated in bilateral agreements expected to be finalized soon, officials said.

The Co-operative Housing Federation of Canada "warmly welcomed" the agreement, especially since it contains provisions for governments to be accountable for the money they receive.

But Shapcott says he's seen that kind of commitment before, in 2001. And that deal led to numerous provinces spending the federal money on projects that were not directly related to affordable housing.

If the money is spent effectively, Shapcott figures it would house an additional 20,000 to 30,000 households per year.