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Consultation on the Public Housing Program

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CONSULTATION ON THE PUBLIC HOUSING PROGRAM

FALL 1990

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1.
INTRODUCTION

The federal government wants to consult with all parties and individuals who have a special interest in public housing and its future challenges. The purpose is to arrive at a consensus on how to best manage this important asset that serves over 200 000 households in need across Canada.

Public housing represents an asset to society that has taken 4 decades to build. Its unique value lies in the fact that it would be very expensive to replace the public housing stock at today's land and construction prices. With public housing having been built at yesterday's prices, it now provides a very economical way for government to supply shelter assistance to low-income households.

The federal government periodically reviews all its programs. The 2 public housing programs,[1] which are cost-shared with other governments, have just been evaluated. This paper initiates the second phase of the review, a public consultation on policy issues. The paper has been prepared by Canada Mortgage and Housing Corporation (CMHC), the housing agency of the federal government, as the starting point of the consultation.

The *Public Housing Evaluation* report, a synopsis of which is attached, provides additional material on the physical, social and managerial status of public housing projects. It is a fair and objective base on which to frame responses to this paper.

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[1] In this paper, the term *public housing* refers to the following 2 programs:

a) Federal/Provincial (or Territorial) Partnership Public Housing that is owned and subsidized on a 75/25 federal/provincial (or territorial) basis. Federal funds are authorized under Section 79 (formerly Section 40) of the National Housing Act (NHA).

b) Regular and Provincially (Territorially) Financed Public Housing that is owned by the province or territory and subsidized (including mortgage payments) on a 50/50 basis. Federal funds are authorized under Sections 80 and 81 (formerly Sections 43 and 44) of the NHA.

Other housing is assisted in Canada under different sections of the NHA, much of it under Section 95 (formerly Section 56.1). This other housing is generally referred to by the broader term *social housing*. However, in Quebec, Section 95 housing delivered between 1978 and 1985 is administered by the Société d'Habitation du Québec as public housing.

Section 95 housing in all regions of Canada will be the subject of evaluation and consultation in the next few years.

Two keynotes have been identified for any policy response of the federal government to the challenges of public housing. First, because the federal government is operating in a period of fiscal restraint, the level of federal housing subsidies cannot be expected to increase. Second, as a valuable social asset that serves many low-income households in need, public housing should be preserved as much as possible.

2.
THE CONSULTATION PROCESS

The consultation process begins with the release of this paper. It has been sent to a wide variety of organizations and individuals who have an interest in public housing. Those who wish to respond are asked to write directly to CMHC by 1 March 1991. In addition to receiving written responses, the views of public housing residents and community associations will be surveyed across the country.

This paper presents a number of issues that have emerged from the public housing environment, as well as the major issues highlighted in the evaluation report. The issues discussed here are not meant to restrict debate, but only to focus it. CMHC would be pleased to hear concerns of other parties.

Provincial and territorial governments play a special role in public housing. They are partners with the federal government; they share the costs and are responsible for the day-to-day operations. Provincial governments also are responsible for other services commonly used by public housing residents. Provincial housing agencies will consolidate the views of other provincial government departments.

After the responses have been studied, a summary report will be sent to all agencies, organizations and individuals who contributed directly. It will also be available on request.

Recommendations, based on the responses and meetings with key players, will be made to the Minister of State (Housing), and this will be followed by a submission to Cabinet.

3.
BACKGROUND

A brief overview of public housing is presented here. The *Public Housing Evaluation* report or its synopsis should be read as well. The full evaluation report is available from the mailing address given in the synopsis, which accompanies this paper.

The public housing programs of the federal and provincial/territorial governments were the first major effort to provide housing for social purposes. Public housing forms the longest running social housing initiative in Canada, both in terms of the 35 years during which the programs were actively delivered and also in terms of the 40 years of continuous assistance to households in need. The concerted and consistent efforts of the provincial, territorial and federal governments have resulted in a social asset that benefits the people who live in public housing.

The direct social benefits of public housing include a decent place to live at a rent geared to the income of the tenant. Less direct benefits include security of tenure, a housing staff who have acquired an expertise in dealing with the special needs of low-income residents and close access to needed community services.

During the planning stages of the projects, special efforts were made to ensure that public housing projects were built in areas close to such facilities as schools and shopping centres as well as community services, such as social services, health care and leisure opportunities.

In some instances, space for some community services was built into the projects to ensure its presence. The services delivered are funded by community programs, not by housing subsidies. A majority of residents have on-site access to key services, such as health care, social support and parks or play areas.

Rents for public housing are not based on operating costs. Instead, they are based on the actual income(s) of the resident households. As a result, the total rent revenue is substantially less than the costs of operation. Governments provide subsidies to cover the difference.

