AFFORDABLE HOUSING AND LOW INCOME HOUSEHOLDS IN PRINCE GEORGE

by

Patrick Sampson

B.A., Trent University, 1994

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ABSTRACT

According to the *Prince George Official Community Plan*, the residents of Prince George require satisfactory shelter that is "affordable at all income levels." This thesis explores three distinct aspects of this declaration. First, it establishes the political circumstances behind this statement, tracing the fiduciary responsibility from the federal government to the Province, and subsequently down to the municipality. Second, it assesses housing affordability using four hypothetical households to demonstrate which size of low-income household experiences the greatest challenge in securing suitable accommodations. In this analysis, average rent for rental accommodation is compared to the housing budget for low income households. The analysis identifies small, low income households as those that experience the greatest challenge in securing affordable housing. The third objective is to survey key informants for their insight into the issue. Representatives from market and non-market housing, municipal and provincial governments are interviewed for their insight into affordable housing conditions in Prince George. The thesis concludes that Prince George affordable housing policy should be based on consideration of the size of the low income family group, and that this should be factored into policy.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>ii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>iv</td>
</tr>
<tr>
<td>List of Tables</td>
<td>vi</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>vii</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
</tbody>
</table>

**Chapter One**
A Changing Environment of Housing Needs  

- The Rising Price of Housing
- Approaches to Affordable Housing
- Setting the Research Agenda
- Methodology
- Key Concepts in Affordable Housing
- Sources of Affordable Housing

**Chapter Two**
The Political Context of Affordable Housing  

- Canadian Policy in International Perspective
- Federal Programs Define a National Housing Policy
- Responsibility for Affordable Housing is Passed to the Province
  - Bill 20 (1992)
  - PCOHO (1992)
  - Bill 57 (1993)
  - Bill 31 (1994)
- Affordable Housing Policy in Prince George

**Chapter Three**
Analysis of Housing Affordability for Low Income Households  

- in Prince George

  - Prince George in Context
  - Assessing Housing Affordability by Household Size
  - Conclusion
Chapter Four
Affordable Housing and Household Size in Prince George

Survey Results
Conclusion
Limitations of Thesis
Suggestions for Future Affordable Housing Studies

Chapter Five
Small, Low Income Households and The City of Prince George

Bibliography

Appendix A - CMHC Average Housing Rents in British Columbia
LIST OF TABLES

Table 1: Private Dwelling By Tenure in Prince George, Kamloops and Kelowna, 1991 58
Table 2: Proportion of Occupant Numbers per Private Dwelling in Prince George, Kamloops and Kelowna, 1991 59
Table 3: Population and Numbers of Private Dwellings in Prince George, Kamloops and Kelowna, 1991 59
Table 4: Incidence of Low Income by Household in Prince George, Kamloops, and Kelowna, 1991 60
Table 5: Annual Gross Income, Housing Budget, Average Rent and the Difference Between Housing Budget and Average Rent by Household Type in Prince George, October 1997 66
Table 6: Housing Budget, Average Rent and Difference between Budget and Rent in Prince George, 1990-1997 68
Table 7: Annual Gross Income, Housing Budget, Average Rent and the Difference Between Housing Budget and Average Rent by Household Type in Prince George, Kamloops and Kelowna, October 1997 70
LIST OF FIGURES

Figure 1:  Canadian Price Index for Shelter, Canada 1988-1996.  

Figure 2:  Persons Per Household, Canada - Recorded and 
Projected, 1961-2016 

Figure 3:  Population of Prince George, 1916-1996  

Figure 4:  Difference between Housing Budget and Average Rent 
by Household Type in Prince George, October 1997 

Figure 5:  Difference between Housing Budget and Average Rent 
by Household Type in Prince George, Kamloops and  
Kelowna, 1992
Success, especially in Northern communities, can result from either good luck, or good planning.¹

INTRODUCTION

John Sewell, author on housing in Canada and former mayor of Toronto, once said, "Canada is not a country to be lived in without shelter."² Indeed, housing stands as one of the most important aspects in our society, for it plays a vital role in determining one's quality of life. Interestingly, it is also subject to countless points of view. For these and other reasons, housing finds itself well-entrenched in government policy.

Because residential housing in Canada is essentially a market commodity, it remains accessible only to those who can afford it. Politicians and government officials are continually reminding Canadians that they are among the best housed people in the world, and that the housing system developed over past decades has resulted in a diverse housing stock in which most people's needs are answered affordably. In spite of this, however, there are many Canadians who experience great difficulty in finding affordable housing appropriate to their needs. A number of articles published in the local newspaper suggest this may also be the case in Prince George. The Prince George Citizen has responded with articles in the past year including "For many like Joyce, finding housing that's affordable...is difficult."³ "Affordable Housing: A

³ Don Schaffer, "For many like Joyce, finding housing that's affordable...is difficult,"

problem that seems to be growing"\(^4\) and "Need 'Triple-A' [affordable, accessible and adequate] housing? Good luck!."\(^5\) While the question of housing affordability can affect any household, the focus here is limited to low income households.

The issue of housing affordability is not new. Many studies on this housing issue have been conducted, including important ones by Muth,\(^6\) Hickman,\(^7\) and L.B. Smith.\(^8\) These authors use complex formulas based on traditional economic conventions. More specifically, each has developed his own unique formula using an algorithmic approach to numerical modeling. Each is designed to gauge a specific market factor, such as aggregate supply or elasticity of demand. However, the practical utility of these formulae in community planning is subject to debate.

While respecting the importance of these approaches, this thesis adopts an interdisciplinary, community-based approach to address the issue in Prince George. It is felt that this case study approach is both practical and appropriate in terms of research purposes for affordable housing issues within this context.

The notion of policy assessment at the community level has gained increased attention over recent years. In "The Public Interest,"\(^9\) H.

Cisneros focuses on the benefits of community acceptance and long-term success that result from a "block-by-block, neighbourhood approach." R. Drnevich establishes that community involvement in the planning process is of utmost importance in 'Partnerships for Community Development and Housing.' A variety of development strategies are the focus of N. Calavita's work "Funding Sources of Social Housing at the Local Level" and C. Connelly's "A Survey and Assessment of Housing Trust Funds." The benefits of flexibility in operating at the local level are presented in "Can H/CD (Housing/Community Development) Agencies Survive in Deregulated Environment" while the drawbacks of diminishing resources are presented in "Can Community Development Re-Invent Itself?" by A. Vidal.

These authors demonstrate that a variety of organizational approaches have been considered in different contexts, yet the full importance of community in affordable housing development appears to be largely unexplored. According to E. Birch in "Stop the world...and look what planners can do!" there remain a mass of questions surrounding the role of community in affordable housing that lie "unresearched and ready for scholars to investigate and offer guidance to
practitioners and decision-makers alike."16 This thesis responds to Birch's call for research into the community and affordable housing inter-relationship.

The thesis begins its examination of housing issues by establishing the importance of affordable housing in Chapter One. Socio-economic and demographic trends are identified as contributing to the demand for affordable housing in Canada. A literature survey reveals different political philosophies in dealing with affordable housing issues. Various market and non-market sources of affordable housing are defined as they relate to this thesis. The methodology of the thesis is then explained in the general context of the case study approach as well as its application in this thesis. The final section of the chapter identifies key terms used in the study.

Chapter Two presents a review of housing policy that involves federal, provincial and municipal governments. Discussion begins on an international level by contrasting two distinct political ideologies; those of Sweden and the United States of America. The history of Canada's housing policy is then traced from the perspective of social housing. The historical review establishes the political reasons which led to the 1992 transfer of responsibility for subsidized housing from the federal government to the provinces. The provincial response continued the pattern of devolution by transferring responsibility for affordable housing to municipal governments. As a result, affordable housing in Prince George is a significant responsibility within the city's mandate and is entrenched in the Official Community Plan.

16 Ibid. 417.
In Chapter Three, a housing affordability assessment using four hypothetical low income households is adapted from a Social Planning and Research Council model to establish the extent to which low income household groups may or may not be able to afford suitable accommodations. Average rents and typical housing budgets from Prince George are contrasted on an annual basis beginning in 1990. The current experience in Kamloops and Kelowna is also compared to that of Prince George. The comparison suggests small, low income households are less able to afford housing than larger, low income households.

In Chapter Four, the findings taken from studies performed by the City of Prince George on the state of affordable housing are contrasted against the opinions and insight of key informants. Representatives in the fields of market housing, non-market housing and government are surveyed. Their viewpoints demonstrate the need for a change in policy based on the demographic, economic, social and historical conditions that predicate the current housing issues. Together, the diverse set of perspectives provides a community based approach to managing affordable housing in an environment characterized by change. A brief discussion of the limitations of this thesis and recommendations for improving this study for the future conclude the chapter.

