

November 24, 2009

In response to Peter Shawn Taylor's editorial of November 23, 2009 in the *National Post*.

"Thanks to the Post for raising the issue of core housing need ("Much ado about Canada's housing 'crisis'", November 23), and my organization's recent report on the subject. Your article is misleading in a number of ways however — the author would even have us believe that core need is related to people's spending habits in casinos. Allow me to offer a few clarifications.

"First, it is not the decision of 'advocates' to use before-tax income-to-shelter-cost ratios in calculating core housing need; it is the Canadian government's definition and it can be found on the Canada Mortgage and Housing Corporation website. We use it because it underlies the only comprehensive data set available for housing need analysis. We agree with the Post that overwhelmingly, housing need is related to affordability, but it is not the only cause. You have only to take a look at on-reserve aboriginal housing to know that overcrowding and disrepair are significant factors, and that, presumably, is why CMHC includes them in the definition of core need.

"Second, we do not 'demand' \$4.66 billion for housing — that is the countable affordability gap, not a demand for money. Our policy position on the issue is straightforward. We believe that the federal government should maintain its future annual housing spend at present levels. Ottawa should require greater accountability from the provinces and territories for the housing money it transfers to them: housing spending should be measurably tied to targeted reduction in housing need over time. We also recognize that there are other contributors to reducing housing need besides government spending. A strong economy and well conceived tax policies are two examples.

"Third, core housing need is not about choices. A family that chooses to buy more housing than it can afford by CMHC standards is excluded from the core need count if it could find suitable housing for 30% of income or less. Core need is about families that have no choice but to live where they do and pay what they pay. And it has nothing to do with how households spend their money, recklessly or otherwise, because core need measurement is based on gross income, not on how it is spent.

"And fourth, the argument that transfers and housing vouchers do not involve market interference doesn't stand up to scrutiny. There is a declining stock of rental housing in some parts of the country and the market is not rushing to fill the gap. Housing vouchers increase demand in the rental market without adding to supply. We all know what happens when demand for a product grows relative to supply: the price goes up, and it is thus that demand side solutions for housing affordability most definitely interfere in the market. The resulting inflation effect can only be counterbalanced by strategies for increasing the supply of affordable housing.

"Contrary to Peter Shawn Taylor's assertion, core housing need data tell us plenty indeed about Canada's housing situation. Whether or not you define it as a crisis, more than one in ten households can't afford suitable housing. What we do about that may be up for debate, but the facts aren't."

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