Figure 1. Public housing receipts —
Millions of dollars, by source

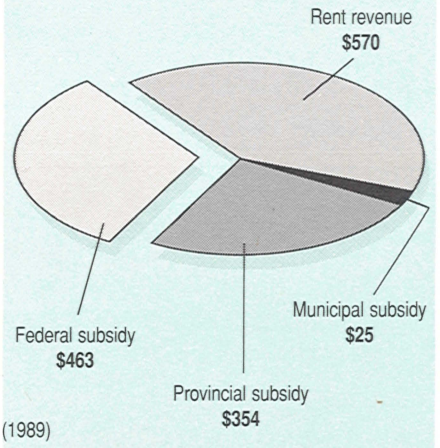


Figure 2. Public housing units —
By client type and year built

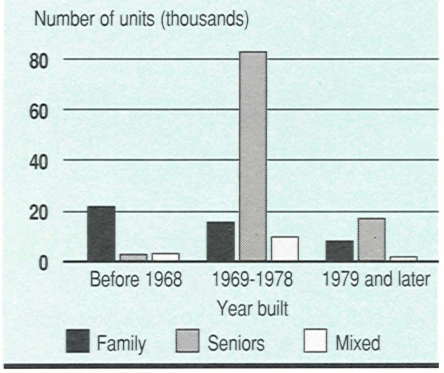
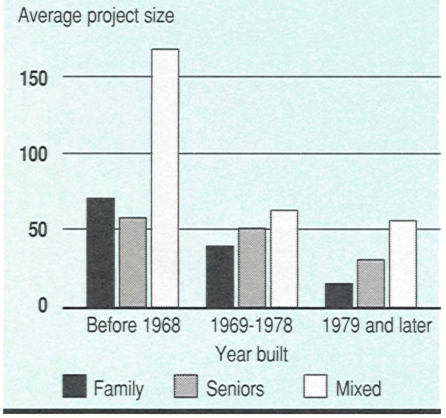


Figure 3. Average project size —
By client group and age of project



The total operating budget of the public housing portfolio in 1989 was over $1.4 billion (see Figure 1). Revenues from rents amounted to $570 million; an operating loss of $842 million was cost-shared between federal, provincial/territorial and some municipal governments. Percentages vary among provinces/territories, but nationally, the federal government subsidized 55 percent of the loss, the provinces/territories 42 percent and municipalities the remaining 3 percent.

Provinces/territories have always been responsible for the day-to-day management and administration of the public housing stock. In general, there is a greater degree of provincial/territorial financial and administrative involvement in public housing programs than any other joint housing program.

The origin and evolution of public housing

The fundamental purpose of public housing when it was first introduced in 1949 was to provide decent, affordable housing for low-income individuals and families. Moreover, public housing was a means by which joint contributions from both federal and provincial/territorial levels of governments could be made to housing assistance.

The public housing portfolio

The extended period over which the public housing projects were built has seen many social and demographic changes. Public housing was not immune to these changes and, as a result, the portfolio has become highly diversified. Before 1970, the emphasis was on family housing (see Figure 2). After 1970, the emphasis swung from family housing to seniors' housing. The highest rate of construction in public housing occurred during the 1970s.

In the early years of the program, many large family-oriented projects were developed in areas created by the clearance of slums and renewal of inner city areas (see Figure 3). In later years, the social advantages of building smaller projects were recognized.

The clients

Public housing was first designed as a temporary source of assistance for working, low-income families. In the 1950s, there was little social assistance or other income support programs, which are found today. Incomes in the 1950s were overwhelmingly derived from employment. Then, an affordable rent was expected to allow a family to get on its feet and become independent.

Today's clientele are different. The increased emphasis on seniors' housing, the introduction of income support programs and demographic changes have led to a wider variety of low-income households in public housing. Today, the proportion of large families whose income comes mainly from employment represents only 18 percent of all households living in public housing.

Over the same period, dramatic changes in household size have occurred. In Canada, the average household size in 1961 was 4.0, and this has declined to 2.8 in 1986. In 1988, the average household size in public housing was 2.1 persons. Proportionally more children and seniors live in public housing than are found in the general population. In fact, a quarter of the people living in public housing are under 15 years old and a quarter are over 65 (see Figure 4). The stock of housing is just about half for families and half for seniors. Single parent families represent nearly 2 1/2 times the national average. In seniors' projects, people are older than the national average for senior citizens; 44 percent of clients are 75 years of age or more. Almost a quarter of seniors' households have a disabled or infirm member.

These smaller households today make up a large portion of the public housing population (see Figure 5).

Household income in public housing is low in comparison with national averages. The average household income in public housing was $10 632 in 1988, compared to $26 892 for all renters in Canada (see Figure 6).

As a result of such low incomes, tenants in public housing can no longer be expected to move to the private sector to any great degree. In fact, the figures show that the old concept of public housing as short-term accommodation does not hold true today; over 30 percent of client households have lived in public housing for more than 10 years, over 60 percent for more than 5 years and only 3 percent have intentions of moving within the next year. In comparison, 36 percent of households in the private rental sector plan to move within a year.