Chapter Five provides an overview of the findings of this thesis and also raises a number of questions for future streams of inquiry relating to affordable housing in Prince George.
CHAPTER ONE:
A CHANGING ENVIRONMENT OF HOUSING NEEDS

Housing is one of the most important of human needs, a basic requirement for achieving a satisfactory quality of life. The issue of housing and its affordability across the socio-economic spectrum is becoming increasingly important as a consequence of the rising price of housing, the growing numbers of poor people and changes in the composition of the average Canadian household. This chapter establishes the changing relationship between the cost of housing and the household's ability to afford suitable housing. Different perspectives of housing affordability are considered as background to discussion. Key concepts are also presented to establish the framework for this thesis.

THE RISING PRICE OF HOUSING

National housing costs in the period following World War II to the present have increased dramatically. This period has seen a considerable rise in personal incomes, which would have made housing more affordable but for the fact that rising expectations as the size and quality of housing caused the proportion of the typical household budget spent on housing to remain constant.17 In *Housing in Postwar Canada*, Miron argues that as a society, we have raised our expectations for what constitutes adequate shelter.19 These improvements command a

18 Miron notes that housing consistently occupied 30-32% throughout the postwar period. Miron, 198.
19 Ibid. 178 - 191.
higher price. Higher and thus more expensive standards for design and manufacture have become entrenched in municipal zoning regulations and bylaws.

Since the completion of Miron's work, the cost of housing has continued to escalate. The Consumer Price Index (CPI) is an indicator of change in consumer prices experienced by Canadians. It compares, through time, the cost of a "fixed basket" or constant set of commodities. It is not a cost-of-living index, for which it is often mistaken. Figure 1 shows the price for shelter since 1988 rising from less than 110 on the CPI to just over 134. Although slowing its rate of increase in recent years, the price of housing in Canada continues to escalate.

Figure 1.

![Canadian Price Index (CPI) for Shelter](image)


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20 In CPI, goods are not interchangable. In a cost-of-living analysis, products may be interchanged. The transferability between commodities is not applied to housing, thus the CPI remains a measure of inflation rather than actual cost-of-living.
Not only do housing prices continue to rise, but British Columbia already also holds the dubious distinction of having some of the highest housing costs in the nation. National statistics demonstrate that renters' shelter costs in the province are second highest, slightly trailing those of Ontario.21

GROWING INCIDENCE OF LOW INCOME

Socio-economic trends associated with a global economy have brought great fortune to some while adversely affecting a far greater number of Canadian households. The new economic environment is characterized by corporate cutbacks and a job market in which the employee is sometimes an impediment to financial efficiency. Western nations, including Canada, are experiencing tensions as the capacity of the state to facilitate reasonably equitable economic opportunities and to provide needed social redistribution programs diminishes. These changes result from trans-national corporate agendas and the manacled political capacity of the nation state, suggesting that the globalized market has come to threaten rather than serve the social and ecological base on which it ultimately depends.22

These factors create an environment whereby transfer and concentration of wealth into fewer and fewer hands occurs, through a process of centralization, corporate expansion and cost-cutting efficiencies, thereby eliminating the need for many workers. The result is

a "jobless growth" form of economic expansion: the greatest number of jobs created are low-paying, service industry oriented, allowing wealth to flow to an elite class of shareholders, professionals and executives.23

The consequence of this form of socio-economic development is the concentration of wealth in the hands of rich, but also greater numbers of financially poor people. According to a recent study of income tax returns conducted by the accounting firm Ernst & Young, the number of Canadians with assets of $1 million or more (not including houses or cars) tripled to 220,000 from 1989 to 1996.24 At the same time, Nozick blames the inequities and imbalances in our current market system for leaving some 392,000 unattached individuals in 1995 with incomes that amounted to less than half of the poverty line.25 In short, a disturbing and ever increasing number of Canadians are facing the challenge of securing affordable housing with diminishing financial resources.

THE CHANGING HOUSEHOLD

Various trends are evident in the changing structure and composition of the family unit. One indicator of this change is a reduction in the number of people per household. Available data from the most recent inter-censal period (1986-1991) show that households across Canada increased by 11.4% while the population rose by only 7.9%. Statistics Canada confirms this as "a clear indication that Canadians are continuing to form smaller households."26 Moreover,

23 Ibid. 29.
26 Statistics Canada. Dwellings and Households. Ottawa: Supply and Services Canada,
these figures build on a trend that dates back over thirty years. In 1961, the national average was 3.9 persons per household. By 1991 this ratio had dropped to 2.7. Prince George has kept up with these changes, recording 2.8 people per household in 1991. Figure 2 illustrates, using CMHC data, that this trend is expected to continue to drop to 2.5-2.6 persons per household by the year 2016.

Figure 2.

![Persons Per Household, Canada](image)


These changes in household size come as a result of changes in family composition. Not many years ago, the vast majority of Canadian families consisted of two adults in a permanent union that produced three to five children. Today, small families, exceptional in the 1960s, are increasingly becoming the rule. The Vanier Institute of the Family in 1992. 1991 Census of Canada. Catalogue number 93-311.


Ottawa notes that the "nuclear" family, composed of two parents with one or more children, is giving way to new forms.\(^{29}\) The restructuring of the family unit has resulted in growing numbers of extended families, blended families through re-marriage, childless families, lone-parent families, cohabiting couples and common-law relationships that resemble the other forms, but without legalized marriage. While existing on a marginal basis in 1966, not warranting measure in that year's census, today common-law unions account for nearly one in every ten families.\(^{30}\) Also, the number of lone-parent families continues to outpace population increases by rising from 347,000 in 1961 to roughly 1,000,000 in 1991.\(^{31}\)

The implications of these changes are wide-ranging in both social and economic terms causing a profound impact on housing needs, particularly the growing demand for low-rent shelter in cities across Canada.\(^{32}\) At a time when housing prices continue to rise, growing numbers of individuals are enduring low incomes. Moreover, the trend towards households that are both smaller and poorer suggests that affordable housing conditions are not likely to improve on their own. As a result, it is important to explore options for improving development resources to ensure an adequate supply of affordable housing options to address social changes and the growing demand for low cost housing.


\(^{31}\) Ibid.

\(^{32}\) Mary Anne Burke in *Canadian families*. Ottawa: Vanier Institute of the Family, 1994. Vi.
APPRAOCHES TO AFFORDABLE HOUSING

The notion of housing a society is universal yet at the same time specific to time and place within any given social, political and economic context. Just as there are countless views on how the economy or political structures should best be managed, so too there are many perspectives on the issue of affordable housing. The North American political context is mixed, constantly balanced between private interests and state intervention. Since the difference of opinion on the subject varies to such a great extent, it is useful to develop a non-contentious analytical basis for understanding the body of literature that relates to the issue. One should note that such models remain descriptive rather than prescriptive, thus do not exhaust the possibility of analytical models for discussion.

For the purposes of this thesis, there are two distinct levels of approaching policy issues: policy is viewed either on a national or a community level. Within both these contexts there are a number of political processes at work. It is important to consider these various political theories used to explain policies on the national level, since they may also help in understanding the political environment in communities such as Prince George.

Policies tend to evolve as a result of either state-centred or society-centred influences. Policies by state authorities reflect a political environment referred to as "statism". In statism, policy reflects the preferences and ideology of state officials, enjoying considerable autonomy apart from social groups or classes. At the core of this philosophy is an economic form of liberalism in which societal influences are not unimportant, but clearly take a secondary role. John Freeman
summarizes the liberal perspective as emphasizing free markets that can prove to be "socially benign", thus requiring limited state intervention to "realize their potential for enhancing social welfare."\textsuperscript{33}

Within liberalism there are two main streams of thought: conservative economic liberalism and reformist ethical liberalism. The former relies on market forces to provide for society's needs and places the responsibility on the individual to access the market-driven opportunities.\textsuperscript{34} Early forms of Canadian liberalism were fundamentally democratic, operating in concert with an unregulated economy.\textsuperscript{35} Liberalism relies on public choice to apply the democratic rights of the rational, self-interested individual. These in turn are used both to select appropriate housing and to drive private-interest response to market demands. This theory is demonstrated in works including "Affordable Housing: A Non-Subsidized Answer."\textsuperscript{36}

Government programs designed to remedy social inequity and address the disadvantaged reflect the political philosophy of ethical liberalism. Economic liberals argue that in a purely democratic system, groups of sufficient size will have their needs met. However, there often remains a segment of the population that does not have its needs met by market forces. For instance, certain individuals -- for personal reasons -- may not be able to participate in the market economy, hence they


would not enjoy the financial resources to access market goods. Consequently, the basic needs of certain social groups, such as housing, are not answered by the marketplace.

