

# A Strategic Mismatch

*The Implications of Home Ownership Strategies for CED*

BY IAN SKELTON & CHERYL SELIG

Federal policy for low-cost housing in Canada has experienced three major shifts since the 1960s, the most recent of which has been in the direction of individual home ownership. This change is not benign; it is value-loaded, and has disturbing implications for community practice. Rather than trying to decide the “right thing to do,” community-based housing organizations are focussing on “doing the best possible with the resources available.”

What impact is this having on communities? What can be done to correct it? This article provides a brief historical context on housing policy, and then reports on recent experiences of low-cost housing development in Winnipeg.

## Social Housing Policy in Canada

Low-cost housing requires public subsidy because private markets are unable to produce affordable, adequate, and appropriate housing for poor people.<sup>1</sup> Requirements for social housing take different forms across the country, but it has long been recognized that a national response is required due to the depth and breadth of need.

Federal initiatives in support of low-cost housing predate World War II, but the first major period of social housing production began only in 1964 with the launch of the public housing program. Provision of capital costs and ongoing operating subsidies boosted the low-cost housing stock at rates approaching 20,000 units per year during an era when housing as a social right held currency.

Despite its fit with the contemporary expansion of the welfare state, the program was widely criticized. The political right challenged social welfare expenditures altogether; others contested the concentration of low-cost stock and poor people. The program soon began to wind down.

Under pressure from unionized labour and ecumenical communities to support social housing, a federal minority

government launched the second major period of social housing production through co-operative and nonprofit housing programs in 1973. The central planning and larger scale developments that characterized public housing gave way to initiatives of municipal and other local organizations, and in many cases were small in scale. With consequences largely unnoticed at the time there was a shift from thinking of housing as a social right to thinking of housing by and for communities, targeting specific sections of the population through the activity of local organizations.

The co-operative and nonprofit programs were seen internationally as exemplary vehicles for expanding the stock of low-cost housing in ways that suited the needs of diverse groups through-

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out the country. Totalling production across public housing, co-operatives and nonprofits, over a half million units were developed by the early 1990s.

Then, in a budget line, expenditures were frozen and further expansion of social housing was forestalled from 1993. The social housing portfolio was transferred first to the provincial and territorial governments and then to municipalities.

Over the period since the funding freeze, social housing development has taken place on an ad hoc basis, in the absence of a reliable, national program. The nature of this most recent phase of national policy has not yet fully taken shape, but indications are emerging.

Some organizations adapted to the new context and produced new housing with innovative funding arrangements including grants from private donors, and some linked low-cost housing

<sup>1</sup> Affordability, adequacy, and appropriateness are the elements through which the Canada Mortgage and Housing Corporation measures core housing need. CMHC estimates that 13.7% of households nationally are in core housing need and that the prevalence is much higher for certain household types, such as lone parent families (29.2%).

development to CED strategies. Some provinces implemented their own programs without federal assistance. Nationally, however, production amounted to a trickle, and many housing organizations became managers rather than developers.

In 1999 the federal government launched the National Homelessness Initiative, initially to run for three years and later extended to 2006. Its main vehicle, the Supportive Communities Partnerships Initiative (SCPI, or "Skippy") underwrites shelters, support services, community planning, capacity building, and research. The Affordable Housing Initiative, launched in 2001, supports house construction and renovation for both ownership and rental tenures.

What is lacking under these arrangements is ongoing subsidization to bridge the gap between operating costs and the amount of money in poor households' budgets available for housing.

To sum up, national policy has shifted from public housing, under the banner of housing for all, to co-operative and nonprofit housing, under the banner of housing by and for communities. In both these periods access to housing was mediated by ongoing state subsidies. The second, however, took a significant step away from the value of universalism by introducing community provision.

In the emergent period the absence of ongoing subsidies means that housing is supported through up-front capital grants, and then is typically sold to owner occupants. Therefore, access to housing is mediated by market relations, as residents relate to their housing not as citizens in receipt of a sanctioned benefit, not as members of a co-operative or local group, but as owners.

This re-orientation has some very real consequences.