Figure 4. Age distribution — Resident population and Canada

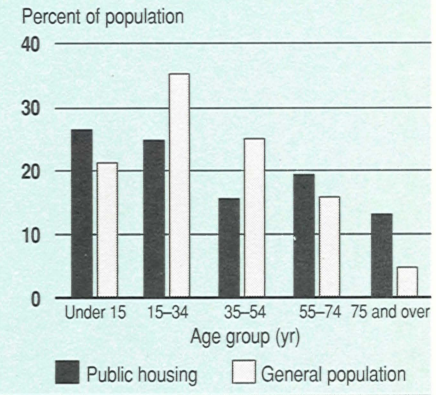


Figure 5. Household composition — By type of project

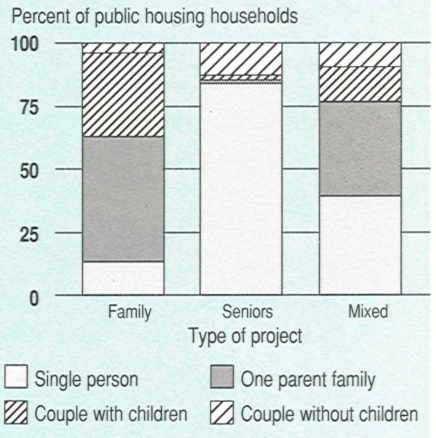
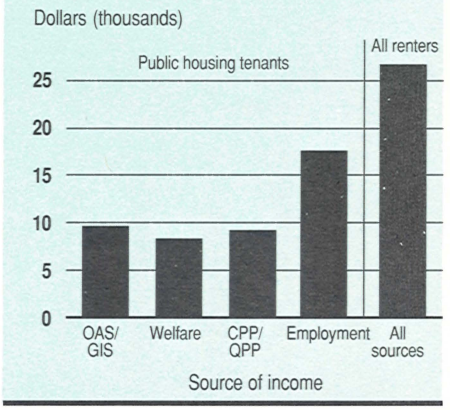


Figure 6. Average household income — By major source for public housing tenants and for all renter households



4.
THE CONSULTATION QUESTIONS

Five main challenges to the future of public housing have emerged from the evaluation of the programs and from an analysis of the public housing environment. Each challenge is complicated and has many concerns surrounding it. These are explained below, along with arguments for various possible solutions and options. Questions are then asked in order to focus the responses of the consultation.

The challenges are:

- **Regeneration of projects with physical problems.**

How can these projects best be brought up to modern standards, their sites be used to the best advantage, repair decisions be optimized, essential amenities be provided and the objectives of the federal/provincial partners be maintained?

- **Maintaining projects in good repair.**

What are the best means of dealing with outstanding repairs, while ensuring that necessary repairs are done promptly and efficiently?

- **Enhancing the social qualities of life in public housing.**

What are the social opportunities for improving the quality of community life inside projects, the best ways to gain acceptance of public housing in the local neighborhood and the possibilities of reinforcing the residents' sense of being valued members of society?

- **Improving security in public housing.**

How can the sense of security be improved? What should be done about crime and drugs in public housing?

- **Ensuring the best use of public housing dollars.**

How can public housing tenants continue to be best served and their housing kept up to standard, given the multiple needs of tenants, the physical nature of the stock itself and the current environment of fiscal restraint?

5.
THE CHALLENGES FOR PUBLIC HOUSING

The remainder of this paper sets out the challenges for public housing and outlines the issues involved in dealing with them. The list of issues is not exhaustive. Therefore, responses should not be restricted to them.

CMHC wishes to focus attention on the major points under 3 main headings: the physical, social and administrative environments. These headings are used for the sake of convenience. In real life the issues cannot be so neatly divided. As often as not, they are strongly linked.

5.1 THE PHYSICAL ENVIRONMENT

The major challenges in regard to the physical environment of public housing are finding a strategy for the ongoing conservation and maintenance of the public housing stock so that the stock can continue to fulfil its purpose.

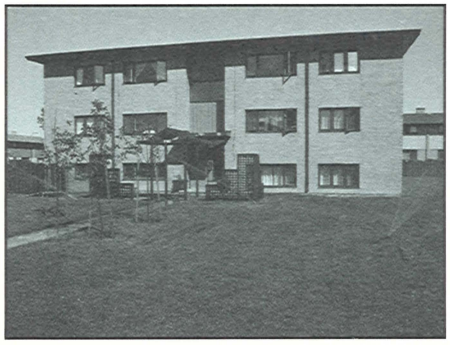
Meeting the challenge posed by an aging housing stock has implications for residents and governments alike; as a result the *Public Housing Evaluation* report included a comprehensive look at physical condition. Overall, the results are encouraging; the vast majority of the stock (forming 96 percent of the projects) is in satisfactory condition. But, there are a couple of concerns.

First, a small percentage of projects (1.2 percent) carry a short-term risk of being lost to the portfolio. These projects require more than just substantial repairs; they need extra work to overcome the physical and also in some cases the social causes of the deterioration. The few projects that actually failed to meet minimum standards are mostly older family projects. The estimated cost of improving these projects is $130 million.

A larger percentage of projects (10.5 percent, which includes the 1.2 percent described above) may also need attention, even though they do meet property standards at the moment. The estimated cost of improving this larger number of projects is $290 million.

Second, the evaluation report also identified a backlog of needed repairs in the stock. That is, the total need for repair at the time of the survey was $209 million in excess of repair budgets for that year. This backlog will need to be addressed; it represents about 75 percent of the current annual maintenance and repair budget.

CHALLENGE NO. 1 — THE REGENERATION OF PROJECTS WITH PHYSICAL PROBLEMS



The physical regeneration issue is how to deal with physical problems that cannot be solved by maintenance and repair activities alone.

During the 1980s, a concern for aging public housing projects led the federal government, with the support of provincial/territorial governments to investigate the idea of public housing *regeneration*. Two pilot projects have helped to demonstrate the opportunities and difficulties of physical and social renewal. The evaluation further examined the potential for regeneration.

The evaluation confirms previous findings, that it is a mistake to believe that physical regeneration can solve all problems. Each regeneration project has a unique combination of challenges, and in a substantial proportion of cases, the root cause is social rather than physical deterioration. Physical works, such as redesign or redevelopment, can neither permanently nor thoroughly solve these projects' problems.