The relative absence of social programs before World War II was due in a large part to the strength of economic liberalism in the public philosophy. According to Ronald Manzer, the distributive inequities of industrial capitalism created strong political and moral pressures to "find principles of policy-making that would alleviate its worst excesses."\(^{37}\) The subsequent adoption of social programs (and economic regulation) to respond to human needs reflects an ethical reformist strand of liberalism. From the mid-1960s to early-1990s, the federal government invested in social housing programs, a policy that has resulted in a restructuring of social programs characterized by establishing new partnerships among private, public and non-profit organizations. The new approach relies on new-found alliances to undertake development opportunities in a co-operative manner.

There is considerable literature on this aspect of affordable housing policy. R. Beck considers a specific example set by Oak Park Village affordable housing project in integrating private, public and non-profit community interests and investment.\(^{38}\) Similarly, M. Ramos in "10 Steps to Affordable Housing"\(^{39}\) examines the approach taken by private developer-local government partnerships. E. Seifel also reviews an

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incentive program in "Tax Credits Spur Low Income Housing" in which the government invests in private development for low- and medium-income housing. In this context, credits are awarded against future taxes for up to 50% of development costs. According to Randall and Hoffman, aggressive techniques such as this are required to build partnerships.41

When state centered policies fail to address human needs, pressure arises from the population. This pressure can lead to a second branch of political ideology: social centred, or "socialist" government policies. Within this political philosophy, pressure tends to emanate from either politico-economic classes (reflecting the needs of lower class workers) or through special social interest groups. The former strand of social centred political philosophy is termed neo-Marxist while the latter is labelled pluralism.

Neo-Marxist views of housing needs recognize the affordability challenge experienced by low and middle socio-economic classes and postulate that affordable housing opportunities are developed when common needs are articulated on a collective basis. Leo Panitch points out that this perspective separates social strata by personal wealth into rich, middle and poor classes. He argues that the elites enjoy political power at the cost of the middle and lower classes.42 Examples of this


perspective are evident in affordable housing literature including, for instance, "Out of Reach" by T. Kaufman who considers the growing affordability gap for blue-collar workers. D. Hoffman also surveyed local governments to examine how housing issues are discussed with the variety of interest groups in "Low cost Housing" and its resulting policy impact on rank and file employees. Middle-class employees are the target of a home ownership plan, sponsored in part by employer contributions, examined in D. Fleming's work "Affordable Housing." In each of these works, government policy appears as a reflection of demands made by the working class.

Pluralism is akin to neo-Marxism as a society-centred approach because both presuppose the ability of people with a common interest to organize into a collective entity. Neither assumes that everyone is equally interested and involved nor that all groups are equally influential. However, both pluralism and neo-marxism reflect the belief that those in a position to influence policy can be swayed through effective communication of shared needs and demands. Pluralism differs from neo-Marxism in that the special interest groups are not labour-based. Paul Pross describes pluralism as a process of maintaining a political equilibrium where "society will naturally produce groups to champion an interest disadvantaged by social and economic conditions." An example of pluralism influencing policy is presented by D. Stahl in "Affordable

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Housing: A Case Study\textsuperscript{47} which examines non-traditional loans offered to Hispanic groups on the basis of their special socio-economic needs.

The same political ideologies that exist at the national level, representing either statist or socialist ideals, may also be present at the local or community level. In the Canadian context, where powers and responsibility for affordable housing have devolved from the federal government to the provinces, then subsequently down to the municipalities, the political culture that exists within a community can have a profound significance in terms of local housing policies.

SOURCES OF AFFORDABLE HOUSING

Housing that is affordable at the consumer level can be provided through a number of means. Affordable housing can be built by non-profit, by private and by public sectors. Non-profit housing projects can be the result of government funding, often in partnership with a local non-profit organization, or be a result of another form of interest such as a religious affiliation or church group.

In a local context, it is both market housing and non-market publicly funded housing that is largely responsible for the development of local housing stock. Prince George, like the rest of Canada, has historically relied on the private market for its housing needs. The main purpose of CMHC has always been to support market development.\textsuperscript{48} It has only been in the recent past that the city has demonstrated increasing interest in non-profit housing as a development option. In


\textsuperscript{48} Peter Oberlander and Arthur Fallick. \textit{Housing a Nation}. Canada Mortgage and Housing Corporation, 1992. 6.
July 1995, the Housing Committee in conjunction with the city's Development Services Department, undertook a survey of non-market housing providers and conducted a housing symposium in November of the same year. In February of 1996, the Prince George Housing Committee presented its report to Council on non-market housing. The report contained a number of recommendations on how to encourage and most effectively pursue the potential for non-market housing development. The attention and concern paid to non-market housing issues in the recent past signifies two important points. One is that market-driven housing on its own appears ineffective in satisfying the needs of city residents. The second point is that the city has come to realize the potential importance of the non-market sector in the provision of adequate and affordable housing.

This section offers brief descriptions of the three different categories of housing. However, it is important to note that this thesis concentrates discussion on both market and non-market publicly-funded sources of affordable housing development, omitting the various non-government or "faith-housing" (religious sector sponsored housing) projects. In order to provide comprehensive representation, it is important to survey examples of affordable housing in its various market and non-market publicly funded forms.

When demand is sufficient, the free-market will respond accordingly. A small scale example are secondary suites (frequently termed in the United States accessory dwelling units). These self-contained housing units are found within a single-family dwelling. They

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will often take the form of a basement suite, upper-level suite, or a suite within an accessory building such as a garage. These living units have their own entrance, kitchen, bathroom, living and sleeping area and are separate from the rest of the house. Secondary suites are regulated and permitted at the municipal level and are controlled through zoning regulations.

Secondary suites have a long history as an affordable housing option. They were encouraged during the Great Depression of the late 1930’s, throughout the Second World War and afterwards. They enabled homeowners to meet mortgage payments and provided additional housing in the absence of new construction. Today there are 80,000 to 100,000 secondary suites in British Columbia accounting for some 20% of the province’s rental housing supply.

Second, there is single-room occupancy (SRO) housing. SRO’s offer privately furnished rooms for short- or long-term rental. This type is characterized by small rooms and the absence of private kitchens and baths. Nevertheless, the lack of low cost housing in urban areas and the growing incidence of homelessness makes the economic advantage of this kind of housing apparent.

Non-market housing, on the other hand, is housing that is developed by non-profit organizations or societies for public consumption or benefit. In contrast to market housing, it is not profit motivated.

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Because the federal government withdrew its funding for this form of housing in 1992, the British Columbia Housing Management Commission (BCHMC) administers the program that dates back to 1964. Housing projects are either developed through new construction, the purchase of existing accommodation, or the conversion of non-residential buildings. Housing societies and public housing agencies are eligible to sponsor these projects. Funding through a first mortgage is obtained by private institutions and guaranteed by the government.

Rents are limited to 30% of the tenant's household income with the government providing a subsidy to make up the difference from actual operating costs. Developments aim to achieve a mix of tenants: 40% non-subsidized, 60% subsidized. This mix is intended to prevent any real or perceived ghettoization of the project within the host community.

Seniors' housing is a second non-market form of housing. Its main distinguishing feature is that it is intended for the elderly population and the additional care these people may require. These units are designed to support private living and bath facilities with common social and eating facilities. Seniors' housing is most often developed and managed by non-profit organizations, especially the more modest or lower-cost models.

There are also other sources of non-profit housing besides those that are built with government funding. One example is "Habitat for Humanity," a Georgia-based house building organization founded by Millard Fuller in 1976. More recently, the group has secured the support of former President Jimmy Carter to assist in its public campaign. Over
the past two decades the Christian-based group has built well over 10,000 homes.\textsuperscript{53} Although the Habitat for Humanity is an international program, the 600 chapters in the United States tend to benefit the most. As such, it is not seen as a major influence or source of affordable housing in British Columbia and thus will not be discussed in this thesis.

A final form of affordable housing worth mentioning is cooperative housing, or co-housing. This form combines the autonomy of private dwellings with the benefits of community living. Typically, this type ranges in size from 6 to 80 units and has four defining characteristics: a participatory design process, a design that supports a strong sense of community, shared facilities to supplement private dwellings and management by the residents.\textsuperscript{54} This type of housing has proved itself in Scandinavia and the Netherlands since the early 1980s and is gaining popularity in North America. J. Shelby and A. Wilson present a nationally relevant review of the role of co-housing as a community housing option in \textit{Canada’s Housing Co-operatives}.\textsuperscript{55} However, this thesis does not consider co-housing in its discussion of affordable housing options because to do so would extend the scope of the analysis to an unacceptable length.