## Experiences in Winnipeg

During the summer of 2004, we undertook face-to-face interviews with community workers and government officials involved

<sup>2</sup> See Skelton, I., Selig, C. and Dean, L. 2005, "Social housing, neighbourhood revitalization and community economic development." Research report to the Manitoba Research Alliance on the New Economy available at [www.manitobaresearchallianceced.ca](http://www.manitobaresearchallianceced.ca).

As these photos of rental (above) and owner-occupied housing (right) show, quality and maintenance may be equivalent across tenure lines. Yet current practices can categorize and discriminate against renters. Photos: Ian Skelton.



in social housing provision in Winnipeg. In the context of a provincial CED policy lens, the initial purposes of the project were to gauge the adoption of CED principles in social housing production, and to identify ways of extending it.<sup>2</sup> The interview transcripts reveal that the orientation in affordable housing provision towards homeownership presents challenges to CED practitioners.

The acceptance of owner occupation as the key to providing affordable units was widespread. A government official showed commitment to owner occupation in a circular fashion:

"And even better there [are] good chances for homeowners to come in which is the best option because we would like to be able to increase homeownership in these neighbourhoods if possible." (*Interview 7*)

Some community workers explained their support in relation to its effect on individual buyers, saying, "dignity [and] self-respect are impacted through homeownership" (*Interview 1*); and "affordable home ownership supports stability and human dignity" (*Interview 8*). Others focussed on the impact of owner occupation on the neighbourhoods:

"[We] do homeownership programs in order to get more homeowners in the neighbourhood and create stability that way." (*Interview 13*)



Promotion of owner occupation appears benign on the surface but its consequences can be malevolent. Interrelated processes undermine the economic transformation and community cohesion that CED is supposed to achieve.

On the economic side, owner occupation individualizes assets and undermines the collective capacity to operate at scale and to leverage resources. As one government worker lamented:

“Shifting and broadening the focus to include rental could really have a huge impact and it could also help these community organizations to develop an asset base, if they continue to own these buildings in the inner city.” (Interview 3)

This calls for more focus on asset creation and its accumulation as rental properties instead of losing it to the private housing market.

*Although on the surface CED & housing seem to be obvious solutions to neighbourhood revitalization, there are some real challenges. It is essential to carefully consider all strategies & their possible outcomes, both positive & negative, to mitigate the exacerbation of social cleavages in neighbourhoods.*

Accompanying the predominant homeownership orientation is the pervasive motivation or rationale for engaging in housing rehabilitation: to increase property values in the neighbourhood. The rationale seems innocuous, as put by a community worker:

“... if somebody fixes up the exterior of their house everybody in the community benefits. It raises property values and it gives the person next door the incentive to fix up their house.” (Interview 15)

There was, however, no concern with restricting or transforming the market. As a community worker expressed it:

“The housing stuff, we figure we’re only going to do [it] as long as public sector help is needed. Once it pays off for private sector to come in and do it we’ll back off.” (Interview 5)

In the words of a government worker:

“So, in the best sense our vision is that we want the values to get to the point where the market is able to maintain that neighbourhood ... in other words the idea is to get it to where the market takes over.” (Interview 7)

This orientation sets aside the recognition – widely understood in the previous periods of social housing policy – that the

operation of the market is a central element in the processes through which inner-city neighbourhoods and residents become marginalized in the first place.

It is not without consequences. One respondent, a community worker, affirmed faith in market processes and showed where it led:

“In my case in the housing, throw money at the highest end of the housing to bring the tax base up and bring the real estate speculation and actually bring in the private sector.” (Interview 18)

The respondent continued, giving a rationalization for surrendering to the market, and showing its consequences for local democracy:

“local decision-making CED principles are completely off our target. I think one of the hardest [things] is that we don’t have control over the local economy. We’re just a neighbourhood in the larger part of the city and if you can’t get control over the bucket of money then it leaks. Do you know what I mean? ... So local decision making – no strictly market. Everything’s market here.” (Interview 18)

The effects of price escalation and speculation on rents and ownership costs for low-income residents were clearly sidelined, but as the following quotation from a community worker shows, there was recognition that low-income residents would be left behind:

“... when you start rehabbing a community it is amazing all the sudden market values go up, neighbours start to spruce up their homes ... Those are positive things but the negative is that it doesn’t necessarily accommodate the low-income people because it starts to improve the neighbourhood and increase the values.” (Interview 16)

A number of respondents looked to markets to reverse what they viewed as an accelerating spiral of decline, thereby stabilizing housing provision. There was little discussion, however, of strategies to override the tendency of market forces to elevate property values. Therefore, inevitable consequences of rising property values, such as rent and tax increases, and possible consequences such as financial hardship and displacement of existing residents, were not addressed.