Physical regeneration can offer potential in 3 areas: first, it can optimize long-term cost-effectiveness by taking advantage of the opportunities presented by redevelopment; second, it can help reduce social problems through physical redesign; and third, it can offer a way of dealing with units that are difficult to rent.

Redevelopment — renovation or replacement of units

A few projects contain housing units that are in poor condition even though they have received a lot of attention in terms of maintenance and repairs.

In many cases, it makes little financial sense to preserve these deteriorated units by continually patching them up. The costing of alternatives may well show that, over the lifetime of the unit, it may be cheaper to completely renovate, or even demolish and rebuild.

Long-term cost-effectiveness is a major goal of regeneration work; it will lower the overall costs of the portfolio. However, longer term planning may increase costs in the short term.

Redevelopment — addition of units

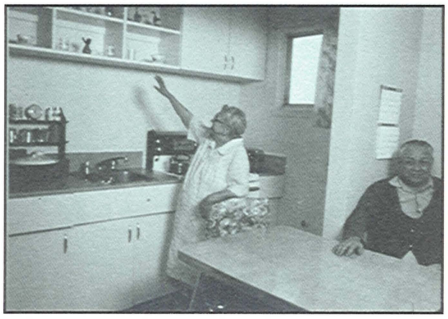
There is a potential in some projects for redevelopment, which would result in additional dwellings being built on the same site. Current land use zoning for some projects allows denser residential development or even alternate land uses. The *selling* of open parts of a project for infill development raises the possibility of regenerating older existing units, or even building new units at some other location at a reduced or even a zero net dollar cost. There may be some financial and social cost because of the disruption caused by temporary relocation of the existing community, the loss of open space and negative reaction by surrounding neighbors; but there are opportunities for improving the physical and social character of the project at the same time.

Extra units could come from the private sector because this would better integrate public housing with its surrounding community, and people with a wider mix of incomes would end up living in the same area.

Alternatively, additional homes could be new social housing units, such as non-profit projects. The new social housing would benefit by obtaining access to favored sites, which are generally in short supply. This approach would further concentrate low-income households into one area, something which is generally considered undesirable. However, because there is sufficient latitude in the eligibility criteria used with new social housing units, a fairly broad income mix could be maintained.

There might also be an opportunity for a mixed redevelopment by a partnership of private and public groups. Such mixed redevelopment might include private residential or commercial development as well as social housing.

Redesign — the physical treatment of social challenges



For projects that have fundamental social problems, physical improvements are often necessary to reduce antisocial aspects of project life and to give people a greater sense of pride in their homes. Such improvements could range from making space available for a community facility (for example, a community centre for a family highrise building) to improving security within the project (for example, installing better lighting or relandscaping to hinder access by non-residents). Physical improvements may result in such benefits as the creation of on-site employment opportunities and a stronger sense of community within the project.

Another example of physical redesign for social needs is ensuring that the physical housing standards of seniors' residences continues to meet the needs of older residents. The average age and therefore the frailty of senior clients is increasing.

Dealing with difficult-to-rent units

In general, the vacancy rate in public housing is not high. However, some units are more difficult to rent than others, but the reasons are not always the same:

- Changing expectations have made bachelor units relatively unpopular.
- Changing family size has made it difficult to fill 4- and 5- bedroom units.
- A number of units, especially in rural areas, remain vacant due to low demand by households in need.
- A small number of units remain vacant because of poor project conditions.

Some housing analysts are concerned that public housing in general may become more and more difficult to rent in relation to the modern unit and project designs of the most recent social housing programs. These observers feel that, if modernization is insufficient, public housing will become less and less acceptable to new residents. Ultimately, it would become a second-class form of social housing. Thus, they contend that the quality of all social housing should be reasonably comparable, and as new units are built to modern norms, older units should be updated simultaneously.

Fundamental questions are raised by this issue. One, what is a reasonable expectation for the quality of social housing accommodation? Some housing analysts say that the quality of social housing should correspond to the quality of private sector housing rented by people with incomes at the threshold of eligibility. In general, the quality of social housing should not exceed this level because it would be inequitable to those households who just fall short of being eligible.

Physical options have potential for dealing with difficult-to-rent units. They are often expensive, and in some cases it makes more sense to seek other options.

For example, bachelor units in seniors projects are unpopular because of a preference for separate bedrooms. However, conversion of dwellings from one size to another is expensive. Another option might be to strongly encourage clients to take the more difficult-to-rent units.

A different option might be to seek an alternate use. One possibility might be to rent to a different group of clients within those eligible for housing assistance. While this could lessen the vacancy rate without incurring a capital cost, existing residents may not wish to share their project with a different type of client. Seniors, for example, would likely have doubts about sharing their building with non-senior clients, even though there are examples of disabled people fitting in well in seniors' projects.

It may not always be possible to find alternative tenants who meet the eligibility criteria for housing assistance. What circumstances would be reasonable to rent to non-needy tenants?

A different question arises in cases where vacancies are simply due to no or low demand. When alternative uses cannot be found, the sale or demolition of the units should be considered in order to prevent a waste of future funds. If the unit is vacant and not expected to be rented, such disposal would not result in the loss of useful units.