METHODOLOGY

One key precept that is both central to the logic of analysis and taken-for-granted is the idea of studying cases. Asking "What is a case?" is akin to asking what is a population or variable as it has the ability to question many different aspects of empirical social science. To the question, most social scientists would have to give multiple answers. Interestingly enough, despite its widespread usage, the term "case" is not well defined in social science. Nonetheless, there remains a conventional answer to the question: Boundaries around places and time define cases.

Implicit in case analysis is the notion that objects of investigation are separate enough to permit treating them as comparable instances of the same general phenomenon. Although the selection process may seem random, social sciences deliberately and purposefully select the case to be studied. In turn, what constitutes a case ultimately depends on the nature and analytic framing of the study.

The case study undertaken in this thesis can be seen as both a variable-oriented analysis of several cases (based on the sample of key informants) and as the single case study of Prince George. In The Comparative Method, the author shows how conventional variable-oriented comparative work, as compared with case-oriented comparative work, tends to disembody and obscure cases. Building on the insight of author Charles Ragin, the case study approach used in this thesis employs the opinions and insight of key informants to construct the intrinsically interesting and important single case-oriented entity of Prince George in its own right.

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The case study strategy, like any research method, has its own particular strengths and shortcomings. The primary advantage of the case study approach is that it is well-suited to the nature of the research question. According to Robert Yin, the case study strategy tends to satisfy the “how” and “why” questions.\(^5\) Moreover, Yin suggests that the case study is appropriate where the topic focuses on contemporary events but the researcher does not require control over behavioural events.\(^6\) As the nature of this thesis also coincides with the latter two conditions, there is sound reason for selecting the case study approach for use in this thesis.

It should be noted that the case study is not without its limitations. One of the principal drawbacks of this approach is that the results or findings are not "generalizable", or that there is little basis for making generalizations to other instances. In this light, any conclusions presented in this thesis are limited in their implications for other comparable communities in British Columbia or, to a lesser degree still, elsewhere in Canada.

Determining an appropriate methodology is but half the battle. It is equally important to note the general principles that make for a good case study. The first principle is to use multiple sources of evidence. This protocol, referred to as "triangulation," is intended to have the varied evidence converge on a central premise to support the main argument.\(^7\) The benefit of this principle is that it improves the construct validity of an argument. In this thesis, historical records and

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58 Ibid. 6.
59 Yin. 91-93.
policy documents employed in Chapter Two, quantitative statistical analysis in Chapter Three, and qualitative data through key informant interviews in Chapter Four all contribute to the central argument.

The second general principle used to strengthen a case study is to establish and maintain a chain of evidence. In this thesis, analysis begins with historical records and policy documents to establish the background for how Prince George came to be involved in, and responsible for, local affordable housing policy. The second link is use of quantitative social and economic statistics to assess current affordable housing conditions by the size of household. The third link in the chain of evidence is the use of ideas and opinions developed through key informant interviews. The qualitative data is used to reaffirm the conclusions reached through the statistical analysis of Chapter Three. Much like the use of multiple sources of evidence, employing a consistent chain of evidence also assists in the construct validity of an argument.

The third general principle used to strengthen a case study is to develop a database. In this thesis there are several sub-sets of data that comprise the larger database. The first is the bibliography of historical records that detail the evolution of Canada's affordable housing policy. The second is the set of policy documents and Bills that establish the Province's affordable housing policy and transfer responsibilities to the municipalities. The third component of the database is the collection of social and economic statistics from Statistics Canada and Canada Mortgage and Housing Corporation to determine local affordable housing conditions. The fourth is the key informant questionnaire. Raw data is in the form of audiotaped responses to an affordable housing survey, designed and developed for the purposes of this thesis. Unlike the first
two principles that focus on construct validity, the creation of a database strengthens the reliability factor of a case study.

**KEY CONCEPTS IN AFFORDABLE HOUSING**

The concept of affordable housing includes a number of forms of development and strategies. There are several terms used in reference to affordable housing that describe either shelter needs or the financial status of the tenant related to the ability to sustain the financial costs of the accommodations. It is important to consider a number of these conditions as they serve to define the terms of this thesis.

The term *affordable housing* can be used in the context of both renting and owning housing. This duality is evident in many contexts including the provincial *Strategy for Affordable Housing* and in early-1980s reports by the Prince George Housing Committee. However, Statistics Canada reveals that renter households are more than 50% more likely to spend more than 30% of household income on shelter than mortgage holders, and six times more likely than people who are not burdened by a mortgage. Consequently, given the limited scope of this thesis, discussion is limited to households that rent their accommodation in order to address the area of greater concern.

**ACCESSIBLE:** While the term *accessible* is frequently used to describe various forms of market and non-market housing developments, specific definitions are not usually given in the literature. This is

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60 Ministry of Municipal Affairs and Housing, *British Columbia’s Strategy for Affordable Housing*. Victoria: April, 1996.

because the meaning of the term is taken for granted, or because any specific definition needs to remain context sensitive. In either case, there seem to be two distinct conditions implied when discussing housing that is accessible. Critical considerations relate to the physical condition of the unit itself, the siting of the development in relation to public amenities, and the ability to access housing opportunities. The first is an obvious point, that tenants must be able to gain access to both the unit and be in a position to benefit from its facilities. A special needs/wheelchair unit located up two flights of stairs ceases to be accessible. The second aspect of accessibility is appropriateness for lower-income tenants; where many households cannot afford an automobile, housing needs to be within either walking or transit access of shopping, health and school facilities.

**ADEQUATE:** For accommodation to be *adequate*, it has to satisfy the tenants' needs. The Federal Government has established National Occupancy Standards which include the following five guidelines:

- There shall be no more than 2 or less than 1 person per bedroom.
- Spouses and couples share a bedroom.
- Parents do not share a bedroom with children.
- Dependents aged 18 or more do not share a bedroom.
- Dependents aged 5 or more of opposite sex do not share a bedroom.

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62 An example is the office building located on 7th Avenue in Prince George that has the platform for a wheelchair-stairclimber located atop three stairs without ramp access. Needless to say the facility is rarely, if ever, used.

This set of guidelines is a useful baseline for universal applicability across Canada. While housing needs required by individual households will vary tremendously according to household composition, a hypothetical set of four households has been established for use in this thesis. These households are discussed in greater detail in Chapter Three in the context of assessing housing affordability in Prince George.

**AFFORDABLE:** In part because housing issues are subject to such diverse policy approaches depending on the context, there is no set definition for affordable housing. The term "affordable" generally refers to housing that is adequate in quality and facilities to meet both the occupant’s needs and society's general standards of expectations and is manageable within the household budget. During the early part of the 1900s it was generally considered acceptable for a household in Canada to spend up to 25% of its gross income on housing.64 Near the mid-point of the century this proportion rose to 30 percent.

This figure remains -- though not universally65 -- the standard benchmark. In fact, most sources and social housing policies tend to promote the 30% proportion. The Non-Profit Housing Program is one example, administered by the British Columbia Housing Management Commission. Under this program, tenants contribute up to 30% of household income to ensure they can afford to cover other expenses.66

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64 CitySpaces Consulting. 7.
65 The precise figure remains subject to interpretation. The 1997 Report on the Quality of Life in Prince George, for instance, considers "no more than one third (33.3%) of an individual’s or family’s income...toward housing cost” as the usual guideline. Although the discrepancy of 3.3% can be considered slight, it does demonstrate variance.
66 The Federal government contributes 67%, the Provincial government providing 33% of the operating subsidy to make up the difference between the tenant’s rent and the actual operating cost of the project.
The Province’s housing commission also adopts this standard of affordability in the report *Nowhere to Live*,\(^67\) in which housing costs are recommended not to exceed 30% of a household’s gross income.

Similarly, the Ministry of Municipal Affairs and Housing also defines affordable in these terms in *British Columbia’s Strategy for Affordable Housing*.\(^68\) Many authors, including Downs\(^69\) in the *Journal of Housing*, also adopt these terms to review the experience of low income households attempting to secure "decent" housing within 30% of the gross household income.\(^70\) The definition adopted by the 1992 Provincial Commission on Housing Options (PCOHO) is used in this thesis:

"Affordable" means annual housing costs (rent + taxes) which do not exceed 30% of a household’s gross annual income.\(^71\)

This particular definition was chosen for this thesis because the PCOHO report has played such a large influence on housing policy in British Columbia through much of the 1990s. Specifically, PCOHO recommendations led to three amendments to the *Municipal Act*, thus considerably reshaping policy according to its terms. However, it is important to note that issues of housing affordability in this thesis are limited to households that rent their housing and have low income levels. Home-owner’s needs are thus not considered, although it is likely that

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\(^{68}\) Ministry of Municipal Affairs and Housing, *British Columbia’s Strategy for Affordable Housing*. Victoria: April, 1996. 5.


