

Carolyn Whitzman

Home Truths

Fixing Canada's Housing
Crisis

 on
point
PRESS | a UBC Press imprint
Vancouver

Sample Materials © UBC Press 2024

Contents

	Introduction / 3
1	What Is a Home? / 14
2	How Did We Get in This Mess? / 29
3	Who's in Charge? / 46
4	Who Needs What Homes Where, at What Cost? / 63
5	Can Canada End Homelessness? / 84
6	Why Start with Nonmarket Housing? / 103
7	Can Housing Become Abundant Again? / 122
8	How Can Renters Have the Same Rights as Owners? / 144
9	Is There a Future for Affordable Home Ownership? / 165
10	Who Should Pay? / 187
11	What Can We Do? / 210
	Acknowledgments / 226
	Appendix / 228
	Notes / 232
	Index / 261

Introduction

Whenever I talk about housing with a journalist, policy-maker, developer, advocate, or interested friend, two things tend to happen. They say, “Housing’s so complicated!” Especially if they’re under forty, they tell me a horrific story about their housing situation.

This book is for them – and for anyone who’s concerned about or wants to help fix Canada’s housing crisis.

Some people criticize the term “housing crisis” because it suggests a phenomenon that’s new or short-term. In *The Tenant Class*, Ricardo Tranjan defines “crisis” as “an event or series of events that represents a critical threat to the health, safety, security or well-being of a community or other large group of people, usually over a wider area.” He argues that the housing crisis is not one event or a series of events but rather capitalism working as intended: to the benefit of those with more wealth (homeowners and landlords) and the detriment of those with less wealth (tenants).

I have a slightly different perspective. Like the climate crisis, the housing crisis resulted from a series of political decisions that built up over time to pose a critical threat to all Canadians. Other capitalist countries made better decisions, with better results. Canada made better decisions in the past. In some cases, we need to return to those good ideas – modified for new realities.

Like Ricardo Tranjan, I’m concerned about the people with the fewest resources. Canada’s housing crisis harms renters, homeowners, and – most of all – those without homes:

- According to the latest federal government figures, there are 40,000 very-low-income people without shelter or sleeping in emergency shelters, and the number of people without shelter doubled during COVID-19. This number is based on a head count of only seventy-two communities on a single night over two years. It grossly underestimates homelessness.
- Between 2016 and 2021 in British Columbia, one in ten renter households were evicted. In the rest of the country, one in sixteen households were forced to move. One-third of all households, those who rent, are under greater stress than ever before. Low-income renters living on minimum wage can afford a one-bedroom apartment in only four small Canadian cities, all in Quebec, and Quebec has lost the most affordable rentals in the past ten years.
- People seeking to own rather than rent are increasingly locked out of the market. Between 2015 and 2021, the **average** house price doubled, but wages increased by only 7 percent. In other words, the average house price increased at over fourteen times the rate of the average wage.
- The cost of a home, which was 2.5 times the **median** household income in 1980, was 8.8 times the median household income in 2021. In Vancouver, high-income households who earn 250 percent of local median income can't afford a first home. Across Canada, house prices would need to be less than a third of what they are now be affordable to moderate-income households. In Vancouver, they'd need to be a fifth of what they are now.

Canada's housing crisis isn't about tenants versus owners. An entire generation has been locked out of home ownership.

Incomes: Very Low, Low, Moderate, Median, and Higher

Canada needs one clear definition of affordability that answers the question, Affordable to whom?

I use household income categories developed by and listed on the Housing Assessment Resource Tools website. These categories, in turn,

Average versus median: Quick anecdote. I failed Grade 10 math, twice. I loved history and geography and didn't see the point of math. But to get my geography degree, I had to take statistics, and I got hooked on numbers that tell a story. Warning: there are numbers in this book.

"Average" and "median" indicate "middle" values. To calculate an average, add up all the individual things and divide the total by the number of things counted (this is also called the "mean"). To calculate the median, take the "middle" value, the value for which half the things are larger and half are smaller. When we talk about income or housing costs, there are extreme values (very rich or expensive; very poor or inexpensive). In these cases, the median is usually the better measure to use. But the average is sometimes the only number available.

are based on percentage of median income for metropolitan or regional areas, as used by the US Department of Housing and Urban Development, rather than on household-income quintiles (lowest 20 percent = low income), which are used by the Canada Mortgage and Housing Corporation. The former method considers differences in income between, say, rural New Brunswick and Victoria, British Columbia, which has a big impact on median housing costs. I use "household" instead of "family" because there are infinite variations of people who want to live together, and many don't fall into the traditional definition of family (one or two parents living with children under the age of eighteen):

- **very low income** (0 to 20% of median income, 1st quintile): mostly fixed-income, social assistance or pension
- **low income** (21 to 50%, 1st quintile): reliant on minimum wage
- **moderate income** (51 to 80%, 2nd quintile): key workers such as teachers, nurses, care providers, and construction workers
- **median income** (81 to 120%, 3rd quintile): middle-class households
- **higher income** (121+%, 4th and 5th quintile): upper-middle-class and wealthy households.