An alternative for some buildings might be to physically move the unit to another locality where there is a demand for public housing. The costs involved here need careful examination. The physical relocation of a unit is expensive. But, if the new location was to be served with a new unit under one of the current social housing programs, the net cost might be less under the relocation scenario.

This first challenge raises the following questions:

- **What is the purpose and scope of the physical regeneration of public housing?**
- **Should project sites be used to their full modern zoning potential?**
- **How can physical regeneration be used to enhance the quality of life?**
- **Are physical changes required to improve the marketability of some units?**
- **Should units that are not required be sold or demolished?**
- **Should vacant units be rented to tenants not in need?**

CHALLENGE NO. 2 — MAINTAINING PROJECTS IN GOOD REPAIR

The public housing repair issue is how to keep on top of repairs by planning and budgeting adequately.

Although there is a backlog of repair work, the repair situation in Canada is not serious. Ninety-six percent of projects meet minimum standards. However, the condition of many Canadian projects is only marginally satisfactory, and even a small decline across the portfolio could cause a substantial number of projects to fail to meet standards.

The physical condition of housing deteriorates with age; thus, staying on top of repairs is important. However, the nature of needed repairs tends to change with age, so it is important to ensure that there are adequate systems in place for dealing with maintenance and repair needs.

Two factors are related to the repair backlog. First, maintenance and repair work may have been postponed in some projects due to inadequate budgeting. Second, the maintenance and repair need might have been underestimated and adequate work not scheduled, especially in projects with units that needed repairs the most. It is not possible to assess whether the backlog is growing, stable or shrinking because only a single survey of the condition of the total stock has been done.

Major repair and replacement expenditures per unit increased markedly in real terms during the 1980s. The increase may mean that the size of the repair backlog is shrinking rather than expanding, or it could simply be a response to an actual increase in the need for repair as a result of the aging housing stock.

Possibly, the marginal condition of some projects and the existence of a repair backlog show that the present systems for dealing with maintenance and repair could be improved, and that new procedures are needed to ensure the maintenance and repair budget of each project corresponds to actual need.

One improvement would be to increase the regular, objective monitoring and feedback of the physical condition of public housing. Such a monitoring system might increase confidence in spending allocations, safeguard against the risk of projects slipping below the minimum property standards and provide a basis for improving the efficiency of maintenance scheduling.

Perhaps, there is a need for a different approach to maintenance and repair budgeting; one that would not allow these types of expenditures to be regarded as deferrable, or one that would create a reserve so that funding would be guaranteed.

On the other hand, the current procedures may only require some fine-tuning and do not need a major overhaul. This argument would imply that such improvements as training project managers to evaluate the condition of buildings, together with a commitment from governments to ensure adequate quality through repair and maintenance, are needed to ensure accurate assessments of condition and proper budgeting.

This second challenge raises the following questions:

- **What improvements can be made to ensure that public housing is preserved in good condition?**
- **What enhancements could be made to maintenance and repair procedures of an older housing stock?**

5.2 THE SOCIAL ENVIRONMENT

Public housing is the long-term home of many senior and family households. These projects will be the only home for many children and youths as they grow to adulthood. With this in mind, the social well-being of projects and their place in the general community take on special significance.

CHALLENGE NO. 3 — SOCIAL REGENERATION

Public housing projects that need physical redesign and redevelopment often have social problems that are as demanding as the physical ones. Social conditions are worst in older, larger family and mixed projects that were built at the beginning of the public housing programs. Conventional wisdom holds that large housing projects have difficulty forming socially viable communities because the concentration of households with multiple disadvantages is too large.

Often, the most visible sign of decline in a housing project's social environment is its subsequent physical deterioration. In some cases, project managers treat social problems by tending to the physical symptoms because they, as managers, lack the tools for treating the social problems directly. Possible tools for improving the ability to manage the social environment include altering the mix of tenants and increasing tenant participation in the public housing environment. These are discussed below.

Altering the tenant mix

Several rules of public housing attract tenants with narrow ranges of incomes. These rules include the tenant selection criteria, that is, the point rating systems.

With some provincial/territorial variations, under the current policy, an applicant household is scored according to its depth of need. Households with low incomes and bad housing conditions receive a substantial number of points. Households with the greatest number of points are selected for a dwelling.

It has been suggested that the working poor are being displaced from public housing by other clients who are already receiving assistance from the government, albeit at a modest level, because the point rating system is too rigid. It has been further suggested that the system should be modified to overcome inherent bias.

Proponents of income mixing claim that broadening the tenant mix in projects that are experiencing severe social disruption could well be a more effective solution to social problems than any amount of physical redesign or repair. With more families at higher incomes but still in need, and a greater proportion of employed households, social norms are reinforced within the project, and social stability is increased.

Critics maintain that an income mixing policy would cause some housing assistance to go to those who do not need it the most. Given the large number of needy households and the limited number of available-assisted housing units, it is more important to maintain the current policy of helping the most needy first.

The income mix could be broadened by applying the current definition of housing need that is used with newer housing programs. This definition is broad enough to include a wider range of incomes than is actually found in public housing. By using the current definition, all households that meet the social housing eligibility criteria would also be eligible for public housing.

Enhanced roles for residents

Public housing, especially in a large project, has been criticized on the grounds that it leads to physical and social isolation from the rest of society and reinforces a sense of dependence on government.