\(^{70}\) Downs. 153.

some home-owners experience some relative inequities with respect to both accessibility and affordability.

**LOW INCOME:** Discussion concerning affordable housing issues in most cases will focus on low income households. Some sources, such as the Provincial Housing Commission, include "housing that is affordable to low and moderate income households." The Commission defines low and moderate income as incomes that are 80% or less than the average household income for the urban area in which they live. Indeed, many moderate income households complain that housing that meets their expectations is simply too expensive. The basis for such complaints appears in articles including "Can't Pay Won't Pay." In this thesis the focus is on low income households because the fastest growing portion of the population living near or below poverty lines also faces the greatest challenge in securing appropriate and affordable housing. Moreover, it seems appropriate that any recommendations resulting from this study should be aimed at those in the greatest need.

There are several ways to determine levels for measuring low income. Examples include welfare or social assistance, a set portion of median incomes, minimum wage, and low income cut-off levels can each be used. It is useful to discuss briefly the case for each in order to provide a context for the use of the low income form in this research. Until the past year, the Guaranteed Income Assistance for Need (GAIN) program stood as the Province's social welfare program. GAIN income

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72 Provincial Commission on Housing Options. 30.
73 Ibid. 8.
levels were contrasted to housing costs in the 1993 Goldberg/SPARC report.\textsuperscript{75} Although it is outside the political context of this study, the Boise, Idaho, Affordable Housing Task Group establishes low income as households of 30-60\% of the area's medium income.\textsuperscript{76} As there seems to be a growing number of low-paying service industry jobs filling the void that a disappearing middle-management has left, it would seem appropriate to use minimum wage standards as a basis for assessing housing costs. Although this approach does not appear in the literature, such a strategy might provide insight into the growing portion of the population that rely on "McJobs"\textsuperscript{77} for their livelihood and household income.

The Federal Government establishes Low Income Cutoffs (LICO).\textsuperscript{78} This measurement was first introduced in 1968; based on income data and family expenditure patterns, the focus was on basic necessities of food, clothing and shelter. For the 1991 Census (which reported on income for the previous year, 1990) low income cut-offs were used based on a 1986 analysis which found that households spending more than 56.2\% of gross household income on food, shelter and clothing were living in straitened circumstances. On this foundation, low income cut-off points are established for different sizes of households. Subsequent to the initial levels, low income cut-offs are revised to account for

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\begin{itemize}
\item \textsuperscript{75} Michael Goldberg. \textit{Maintaining the Gap}. Vancouver: Social Planning and Research Council of British Columbia, 1993.
\item \textsuperscript{76} Rod Beck. pp. 44.
\item \textsuperscript{77} Low-paying, unskilled labour usually in the service sector.
\end{itemize}
changes in prices of housing. Also in this model, cities are ranked according to their population in a "Size of Area" classification.

The LICO measures are not specifically intended to define poverty conditions, but assist in identifying trends over time. Statistics Canada specifically mentions that LICO's have no official status and does not promote their use as poverty lines. Instead, LICO's serve as a rule for analysts wishing to study "relatively worse off families in Canada." In fact, of nine referenced "poverty lines" that appear in published reports, LICO's occupy the fifth ordinal and are situated as the median measure. Thus, the use of LICO's can be seen a moderate indicator of low income. Regardless of their "unofficial" status, LICO's remain a useful tool in defining the significantly large portion of the Canadian population with low incomes.

Because of these factors, this measure for incidence of low income enjoys certain benefits. For instance, the inherent universality of low income cut-offs lends itself to replicating the research in different regions of the province and/or country. It should be noted that Statistics Canada periodically revises the base year for assessing low income cut-offs, and the revisions reflect changes in consumer buying patterns. Low income cut-offs have been updated from their outset in 1969. The first update came in 1979, and again in 1986. In order to maintain


consistency, the 1986 base year was selected for use throughout this thesis.
CHAPTER TWO:
AFFORDABLE HOUSING POLICY

In securing accessible and appropriate accommodation, the relationship between housing cost and family income remains a key issue. Where the market is unable to respond to the shelter needs of all income groups, the well-being of these persons can become the responsibility of the government. This chapter examines the history of government policies that have resulted in responsibility for affordable housing being taken on by the federal government, passed on to the provinces, then devolved to the municipalities in British Columbia.

The nation's housing policy has been vague at best, defined not by a strong political will but by the ad hoc enactment of various housing programs. Support for housing began as a series of limited-commitment programs rationalized as a "war measure". Socially-driven housing did not gain popular acceptance until the 1960s when it began to mark a new era in Canadian housing policy. National programs have since ended, thereby devolving responsibility to the province and municipalities.

The present affordable housing policy in Prince George is largely a product of dual processes of downloading. The first process is the devolution of responsibility from the federal government to the provinces. The second is the decentralization of responsibility from the Province to the municipalities. The latter is distinguished by an important transfer of responsibility and creation of new powers for the municipalities. To appreciate best the present era of housing policy, it is important to
understand the international and historical context in which Prince George residents find themselves situated.

CANADIAN POLICY IN PERSPECTIVE

In Chapter One it was indicated that different cultures, environments and societies can lead to different perspectives on housing as a national concern. This section will identify two distinct national policies for the development of social housing: Those of Sweden and the United States of America. Sweden supports public development of social housing while also empowering local governments to legislate affordable housing opportunities, whereas the U.S. believes residential development is best left to the marketplace. Between these opposites, Canada has developed its own unique strategy.

Sweden has long been noted for its national co-operative temperament and its social development strategies. Social housing throughout Scandinavia has enjoyed a strong foothold as a long-standing socio-political tradition throughout the twentieth century. John Bacher has examined the role of the market-driven housing in diverse national contexts and neatly summarizes the situation:

Comprehensive housing policies in Scandinavia have both minimized speculation and profiteering and maximized the extent to which housing occupiers, either individually or corporately, own their own homes or have a voice in their management. Most housing is either built...without speculation-inflated land prices or constructed by non-profit housing associations and co-operatives.\(^\text{82}\)

Sweden's national policy is to aim for rents that average 10% and do not exceed 20% of gross household income; this is a modest figure by North American standards.\(^{83}\) In contrast to the North American experience, Swedish university students are largely responsible for the design, construction and management of their own housing while attending school. Further, municipalities are empowered to legislate on behalf of housing for seniors, special needs individuals and child-care facilities. Besides these forms of social housing, programs supporting public housing finance and land acquisition for owner-occupied units are also integral to the national housing policy. In total, shelter subsidies delivered either by the nation-state or at the municipal level benefit some 70-90% of the population in one form or another.\(^{84}\)

In *The People's Home*,\(^{85}\) a book that contrasts the Swedish and American models, Michael Harloe uses this title to describe the Scandinavian experience and adds a question mark in reference to the United States. Compared to Sweden's comprehensive housing policy, the U.S. maintains a near total reliance on the marketplace to provide all social and housing needs. The rationale for the American neo-conservative view was expressed by ex-President Reagan:

The welfare state should be diminished if not dismantled since its provisions interfere with the market economy and rob individuals of their innate ability to take care of themselves and their families.\(^{86}\)

\(^{84}\) Bacher, 6.
This is not to suggest that public housing does not exist in America; it does, but on a limited scale. The United States Housing Act of 1937 enabled the state to provide affordable housing where necessary. State funded housing has always come under attack from the Right as "creeping socialism". In a highly individualistic and self-reliant political context, shortages of affordable housing are not seen to have significant social repercussions. Instead, mental illness, family breakdown, alcoholism and larger economic factors are seen as the culprits. The free market is expected to be the provider for nearly all of society's housing demands. Rents in public housing are structured not to interfere with private enterprise while standards in design and construction are kept very low. As a result, residence in public housing remains stigmatized as undesirable. In sharp contrast to Sweden, American public housing accounts for only 1.5% of total housing stock. Moreover, the Reagan administration effectively halted all new construction and established a new era that continues to today. In short, if social housing is to survive, it will have to find other means than federal support.

