

Who's looking after the housing?

CO-OPERATIVES / While Ontario's changes to non-market housing are being made in the name of efficiency, the evidence suggests the effect will be just the opposite.

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THERE is an element of historical amnesia in the political manoeuvrings about social-housing policy in Canada — particularly their devastating consequences for co-operative housing, which covers 250,000 people in 90,000 housing units across the country. Except for small initiatives in Quebec and British Columbia, all new development of co-op housing has stopped.

In Ontario, site of about half the co-operatives, the provincial government has already cancelled contracts for nearly 100 projects that were being developed. Now it appears it will strip away the rights that the existing co-ops have under their agreements with the province, and pave the way for a tightly controlled bureaucratic model of government-administered housing. The municipalities, worried about being saddled with unmanageable expenses that will have to be absorbed through a limited property-tax base, have also indicated their intention to transfer parts of the administration of housing co-ops to their own bureaucracies. If that happens, co-op housing will become indistinguishable from government-administered public housing.

The irony is that while these changes are being made in the name of efficiency, the evidence suggests the effect will be just the opposite.

Before 1973, the predominant form of non-market housing was referred to as public housing, and generated and administered directly by government. According to the report of the Federal Task Force on Housing and

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Urban Development (chaired by Paul Hellyer), these "ghettos of the poor" were beset with social problems and involved "a high degree of cost inefficiency." Therefore, in 1973 governments pulled back from developing and directly administering additional non-market housing and turned this responsibility over to community-based religious, labour, municipal and co-operative groups who set up resident-operated co-ops and other forms of non-profit social housing.

A 1992 study by Canada Mortgage and Housing Corporation (CMHC) found that the operating costs of co-ops were 71 per cent lower than for government-run public housing, and 19 per cent lower than for municipally sponsored non-profits. A critical factor in their success is that the residents are members of the co-ops; they take responsibility for administering their communities. (CMHC evaluated the value of an average member's volunteer service at about \$1,000 per year.)

The CMHC study also found that, relative to public housing, members of housing co-operatives had higher rates of educational upgrading, re-entry into the work force and formation of small businesses. The study attributes these effects to the skills people learn in participating in the co-ops. Of those who move from co-op housing, two-thirds buy their own homes.

SO why would politicians who profess concern about cost effectiveness and welfare expenditures propose measures that would destroy such an innovative form of housing?

The Achilles' heel of co-operative housing (and non-market housing generally) has been its dependence on government programs to help finance its development. Those programs are necessary, in urban areas in particular, because building costs are high; thus, the rent that developers must charge to make a profit from new rental accommodation (the so-called economic rent) is beyond the means of most tenants — generally, people who cannot afford to buy private housing on the market.

Without government subsidies, it is unlikely that anyone will build accommodation affordable to the average tenant, either non-market or privately owned. In Metro Toronto last year, only 37 new units of rental accommodation were built. This shortfall comes at a time when income distribution in Canada is increasingly unequal and people with below-average incomes are seeing their standards of living erode.

It appears that the Harris government in Ontario is banking on the lifting of rent controls and unexplained market forces to meet its election promise "to eliminate the two-year waiting list for affordable housing" (from the Conservatives' manifesto, *Common Sense Revolution*). Neither the federal plan to offload social housing onto the provinces nor the Ontario government's plan to offload onto the municipalities refers to new development.

But what incentive is there for private developers to build rental accommodation that is affordable to people with low incomes: the young, the handicapped, the single-parent families, the recent immigrants and the full-time and part-time employees of Canada's growing service economy? Governments must face up to this issue, not proceed as though it didn't exist.

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