The need to improve positive community attitudes about the public housing environment was recognized in Canada from the early days of the program. Provisions were made for financial support of tenant associations, and the original mandate charged project management with fostering integration of the residents with the surrounding community. A number of provinces/territories have evolved policies that promote tenant involvement in their projects.

Greater participation of public housing residents in project management may be a solution to social distress. Through greater participation, proponents argue that the residents' satisfaction with their quality of life could improve because of a number of positive side effects, such as increased self-respect, heightened feelings of worth and greater self-determination. Active participation of residents in their housing leads to greater active participation in society and the development of life skills to promote their position in society.

Governments could probably benefit through cost savings. The more residents contribute to the operation of a project, the more cost-effective the operation; vandalism is often reduced, thereby resulting in attendant savings.

Some tenant involvement with various aspects of project operations already exists. It mainly involves such activities as social and recreational events and maintenance of the grounds. In some provinces/territories, tenants are represented in housing authorities via the board of directors. Despite this, when surveyed, tenants reported little participation with office functions at the project level. Overall, about a third of tenants wish greater involvement, and project managers generally support the idea of tenant organizations giving advice on project operations.

Three possible levels of increased resident involvement in the operation of public housing projects are described below.

a. Formalized resident participation

At this level of involvement, tenants have a say in, and may have some limited responsibilities in the operations of their projects. Tenants are represented by an association that is a properly constituted body with elected officers and general meetings.

In one model, a tenant association takes on actual responsibilities for carrying out various project activities, as agreed or contracted with the project management, who then provides the budget to the association for the work.

In another model, tenants have a direct input into the policy decision-making level for their project, for example, they occupy seats on the board of directors for the housing authority. Advocates of these forms of participation maintain they provide the level of involvement that is wanted by the vast majority of tenants. Greater responsibilities would represent an extra burden for households, who already have enough difficulties in life.

Critics claim that this form of participation is, in reality, superficial because the ability to make major decisions about the project is still not in the hands of the residents. They say that such schemes do not really empower the residents or guarantee any influence on project life.

b. Management by residents

In Canada, public housing residents have had little experience in full management. In the United States, several large projects have experimented with residents' management; proponents say that residents, as managers, do a better job because they are closer to the problems and are more accountable to other residents. Also, rent collection, and maintenance and repair costs all improve. However, only a handful of successful examples illustrate their case.

Skeptics say that there were also failures in the residents' management experiment. There is an absence of any ground swell for residents' management among tenants in the U.S. They concede that residents' management of public housing may be appropriate if the proper ingredients are present, that is, if they involve a dynamic and highly motivated tenant as leader of a deteriorated and mismanaged project. They also stress that residents' management does not necessarily save money overall because of the need for technical support and capital improvements in physically deteriorated projects.

c. Resident ownership

Perhaps the ultimate level of resident involvement in public housing is ownership. In Britain, about 1 million publicly owned dwellings have been sold to tenants. Only the wealthier tenants were able to buy, even though substantial price discounts were offered.

In Britain, the public stock and therefore the range of household incomes are far more extensive than in Canada. The private rental sector in Britain is small, and public housing performs most of the functions that the private sector performs in Canada. Public housing forms just over 2 percent of the housing stock in Canada (other types of social housing account for 5 percent) and about 30 percent in Britain. The loss to the publicly owned stock through sales has less impact in Britain than it would have in Canada.

In the U.S., the income range of public housing tenants is closer to Canada's. Initiatives have been recently introduced to promote residents' management of public housing and resident co-operative ownership as interim steps to individual ownership.

Proponents of ownership, whether units are owned by individual tenants or co-operatively, argue that this tenure carries a feeling of having a stake in society. Ownership of a home is an ideal of most Canadians, but one which low-income households would normally not be able to achieve.

Critics argue that, because most resident households of public housing earn an average of about $10 600 per year, they cannot own without continuing government assistance; the stake in society is not real. Moreover, if housing units are removed from the public portfolio — an asset that was built over a long period of time with substantial investment of public funds — the future ability of the government to meet housing needs is reduced. Empowering residents to own must therefore be accompanied by a scheme to offset the loss of units.

The third challenge poses the following questions:

- **What changes could be introduced to public housing that would make residents feel more integrated with society and more in control of their own lives?**
- **Should a greater mix of tenant incomes be encouraged within the group of households who are in core housing need?**
- **What further initiatives should be implemented to encourage tenant participation in the management of housing?**

CHALLENGE NO. 4 — SECURITY

Residents of family projects report a high degree of concern about crime in their projects. This challenge explores the incidence of crime in public housing, crime prevention and drug-related problems.

Crime and public housing

The explicit objectives of housing assistance are to provide a safe environment and affordable, decent housing.

For the seniors' portion of the public housing portfolio, a survey of tenants found that public housing offers a considerable improvement in security as compared to previous accommodation. Only 6 percent thought there was more crime and vandalism in public housing. Forty-six percent thought public housing had less problems, while 48 percent thought there was no difference. In family projects, however, 36 percent thought crime and vandalism were worse, 22 percent thought they were better and 43 percent thought they were the same.

Overall, 57 percent of family project residents say that crime is a major problem in their project, and 42 percent were dissatisfied with security in their project. Vandalism and petty theft were the most common crimes, but drugs were of greater concern to residents, especially in major population centres. While the concern of public housing residents over crime cannot be ignored, it can also be argued that the concern is not unique to public housing but simply reflects a general problem in society. This view is supported by a survey that shows similar responses from the general public. The responses of public housing senior residents indicated a much lower perception of crime as a problem as compared to senior citizens in the general population.