FEDERAL PROGRAMS DEFINE A NATIONAL HOUSING POLICY

Housing policy embraces the range of activities pursued by governments and the private sector to provide housing services. Government can adopt a dominant role by direct intervention, or by

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passively deferring housing needs to market forces. Where housing is seen as a social right, government tends to step in with society picking up the cost. Where housing is regarded as a consumer good, both responsibility and cost are borne by the individual. Canada has developed an approach to housing through the twentieth century that includes ideas from each of these ideological camps.

Canada's housing policy has focused almost exclusively on the supply of housing developed through the private market sector. Rather than a housing policy as such, there has been a series of housing programs designed either to answer short-term shortages or to stimulate private residential construction as an instrument of macro-economic policy. Canada's focus on housing supply overshadowed the concern for distribution issues resulting in considerable social and economic disparities.

Federal government involvement in social housing in Canada began with a bang at 8:45am, December 6, 1917, when the munitions ship Mont Blanc exploded in Halifax harbour, destroying much of the residential neighbourhood of the city's north end. Within days of the disaster, the city turned to self-taught planning expert Thomas Adams for professional help and advice. Responding on behalf of the federal government and the Halifax Explosion Relief Commission, he produced a scheme for the rebuilding of Halifax's residential district that included plans for row-housing and cost-efficient frame housing. Providing relief

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89 This can occur in command economies as well as in market economies.
to the survivors, the government directed $30 million to a pension fund under the War Measures Act.\textsuperscript{92} The fund's capital was in turn invested in housing, thus initiating the federal government into the provision of public housing. Later the same year, Adams used political forums to argue that the housing of war-workers was a "war measure" and within the authority of the federal War Measures Act. His argument was persuasive, and the federal government -- for the first time -- admitted responsibility for answering the housing demand created by war conditions. In December of 1918, the Federal Housing Program began by offering loans to municipalities (through the provincial governments) authorized under the War Measures Act.\textsuperscript{93} Although the number of housing units produced remained small, most provinces, including British Columbia, participated in this program.

After the First World War ended there were very strong pressures to make private enterprise the sole housing source.\textsuperscript{94} Changes in political ideology ensued, brought on by changes in federal leadership, led to the end of the National Housing Program in 1924. In reaction to the Great Depression and the growing problem of slums, the federal government established the Dominion Housing Act in 1935. The idea of the DHA was to furnish financial assistance to independent interests for the development of owner-occupied units.\textsuperscript{95} To this end the federal government participated in joint mortgages with lending institutions.

\textsuperscript{93} Chartered banks did not provide mortgages at this time: the 1954 Amendments to the NHA allowed banks to become involved in housing development.
\textsuperscript{94} Anderson, 8.
\textsuperscript{95} This would be the foundation for the Central Mortgage and Housing Corporation, later to be renamed Canadian Mortgage and Housing Corporation (CMHC).
Unfortunately, the plan did not fulfill its expectations. The DHA was responsible for the construction of only 5,000 units across Canada (half in Ontario) and as a housing program was generally considered a disappointment.\footnote{Oberlander and Fallick. 18.} Nevertheless, the program can be interpreted as a seed that eventually blossomed into a federal housing policy.

The DHA was revamped in 1938 and renamed the National Housing Act (NHA). NHA Part I retained the principle of joint-lending but extended its operations to borrowers with more modest incomes. The focus on home ownership was retained by this measure. NHA Part II introduced for the first time a low-rent housing plan that incorporated limited-dividend (i.e., non-profit) companies. The outbreak of World War II suspended building under the NHA, and the program was canceled in 1940 without a single project receiving approval.\footnote{Ibid. 20.}

Canada’s economy received a tremendous boost by its participation in World War II. New industries caused unprecedented migration to the cities with urban housing shortages the result. The federal government responded to the national housing emergency in 1941 by creating a new crown corporation under the War Measures Act. The initial purpose of Wartime Housing Limited (WHL) was to build temporary housing for wartime workers. In the words of C.D. Howe, WHL was “to take appropriate housing action when and where a shortage of housing is retarding the production of munitions and war supplies.”\footnote{Anderson. 12.} Though it remained a response to war-invoked conditions, the program became the first major source of public housing in Canada’s history. Through its life
from 1941 to 1948, WHL produced almost 46,000 small detached dwellings -- nine times that produced by the earlier National Housing Program houses. Because a large proportion of the war industries centered around metropolitan areas, Canada's largest cities initially benefited the most from the WHL.

After the war Canada experienced a housing demand that was not being met by the market on its own, so the federal government deemed it necessary to intervene in order to stimulate market forces. On January 1, 1946, the Central Mortgage and Housing Corporation was formed to manage the development of Canadian housing stock. John Bacher summarizes the political climate:

Social housing would not be an important priority, but merely an incidental frill to deck out a business enterprise in garb more appropriate to a public agency, achieving the desired appearance of change in the face of a rigid commitment to the market ethos.

With an executive board dominated by Department of Finance staff, who in turn were responsible for advising the federal Cabinet on housing policy, it is not surprising that housing finance for market development eclipsed social housing. Within two years of accepting responsibility for Wartime Housing, and under the direction of C.D. Howe, CMHC deliberately ceased to promote the Wartime Housing program. As a result, in 1949 the demand for new public housing through the program dropped: construction shrank from 7,800 units in 1949 to a mere 140 one year later. Any benefit from a social housing

99 CMHC absorbed and dismantled WHL in 1948.
100 Bacher. 180.
101 Ibid. 148.
program was lost in the federal government's new policy -- led by CMHC -- in its retreat from prior wartime commitment.

Under the direction of the Liberal party and Prime Minister Lester Pearson, the June 18, 1964, amendments to the 1954 NHA virtually rewrote the federal government's provisions to social housing. The ongoing reliance on the private sector prompted much criticism. For example, a 1964 housing policy review stated that "the National Housing Act has been production oriented rather than distribution oriented, a quantitative operation qualitatively devoid of broad social objectives and economically inaccessible to many Canadians."102 Up to this point, government assumed that if enough units were built, the population would be effectively housed. CMHC revived its support for public housing through loans to provinces or municipalities for land acquisition and servicing programs and for 50% of operating losses by establishing Canada's first Non-Profit Housing program.103 The level of support for social housing offered by the federal government beginning in 1964 was quite simply unprecedented.

The newly formed program extended its support to both public and private organizations. Previously, all social housing was jointly-owned with CMHC. The restructuring of the NHA made it possible for provinces, municipalities and local organizations to benefit from federal financing in the provision of low-rental housing while acting independently from Ottawa. Consequently, non-profit charitable and

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103 Oberlander and Fallick. 57.
government organizations were granted authority to buy or build social housing.\textsuperscript{104} Beginning in 1964 and up to program curtailment in 1978, an average of roughly 11,700 units were built each year, totaling nearly 164,000. The creation of provincial housing authorities in response to the non-profit housing program also marked the beginning of significant provincial involvement in the delivery and development of public housing.

In the years following, the Non-Profit Housing Program was joined by a number of other social housing supply programs. These programs include the Rent Supplement Program (1969), Non-Profit Co-operative Housing (1973), Rural and Native Housing Program (1974), and Urban Native and On-Reserve Housing (1978). Although the public’s reception to government sponsored and/or subsidized housing was generally positive -- not stigmatized to the same extent as in the United States -- its impact on overall housing remained limited. In total, social housing would make up less than 5% of Canada’s residential housing stock. Even at the height of the program, less than 2% of the Federal Expenditures was spent on housing, slipping to 1.3% by the early 1990s.\textsuperscript{105}

Canada can be described as having constructed a \textit{partial} public housing system, which focussed on providing incentives for private development rather than redistribution of resources for those unable to access or afford what the market offered. The non-market housing sector in Canada continues to stand as one of the smallest and least

\textsuperscript{104} Anderson. 27.
\textsuperscript{105} The majority of housing expenditures goes to paying long-term debt and federal subsidies on social and public housing. Hulchanski. 1990. 9
developed among major western nations. Housing policy in the latter half of the century appears to have been drafted to fill national political or economic imperatives more than people's housing needs, with little analysis of what the resulting impact would be on housing supply and distribution. By and large, CMHC programs concentrated on home ownership and economic development with initiatives mounted for high income households before dealing with even a small fraction of the problems of poorer households. Consequently, the housing policy that evolved in Canada up to the early 1990s resembled that of the United States far more than the Scandinavian experience. Also like our American neighbour to the south, recent years have witnessed near absolute federal withdrawal from the support of public housing development.