The analysis points to a need for more explicit attention to progressive CED principles in order for the use of resources to be firmly directed towards the material needs of current residents. The orientation of expenditures towards reactivating the market rather than transforming it jeopardizes gains of current programming in relation to poor people.

The economic processes alluded to above influence community cohesion by excluding from consideration the needs of some residents. This results from the focus on owner occupation in program provisions. The orientation towards owner occupation leads to a further bias towards actual or potential owner occupants, and in fact participants’ rhetoric suggested a tendency to

devalue renters as a group. Using a logic that nobody applies to middle-class renters, a government official explained,

“One of the biggest problems in a lot of these neighbourhoods is the high incidence of rental property in relation to homeownership.... Renters are not bad people by nature because they don't own the property they don't have a vested interest in maintaining that property.” (Interview 7)

A community worker's comment shows renters not to be the main target of interventions:

“That is really hard for families that had renter mentality... They don't have the technical, banking, financial and even if they are told this jargon/babble, they are confused.” (Interview 18)

The comment of another suggests a deeper underlying bias: “The homeowners are bringing their employment income to the neighbourhood and spending it in the neighbourhood.” (Interview 16)

Of course, other things being equal, tenants have income and expenditure patterns equivalent to those of owner occupants. Here we wish to stress that the owner occupation strategies recently adopted seemed to exacerbate social cleavages rather than to overcome them, thus limiting social capital enhancement in the neighbourhoods.

What can be concluded from all this is that although on the surface CED and housing seem to be obvious solutions to neighbourhood revitalization there are some real challenges. Therefore it is essential to carefully consider all strategies and their possible outcomes, both positive and negative, to mitigate the exacerbation of social cleavages in neighbourhoods.

To give progressive shape to the emerging social housing period, we have five main recommendations:

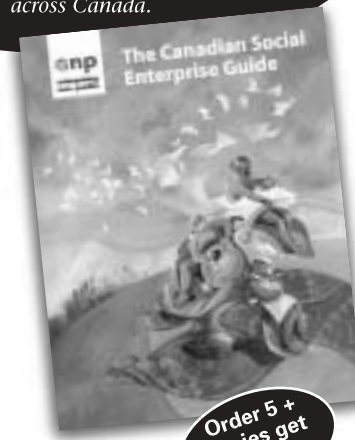
- Enhance training in CED for government officials and community workers in social housing. Greater awareness of CED is a precondition for more coherent adoption.
- Strengthen social inclusion through provision for tenures in addition to owner occupation. Co-operative, nonprofit, condominium, and other tenure categories should also be supported.
- Where owner occupation strategies are utilized, implement them in ways that do not appear to privilege and value owners over people in other tenures.
- Build social cohesion through means other than owner occupation. Social infrastructure in the form of community facilities where people can form and enhance bonds directly, rather than through the housing market, is essential.
- Social policy at all levels should become tenure neutral.



IAN SKELTON is a Professor in the University of Manitoba's Department of City Planning, and specializes in processes of low-cost housing provision and community development. Contact him at 204-474-6417 or [iskelton@umanitoba.ca](mailto:iskelton@umanitoba.ca). CHERYL SELIG is a graduate of the Department of City Planning, University of Manitoba and a Canadian Institute of Planners World Link Intern.

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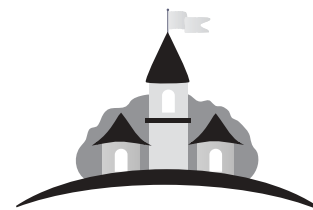
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