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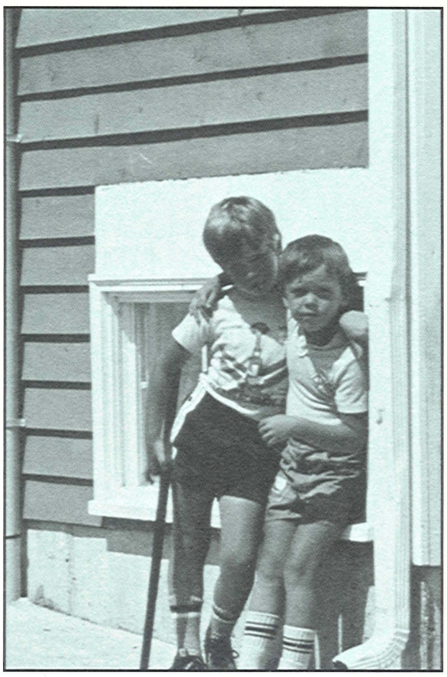

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Whether or not crime is unusually prevalent in public housing, it still remains the major concern of public housing residents. Some say that in order to allay concerns, extraordinary measures should be taken to reduce crime in the vicinity of public housing.

Some argue that housing agencies should have more specific policies on crime. They indicate that studies have linked a greater-than-average risk of delinquency with children from neighborhoods with similar characteristics to public housing. These characteristics include: many low-income households, a high proportion of single parent families and a concentration of youth.

But others argue that public housing already does enough to prevent crime through regular social benefits. It helps relieve residents of many economic stresses by providing good accommodation at low rents and security of tenure. Moreover, public housing projects are situated close to other community services in an attempt to further relieve household stress. Frequently, counselling or referral is also available from provincial/territorial housing agencies.

Preventing and dealing with crime are the mainstream activities for other departments — not housing agencies. The question of when or whether housing agencies should have a special response to crime is difficult.

Crime prevention

Critics of the physical design of public housing have observed that security could be improved by reducing the opportunities to commit crime in the first place, for example, by increasing security patrols and improving visibility and lighting. This approach is effective because it eliminates opportunities that tempt the occasional offender who commits isolated crimes. Overall, however, many criminologists think that the approach has limited scope because most of those who would be deterred by such measures are already deterred.

A greater potential for preventing crime may be to treat the causes of crime. By focusing on the social development of children and youth, who are at risk of behaving delinquently, fewer young people would end up in that small, criminal segment of society, which is responsible for the majority of criminal activity.

Drugs — a particular concern

Within the various categories of crime, drug-related crime was more frequently viewed as a major problem by public housing residents, whereas other crimes were mostly viewed as a minor problem.

Because of the number of young people in public housing, the speed with which drug-related criminal activity can spread and the appalling effects of drug addiction, many believe that housing agencies should attempt to keep public housing free of drugs. This might involve drastic measures. A policy of zero tolerance for drugs might entail evictions for tenants and related persons convicted of a drug offence, for tenants charged with an offence or for tenants of a unit where an offence occurred. Furthermore, prospective tenants might be screened and a previous drug conviction could be grounds for exclusion from any public housing project.

Law-abiding tenants have a right to the *quiet enjoyment* of their dwelling, and eviction of delinquent tenants may be the only way to guarantee it. Also, it is unfair that a law-abiding household should be kept on the waiting list while a household that engages in antisocial, even illegal, activities continues to receive housing assistance.

However, harsh decisions, such as eviction, affect other, possibly innocent, household members, and they should not suffer for the activities of others. Also, from a broader point of view, drug use is not eliminated by an eviction, only displaced elsewhere. While zero tolerance may solve the problem for public housing, it does not solve the problem for society. There may also be conflict with constitutional, provincial and other legal rights.

Drug abusers need help, and housing agencies are in a good position to co-ordinate and focus existing antidrug programs where they are needed. In this way, housing agencies can discharge a duty to society rather than passing it on to others.

The fourth challenge poses the following questions:

- **In the context of the general concerns of society about crime, should there be a special response by public housing agencies?**
- **If the answer to this is yes, then what would be the best way to help residents feel secure in their homes and community?**
- **Is a special strategy required to deal with drugs, and if so, what should it be?**

5.3 THE ADMINISTRATIVE ENVIRONMENT

Other questions exist that fall primarily, but not exclusively, into the domain of the administration of the housing portfolio and its co-ordination with non-housing services.

These issues involve making better economic decisions about public housing, reviewing rent levels and housing services, and the relationship of public housing to community services.

CHALLENGE NO. 5 — ENSURING THE BEST USE OF PUBLIC HOUSING DOLLARS

Due to the aging housing stock, operating costs are likely to increase in future years in an effort to keep the portfolio in good condition. At the same time, the federal government must exercise restraint because of its financial situation.

The federal government believes, therefore, that every opportunity to make operations more efficient and cost-effective should be explored so that the full potential of the public housing portfolio can be achieved for Canadians in need.

In previous sections of this paper, some possible courses of action that might have a positive effect on overall cost efficiency were mentioned. These include longer term savings through regeneration of projects with major physical problems, savings through dealing effectively with under-utilized units, better use of existing resources through intensification of project lands and reductions in operating costs through increased involvement of residents in management.