Why does this matter to most Canadians, you might ask? After all, two-thirds of Canadian households own their homes, and almost half have paid off their mortgages. The home-ownership rate has decreased slightly, from close to 70 percent in 2011 to nearly 66 percent in 2021, but most people will benefit from rising housing prices.

Looking at the problem this way is like looking out the window during the summer of 2023 and saying, “My community isn’t on fire! Everything’s fine!” Look a little closer, and you’ll see wisps of smoke:

- The only age group in which the home-ownership rate has increased in the past ten years is heads of households over eighty-five.
- Baby boomers such as me, born between 1946 and 1965, account for the largest cohort of homeowners – over four in ten own homes.
- Millennials such as my son, born between 1981 and 1996, are the largest group of renters – over a third.

Canada houses a stark intergenerational wealth divide. People in their late fifties to mid-seventies who have been homeowners for over twenty years saw their net worth increase from \$323,700 in 1999 to \$685,400 in 2019 (cost adjusted for 2019 dollars). In the same period, renters’ net worth only rose from \$14,600 to \$24,000. Over the next few decades, these young people will be the majority, and my generation will be looking for affordable seniors’ care options, which are in short supply. Canada’s housing system doesn’t work for anyone.

Homeownership still seems like an easy way to gain wealth. So perhaps everyone in their mid-twenties to early forties should just save enough for a down payment. Maybe they should stop eating avocado toast, as an Australian multimillionaire property developer once suggested. Back in the halcyon days of 2017, it would take 17,451 avocado toasts to save up for a down payment in Vancouver. Maybe tax-exempt home-savings accounts or first-time home buyer grants are the magic bullet?

Not so fast. Over half of mortgage holders, and an even higher proportion of renters, have trouble paying their bills, and the problem only gets worse with high interest rates. Almost two in five mortgage carriers and almost half of renters borrow to meet daily expenses. Seventeen

percent of mortgage carriers and 22 percent of renters have used a payday loan or online lender. Both groups are in severe financial straits. It's hard to save up money if you're already underwater financially. And buying a house is a huge risk in an era of increasing interest rates and uncertain jobs, especially if that house isn't affordable. Canadians like to think of their nation as prosperous and fair, a place where each succeeding generation will have a better life. Growing inequalities threaten the foundations of this belief.

And this isn't a temporary COVID-related blip. Canada has had one of the highest levels of household debt in the world for over a decade, a source of concern to almost every national and international economic organization. In nearly every financial system review, the Bank of Canada warns about the high debt load of households and elevated house prices. In 2017, the World Economic Forum warned of the risk of a "housing price bubble" in Canada like the one in the United States before multiple mortgage insolvencies sparked the Global Financial Crisis. The Organisation for Economic Co-operation and Development, in its 2023 economic outlook for Canada, stressed that high and increasing household debt levels and the crushing cost of housing were having a significant impact on the nation's overall productivity.

That's a lot of scary numbers, some of which might represent you or someone you know. What do these numbers tell us in terms of the past, present, and future of housing in Canada?

To understand the larger history of Canadian housing policy, I often ask people to tell me about their housing histories. Let me tell you my own.

I've been fascinated by housing since I was a child in Cornwall, Ontario, a small city of forty thousand people. I was born in 1963, long after my brothers. My first four years were spent in a detached house, three blocks from the store owned by my grandmother and managed by my parents. Cornwall is near the border between anglophone Ontario and francophone Quebec, a few kilometres away from the US border, and right on the border between settler society and Indigenous land. Cornwall is next to the Akwesasne First Nation, a member of the Haudenosaunee Confederacy, the people of the Long House. My first conscious memories have to do with my front lawn (which I considered

huge) and the neighbourhood kids, who were being told to stay off the lawn by my parents. Even as a kid, I thought that didn't seem fair.

When I was four, my parents separated, and I moved with my mother to the big city of Montreal. We lived in a succession of rented duplex flats, and my mother became a real estate agent. On the weekends, she took me, the only child still at home, to open houses. "Tell me what price this house is going for," she'd say. "If you guess within ten thousand dollars, I'll get you an ice cream." I ate a lot of ice cream (hint: location, location, location). But I felt like an interloper on someone else's lawn: the kids at my Jewish school told me I was living in the "wrong" neighbourhood and "poor." When I moved to a public high school, I hung out with the other poor kids. Many of these kids slept on a sofa in the living room. I had my own bedroom. I realized I was middle-class.