RESPONSIBILITY FOR AFFORDABLE HOUSING IS PASSED TO THE PROVINCE

Under Section 92 of the British North America Act (1867), housing became a responsibility of the provinces through the Property and Civil Rights Clause. In this light, the provinces have a constitutional responsibility to oversee housing policy. However, this responsibility was never practiced nor acted on through provincial legislation or policy. Instead, for much of the twentieth century, a strong federal presence has led to an accepted, and expected continuation of the strong federal role. Wartime housing and subsequent Federal social housing programs had

laid the foundation for a national policy through many years of national program delivery. As part of its budget-cutting campaign, in June, 1992 the federal government announced it would withdraw its support for social housing development. The message was clear: if social housing was going to continue in Canada, it would have to find some other source of support. This message marked the end of an era of federal government support in the development of social housing.\textsuperscript{108} The drastic change in national policy gave rise to two areas of change at the provincial level. For one, a public agency was established to manage the delivery of housing programs in British Columbia. Another direction was a series of legislative changes, informed in part by the 1992 Provincial Commission on Housing Options (PCOHO), which in turn created new powers and responsibilities for municipalities.

Building on the experience gained through the co-delivery of public housing that began in 1964, the Province of British Columbia initiated its own housing strategy to develop access to affordable housing. Following direction from Ministry of Municipal Affairs and Housing, BC Housing Management Commission (BC Housing) took over where CMHC left off in the provision of public and social housing development.\textsuperscript{109} In 1994 the Homes BC program was established by BC Housing to provide British Columbians with secure affordable homes. The goal for this program, administered through BC Housing, is to support local-level organizations

\textsuperscript{108} The federal government continues to support social housing through previous commitments of housing subsidies and long-term debts on housing projects but does not support further social housing developments. The federal government does accept, however, fiduciary responsibility for Native peoples and has developed select programs to improve on-Reserve housing conditions.

\textsuperscript{109} BC Housing was first established in 1967 and has since undergone several name changes.
in developing affordable housing opportunities. Specifically, its aim is to support non-profit housing societies, co-operative associations and community groups in creating local solutions to shortages of affordable housing. The program has several components that address different social housing needs. For one, the *Homeless/At Risk Housing* component provides second-stage and permanent housing for people suffering from substance dependencies, mental illness, inner-city youth, women and children exiting transition homes. For another, the *Non-Profit Housing* component is designed to increase the supply of affordable rental housing for low- and moderate-income families. This program, funded entirely by the province, replaced the Federal/Provincial Non-Profit Housing Program.

The Province was willing to provide housing development programs through BC Housing, but it did not care to do so in a top-down manner. Instead, communities were to take responsibility for the provision of local affordable housing opportunities. In order to ensure municipal participation in housing policy, several changes were made to B.C.’s Municipal Act. These changes came in Bills 20, 57 and 31, creating not only new powers and responsibilities in affordable housing development, but also encouraging a political environment conducive to community-based development.

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BILL 20 (1992)

Bill 20 amended Section 945 of *British Columbia Municipal Affairs and Housing Statutes Act*. It did so by adding subsection 2.1 which stated that all Official Community Plans were to include housing policies of the local government respecting affordable housing, rental housing and special needs housing. The intent was to expand previously existing vague provisions for housing and to develop locally defined policies for its provision. The new legislation became effective September 30, 1992.

Bill 20 officially recognized that local governments were to receive increased responsibility in the area of housing policy. The legislation was enacted as a provincial response to changes at the federal level and stands as a broad policy initiative signaling an increase in local government responsibility in the area of housing policy. Also, Bill 20 was not overly centralized in nature. In fact, the intent of the new legislation was "to allow each community to respond, in its own way, reflecting local conditions and points of view."\(^{111}\) This Act requires each community to develop its own definition for policies and provisions pertaining to affordable, rental and special needs housing. In this respect the changes Bill 20 introduced to the Municipal Act can be considered *community-based*.

The intent of Bill 20 was symbolic rather than substantive in nature because of its vague wording and has been criticized for opening up new areas of responsibility without providing the tools to plan effectively for the development of affordable housing. Municipalities complained that the burden of responsibility was created in the absence

of adequate means of provision. A range of tools that strengthened the authority of local jurisdictions was not introduced until subsequent amendments to the Municipal Act.

Provincial Commission on Housing Options - PCOHO (1992)

Following the introduction of Bill 20, the Provincial Commission on Housing Options was established in June, 1992, to explore housing affordability options. Like Bill 20, the intent of PCOHO was to support and encourage development of locally relevant policies. The mandate for the Commission was to address affordable housing options within the context of shrinking federal and limited provincial and municipal resources. The Commission invited submissions from interested parties, then made recommendations for policies, programs and legislature to address housing affordability in a changing political environment. In January, 1993 PCOHO presented its findings to the Minister of Municipal Affairs. The report concluded that local governments should play a major role in providing affordable housing and identified a number of legislative changes that could enhance the capacity of local governments. In particular, the changes enacted by Bill 57 (see below) were influenced by the following recommendations:

- **Recommendation No. 29**: The *Municipal Act* should be amended to enact standards of maintenance bylaws.
- **Recommendation No. 53**: The *Municipal Act* should be amended to provide municipalities with the authority to establish inclusionary zoning by-laws as a means to produce additional affordable housing.

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112 Boswick, M. "and Box 57" in *PIBC News*. February, 1994. 16.
Recommendation No. 54: The Municipal Act should be amended to provide municipalities with the authority to use bonus density and the transfer of development rights as a means to produce additional affordable housing.

Recommendation No. 55: The Municipal Act should be amended to provide local governments with the authority to lease residential land at below market rents to non-profit organizations.

Recommendation No. 56: The Municipal Act should be amended to allow municipalities to include housing development as an item in a loan authorization by-law referendum and to issue debentures to raise revenue for affordable housing purposes.

Recommendation No. 57: The Municipal Act should be amended to allow municipalities to establish special reserve funds for housing purposes.

The recommendations of the Commission formed the basis of subsequent legislative reform, thereby establishing the direction of recent housing policy in British Columbia. Specifically, the PCOHO recommendations provided the basis for Bills 57 (1993) and 31(1994).

BILL 57 (1993)

Introduced in July 1993, Bill 57 created the legal means to encourage and legitimize actions by local or municipal governments in the provision of affordable housing in British Columbia. The changes to Section 963 (Municipal Act) further defined the role of federal and provincial government, profit and non-profit sectors. More importantly, they confirmed the broad policy enacted in Bill 20.

Bill 57 had essentially two main areas of concentration. First, it changed the community planning provisions of the Municipal Act by giving clear authority for local governments to provide the following:

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114 Some local governments, such as the Municipality of Delta, had already used the principles of comprehensive planning prior to 1993. Thus Bill 57 served to legitimate prior initiatives along these lines.
extra density to developers in exchange for meeting specified conditions, in particular the provision of affordable housing
• more flexible, comprehensive zoning arrangements for large projects
• housing agreements that can be enforced to ensure affordable housing commitments are carried out

Second, Bill 57 enabled cabinet to empower local government by regulation. Specifically, optional powers could be obtained at the local level by cabinet regulation. These powers could be used for specific purposes including the following:

• lease land for affordable housing units at below market value to non-profit groups
• establish housing reserve funds for housing purposes
• borrow for housing purposes following a referendum

Both of these areas of change were consistent with the recommendations of PCOHO to develop local capacity through regulatory reform. They constitute a veritable landmark in the Province's support for local government in the provision of housing. It is important to note that the changes were not legislated outright. Instead, the Provincial Government made provision for local authorities to adopt these special powers. Reform was achieved while allowing legislative flexibility that would respect the unique needs of local governments and enabling the Province to "provide a customized set of tools" for the different local governments. This was seen as affirmation of the Ministry's intent to empower local authorities to be able to address community development problems.

116 Ibid. 19.
117 Ministry of Housing, Recreation and Consumer Services. Housing Opportunities through Local Planning: Bill 57. 7.
BILL 31 (1994)

The third piece of provincial legislation in the series of housing policies is Bill 31, which came into effect July, 1994, roughly two years after Bill 20. The provision of additional housing planning tools to local governments was contained in Bill 57 through changes to Sections 536 and 734, and Bill 31 further enhanced the legislative authority of local government to manage land use issues from a housing perspective. The passage of the bill was again based on recommendations of PCOHO, specifically #29 and #55. These recommendations called for reform of the Municipal Act to enable local governments to enact standards of maintenance bylaws and to allow them to lease residential land at below market value rates to non-profit organizations.