Making optimum economic decisions

In certain projects, there continues to be a problem with physical deterioration, in spite of the fact that these projects have a long history of repairs. In other projects, the potential for more housing through redevelopment lies unused.

Perhaps these situations result from a lack of flexibility in dealing with the maintenance, repair and replacement of an aging housing stock. The current ideas about preservation date back to when the stock was younger. These ideas are too short in time frame and too narrow in scope.

Longer time frames for planning and budgeting may improve decisions on the repair and replacement of older projects, which are approaching a critical age. For example, repair work could be scaled down on units scheduled for regeneration if funding could be assured through a budgeting process. Without assurance, cutting back on repairs could be risky.

A broader scope for planning and budgeting may permit fresh alternatives to the existing procedure of making and expensing repairs on an as needed basis.

For example, opportunities for cost-effective regeneration of public housing may occur as a result of the sale of surplus lands. Conventional public accounting practice, however, treats revenue items separately from cost items. This means that justified expenditures are gross expenditures, not net. Possibly, then, separating revenues from costs is a disincentive to redevelopment.

On a broader scale still, the balancing of costs and revenues for regeneration of public housing can be applied not just at the project level but also at the portfolio level. Of the projects that may benefit from regeneration, some may have revenue potential and others may not. Should revenues and costs be pooled over the portfolio, or should the accounting be restricted to the individual project?

The question arises:

- **How can the public housing stock be managed in the optimum fashion?**

Levels of rent and services provided

While the federal government has its own rent scale (up to 25 percent of income) for the purposes of subsidy-share calculation, the rents actually paid by public housing tenants are often set according to provincial/territorial rent scales. The provincial/territorial scales can deviate from the federal scale in ways that are spelled out in the operating agreements. There are differences among provinces/territories as well as between federal and provincial/territorial housing agencies in many areas.

First, different provinces/territories make various deductions from actual income to arrive at an adjusted income for the purposes of rent calculation. For example, there may be partial exemptions for earned income or child care expenses. Second, provinces/territories charge rent at different percentages (either 25 or 30 percent) of the *adjusted* income.

Third, utility costs vary from province to province. Normally, rents in public housing are for *fully serviced* accommodation that includes the major utilities of heating, water and hot water, a stove and refrigerator. However, in some instances, provinces/territories give an allowance against rent for tenants who pay utility bills, or levy a surcharge if other services are provided. The procedures are not consistent from one province/territory to another.

Adequate service is best ensured when such assistance is supplied on a community basis and not tied to residency in a particular dwelling or project. Housing agencies are, however, responsible for ensuring that suitable services are accessible to public housing residents.

The seniors' portfolio and the further aging-in-place of senior residents are issues of concern for the future. Nearly two-thirds of senior residents have lived in public housing for 5 years or more. About 80 percent are over 65 years of age and about 40 percent are over 75. The average age of seniors is expected to increase, and they will become more frail. Substantial demands for increased services for the frail elderly can therefore be expected.

The questions raised by this concern are as follows:

- **Are community services in harmony with public housing?**
- **How can adequate service from the responsible agencies be ensured in the future?**

6.

THE NATURE OF THE POLICY RESPONSE

The issues of public housing outlined in the previous section can be grouped into 2 sets: those that need a response applying to all projects and those that need a response applying to a limited number of projects.

Some challenges are program-wide.

The results of the evaluation suggested that public housing programs are successful in providing housing assistance to low-income households. Moreover, the programs' operations are closely in tune with the policy directions that resulted from the 1985 housing consultation.

The federal government concludes, then, that the major features of the public housing program should be maintained. However, a few areas of the program could be improved. These areas include:

- handling maintenance and repair needs;
- improving the cost-effectiveness of public housing; and
- improving the social qualities of life within projects.

While housing agencies deal with the physical problems of deterioration, the social problems are seen in a wider context. The disadvantages that characterize many residents of public housing are not unique to them but are shared by others in society. The appropriate response of housing agencies to social problems should therefore take into account the general response society has made in helping the disadvantaged. The following question should be answered:

- Which socially oriented actions should be subsidized via housing budgets and which should be co-ordinated with housing but paid for with other programs' funds?

Some challenges are project specific.

Some concerns are localized or apply only to a small percentage of the stock. Although these concerns may not warrant a program-wide response, they do raise some general policy implications. These concerns include:

- regeneration of physically and socially deteriorated projects;
- modification of projects to meet changing needs;
- handling of underutilized projects; and
- concerns with security.

In particular the subset of the public housing portfolio that is made up of larger, older family housing might benefit from a special initiative.

7.
INVITATION

Parties who are interested in expressing their views on public housing are invited to do so, in writing.

Responses should be sent to:

Mr. E. A. Flichel
President
Canada Mortgage and Housing Corporation
682 Montreal Road
Ottawa, Ontario
K1A 0P7

Additional copies of this document are available from:

Canadian Housing Information Centre
Canada Mortgage and Housing Corporation
682 Montreal Road
Ottawa, Ontario
K1A 0P7
Tel. (613) 748-2367

Further copies of the *Public Housing Evaluation* booklet and copies of the summary report (67 pages) and/or the main report (322 pages) are available, free of charge, from:

Program Evaluation Division
Canada Mortgage and Housing Corporation
682 Montreal Road
Ottawa, Ontario
K1A 0P7

Ces documents sont aussi disponibles en français.