In Canada in the early 1980s, it was easy to move away from home as a university student, even if you went to a university in the same city. Two friends and I moved into a triplex flat in 1984, in what was then called Montreal's "student ghetto." I worked as a part-time waitress and then as a research assistant. I had no problem paying rent. When I moved in with the man who would become my husband, we had no student loans and a bursary that covered our rent. I got involved in a group called *Les Voisin(e)s de Devonshire*. We fought for funding for a new housing cooperative instead of a proposed condominium. We won that fight, leaving me with the mistaken impression that getting better housing for low-income people was easy.

We moved to Toronto in 1986. Our rage at being physically assaulted by a landlord in a dispute over a 42 percent rent increase after the previous tenant was harassed out of our apartment transformed into engagement with the Parkdale Tenants Association and a lifelong interest in the right to housing. In the 1990s, my interest in feminist urban planning led to a career developing urban policy for gender-based violence prevention for the City of Toronto, where it seemed obvious that the lack of affordable housing trapped women in violent relationships. We lived for eight years in a housing co-op downtown. When we moved back to Parkdale, we bought a fixer-upper that carried a mortgage for the same cost as rent. We didn't fix it up, and yet the purchase still put us on the path to wealth.



As undergraduate students, we lived in one of the sixteen apartments in this small single-stair apartment building. Montreal's tradition of triplexes and small apartment buildings, and strong renter rights, helped create a renters' paradise for many decades.

My PhD focused on 125 years of neighbourhood policy in Parkdale, where every level of government seemed better at closing off affordable-housing options than creating them. By the early 2000s, I was teaching urban planning in Melbourne, Australia, where three-storey apartment buildings were being called “blockbusting high-rises” by NIMBY (not in

my backyard) residents' associations. I led collaborative research with governments, private and nonmarket developers, and advocates, on affordable, accessible, sustainable, family-friendly housing for the future. I talked to children growing up in apartments and homeless people squatting in buildings slated for demolition. Meanwhile, with two young children, we traded up to a larger, better renovated house that, like our previous homes, was a short distance to work via bike or public transit.

We returned to Canada in 2019 and paid cash for a house in Ottawa. So far, we sound like the poster children for boomer affluence, and we were. We had good health, the good fortune of a long-lasting relationship, and the privilege borne of having white skin, speaking the majority language, and being cisgender and heterosexual. As a household, we'd moved from being renters to homeowners and traded up three times. I knew, through speaking with housing advocates, developers, financiers, planners, and politicians all over the world – from Nairobi to Santiago, Portland to Paris, and Singapore to Sydney – that we were wealthier than most.

But when COVID-19 hit, our family felt the effects of the fraying social safety net. My mother, who bought a house after years of saving, saw her money vanish when she moved to high-priced assisted living. When she was diagnosed with dementia, we tried to find a decent nursing home. She ended up as one of three in a long-term-care bedroom, not a dignified end to her life. Meanwhile, my son and his wife struggled with social isolation in a one-bedroom apartment with a big dog in downtown Ottawa. Their only options for a more affordable, bigger place were outside Ottawa's public transit system. We didn't want to end up like my mother, and we wanted to be close to our children.

At the time, I was Zoom teaching an undergraduate course in housing policy at the University of Toronto's Innis College. I started by telling my housing story and asking students for theirs. Most of my students, mostly in their early twenties, had lived in residence until COVID. Many moved in with their parents in the outer suburbs because they couldn't afford rentals near the university. One moved back to China, another to Turkey. Both joined my classes in the middle of the night. When I asked students where they thought they'd be living in ten years, none said Toronto.

For the past two generations, under Liberal and Conservative leadership, Canada has failed a basic moral test. Are we ensuring that the society we leave behind is better for the next generation?

For many lucky people like me, housing was a “them” issue for a long time. It’s now become an “us” issue for everyone. Like health care, education, and climate change, we’ve neglected problems for so long that they’ve become crises that can’t be ignored by anyone anymore. I have a family member who came close to homelessness. Most people know someone who lost their home.

For the past three years, I’ve worked with a project called Housing Assessment Resource Tools (HART), based at the University of British Columbia. (Due to the wonders of Zoom, I live in Ottawa, teach in Toronto, and work in Vancouver!) We analyze census housing data to answer one question: Who needs what kind of housing, where, and at what cost? Working with fifteen municipalities, including Canada’s six most populous cities, we’ve mapped well-located government land that could be used for affordable housing. Talking with nonmarket and market developers, provincial and federal governments, and advocates, we’ve created a best-practice guide for acquiring **market housing** at risk of losing affordability. I’ve examined housing policy from an international perspective, based on countless conversations with “housers,” people trying to create affordable housing.

What I’ve learned is this: Canada’s housing crisis is fixable. If enough people knew about what worked in the past and what’s working right now, in Canada and other places, we could collectively and successfully advocate for a housing system that allows everyone to achieve the basic right to a home. It won’t take the overthrow of capitalism, although it will take a political shift toward investing in the collective good.

In this book, I explore what people mean when they talk about a home, how we got into this mess and who’s responsible, and what kinds of homes are needed, at what prices, and where. Then I look at what can be done – to end homelessness, to scale up **nonmarket housing** (which so many Canadians need), to support well-located and secure rental housing, and to make home ownership affordable again.

Throughout, I refer to nine countries that got some things right (and a lot of other things wrong):

- **Germany, Austria, and Switzerland:** three rich countries where living in rental housing doesn't make you a second-class citizen
- **Singapore, Japan, and Sweden:** three countries that built a lot of housing quickly and cheaply
- **France, Denmark, and Finland:** three countries with innovative affordable-housing strategies.

I purposely leave out the rich anglophone countries against which Canada usually compares itself: the United States, the United Kingdom, Australia, New Zealand, Ireland, and Scotland. They make guest appearances (New Zealand and US cities have been doing some interesting zoning experiments; Scotland has a better nonmarket-housing system than many other nations). The Anglosphere is not doing great housing policy these days, and part of the problem is that we're looking to one

Market and nonmarket housing: Market housing is built and managed by the private sector. In Canada, over 95 percent of housing falls in this category. In Singapore, less than 20 percent of housing does.

In contrast, nonmarket housing – which has a dizzying array of synonyms ranging from “social housing” to “community housing” to “nonprofit housing” – is built and managed by the public and nonprofit sectors. In Canada, about 45 percent of nonmarket housing is **public housing**. It's owned by a federal, provincial/territorial, regional, or (most often) municipal government – thus by the public. Another 35 percent, including most of the housing that offers on-site social and health supports, is owned by charitable organizations, such as religious entities and community organizations. Following international practice, I call this **community housing**; if there's on-site services, **supportive housing**. Ten percent is **cooperative housing**, which is “owned” collectively by the households who live in it, and another 10 percent is held by market developers under short-term affordability agreements. Units can't be sold for profit. The most common international term for nonmarket housing is **social housing**.

another instead of elsewhere. I also leave out the Netherlands, which like Sweden has a great nonmarket housing past but an uncertain housing future. I'm most interested in places that have taken a bold approach and succeeded, in many cases across the political divide.

By the end of the book, you'll know more about what is, admittedly, a wickedly complex problem without no magic-bullet solutions. You'll have the tools to understand what can be done to fix Canada's housing and advocate for a better future.

At its heart, good housing policy comes down to a simple message. Homes save lives.

© Carolyn Whitzman 2024

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without prior written permission of the publisher.

UBC Press is a Benetech Global Certified Accessible™ publisher. The epub version of this book meets stringent accessibility standards, ensuring it is available to people with diverse needs.

Library and Archives Canada Cataloguing in Publication

Title: Home truths : fixing Canada's housing crisis / Carolyn Whitzman.

Names: Whitzman, Carolyn, author.

Description: Includes bibliographical references and index.

Identifiers: Canadiana (print) 20240371445 | Canadiana (ebook) 20240371461 |

ISBN 9780774890700 (softcover) | ISBN 9780774890724 (EPUB) |

ISBN 9780774890717 (PDF)

Subjects: LCSH: Housing—Canada.

Classification: LCC HD7305.A3 W45 2024 | DDC 363.50971—dc23



Canada Council
for the Arts

Conseil des arts
du Canada

Canada



BRITISH COLUMBIA
ARTS COUNCIL



BRITISH
COLUMBIA

UBC Press gratefully acknowledges the financial support for our publishing program of the Government of Canada, the Canada Council for the Arts, and the British Columbia Arts Council.

UBC Press is situated on the traditional, ancestral, and unceded territory of the x̱m̱əθḵəy̱əm (Musqueam) people. This land has always been a place of learning for the x̱m̱əθḵəy̱əm, who have passed on their culture, history, and traditions for millennia, from one generation to the next.

On Point Press, an imprint of UBC Press
The University of British Columbia

www.ubcpress.ca