The first change Bill 31 introduced was a standards of maintenance bylaw potentially applicable to any residential tenanted property. Besides ensuring the safety and health of its occupants, the bylaw, when enacted by local government, protected the local affordable housing stock from premature demolition. The second amendment of the bill clarified local government's authority to lease or sell land at prices below market value to non-profit housing societies. The terms of the legislative change permitted communities to support the development of affordable housing projects by providing land at a more affordable cost. This point remained consistent with Bill 57 except where these powers were enabled by Cabinet; Bill 31 went further to provide the authority outright to all local governments. The Act remained broad enough to embrace a range of organizations such as child care, seniors

or special needs housing. In this respect, Bill 31, like Bill 57, provide the flexibility to allow local government to determine and address community priorities. As a consequence, Bill 31 continued the precedent set by the two earlier Bills in affirming provincial level support for community-based housing initiatives.

AFFORDABLE HOUSING POLICY IN PRINCE GEORGE

The decentralization of housing policy responsibility from the province to the municipality is evident in Bills 20, 57 and 31. These amendments to the Municipal Act provided local governments with clear authority in three major areas: density bonusing, comprehensive development zoning and housing agreements. Density bonusing enables local governments to increase the allowable density on a site in return for the provision of affordable or special needs housing. Comprehensive development zoning enables local government to negotiate with developers about specific projects and create customized zoning regulations in return for affordable housing. The final major tool in developing affordable housing is the ability to enter into housing agreements, thereby providing the means to secure long-term affordable housing development.119

Housing policies are needed at the community level for a number of reasons: socio-economic trends create additional demands for more affordable accommodation options, the political environment in which social housing is developed is changing by devolving responsibility down

119 Ministry of Housing, Recreation and Consumer Services. Housing Opportunities through Local Planning: Bill 31. 9.
the political ladder, and growing political sentiment currently holds that local action yields locally appropriate solutions. The Province has moved in this last direction, believing that local governments are considered to be "extremely well situated and equipped to assist senior governments and the private and non-profit sectors in the provision of housing by merit of their proximity to local issues." In other words, if there is going to be a call for affordable housing development, it will have to originate at the local or municipal level.

The extent to which the City of Prince George has acknowledged the need for affordable housing is found in the Official Community Plan (OCP). An OCP establishes policy for the daily operations and development planning that occur within municipal limits. In legal terms it is "a general statement of the broad objectives and policies of the local government respecting the form and character of existing and proposed land use and servicing requirements in the area covered by the plan." All bylaws enacted or works undertaken by the city after adoption of an OCP should be consistent with the relevant plan. Moreover, the changes to the Municipal Act (R.S.B.C. Chapter 323) by Bill 20 establish that a community plan must include housing policies of the local government respecting affordable housing, rental housing and special needs housing. Add to this a mission statement by the City of Prince George that proclaims its goal of an excellent quality of life for all citizens (emphasis added). As a consequence, Prince George has, in theory, an official mandate to ensure that housing is adequate and accessible to all.

121 Municipal Act (Prince George), R.S.B.C. Chapter 323, section 876. (1).
Should this mandate be at all unclear, Part Two, Section 7 of the present OCP elucidates residential housing policies in Prince George. The City's objective in Section 7.2 is "to support a variety of development so that all residents of the city have satisfactory affordable accommodation." Other residential policies confirm that the City is able to participate in housing programs and cooperate with non-profit housing societies to support a range of housing options and to encourage provision of social housing for those residents that the City politely refers to as the economically disadvantaged. As its OCP policies state, the City of Prince George has come to recognize the need for different housing solutions to serve a growing diversity of social demands. In short, the city has an official mandate to provide accommodation that is suited to the economic conditions of all residents. The extent to which the city has fulfilled its expectations in this respect is examined in Chapter Three.

122 Prince George Official Community Plan. Part Two - Policies, Residential. 25
CHAPTER THREE:

ANALYSIS OF HOUSING AFFORDABILITY
FOR LOW INCOME HOUSEHOLDS IN PRINCE GEORGE

This Chapter presents a new approach to assessing housing affordability in Prince George. Past studies\(^{123}\) have simplified a complex issue to use only one average household's gross income to assess housing affordability, and from this measure have judged housing to be affordable or not. In contrast, four hypothetical households are examined in this thesis to demonstrate that housing costs for smaller households are not affordable.

The analysis begins with a brief review of why this is an appropriate time to perform a critical assessment of housing affordability in the city. Following the review, Prince George is compared to similar cities in British Columbia, such as Kamloops and Kelowna. This comparison will suggest ways in which such an assessment format may be relevant in other communities with similar socio-economic and housing profiles.

Following the community comparisons, the discussion will consider why a new approach to gauging housing affordability is necessary in light of weaknesses inherent in past analyses. These shortcomings point to an explanation of the approach used in this thesis by first using an example to explain the process of assessing housing affordability and secondly by presenting the results through the 1990s in

Prince George. Local conditions in Prince George will be compared to those conditions in Kamloops and Kelowna to demonstrate similarities between the cities. The analysis concludes by noting that small, low income households in Prince George tend to be overlooked when affordable housing policy is being formed.

Prince George has grown a tremendous amount since the founding of the city in 1914, although the pattern of growth has not been consistent throughout the years. Expansion has occurred in three distinct periods. The first three decades showed little significant growth in population. The period between 1940s and 1950s gradually built into a period of rapid growth beginning in 1965 and continuing until the 1970s. The subsequent leveling off of population growth beginning in the 1980s still continues today.

Up to the midpoint of the century, Prince George remained relatively isolated from the southern, more developed regions. During this period there was no significant economically-inspired resource exploitation of BC's northern interior region. However, the widespread need to house soldiers returning from World War II fueled demand for primary resources used in housing development. This need for building materials opened the region to economic development. The growth in the lumber industry followed by construction of local pulp mills attracted migration from the Prairies.\textsuperscript{124} The rapid pace of growth has since eased off considerably. The recession of the mid-eighties caused a decline in the rate of expansion, but through economic diversification the city has

\textsuperscript{124} Kent Sedge\textsuperscript{w}ick. "Prince George Historical Population Data." Prince George: Prince George Development Services, October, 1991.
managed to maintain a moderate level of growth. The growth of population in these three periods is illustrated in Figure 3.\textsuperscript{125}

Figure 3.

![Population of Prince George, 1916-1996](image)


The irregular pattern of growth is important for two reasons. First, any comparison of housing affordability should recognize periodic distinctions and should not compare one era to another. What was barely a dot on the map near the beginning of the century is now a major regional centre. Because the city has changed to such a degree, comparisons between periods are best avoided because they may be misleading. Second, as the current period is characterized by continued growth, the increase in population will also lead to an increase in the number of low income households. More specifically, the BC Central Statistics Bureau predicts that the population for the area will increase by about 20\% in the next ten years.\textsuperscript{126} In this scenario, one can

\textsuperscript{125} The period between 1926 and 1936 experienced a slight decline in population.

\textsuperscript{126} BC Stats, Ministry of Finance and Corporate Relations. Issue 97-05.
anticipate 20% more low income households that will need 20% more low cost housing. Given the socio-economic trends that are currently reshaping households and incomes described in Chapter One, future demand for low cost housing will likely be considerably greater. Thus, an analysis of housing affordability limited to the contemporary context is pertinent to demographic and socio-economic forecasts.

PRINCE GEORGE IN CONTEXT

In order to better understand the results of an affordable housing analysis of Prince George, it is important to place the city in an appropriate context. This may be achieved by either comparing local conditions against the provincial average or against similar cities. While the former may at first appear attractive, the use of a skewed provincial average in this context has certain problems because of the high proportion of the province's housing located in the Vancouver area where housing is comparatively expensive. A provincial average tends to describe Lower Mainland conditions more than anything else. For instance, where CMHC publishes average rents for 25 cities in the province, 24 of them fall below average (See Appendix A). As such, the use of a provincial average would essentially be a comparison between Prince George and Vancouver. This comparison would be clearly inappropriate because the two cities are so different. Hence, comparing Prince George to cities of similar size and composition is more useful.

For the purposes of this thesis, Kelowna and Kamloops are selected as comparable cities to Prince George in terms of housing stock, size and socio-economic profiles. These three characteristics will be discussed to establish a comparative connection between the three
centres. Also, selection of these three is appropriate because the cities are the centres for British Columbia's Southern, Central, and Northern Interior regions respectively. These three cities also have similar housing stock, characteristics of tenure, and number of persons per private dwelling.

Private dwellings are defined by Statistics Canada as private living quarters with facilities for year-round use. This definition omits any domestic dwelling that is occupied on a temporary or seasonal basis, such as a hunting cabin. It also omits public facilities such as hospitals or correctional centres. Tenure, whether a housing unit is rented or owned, is very similar in all three centres. As Table 1 illustrates, tenure of private dwellings in Prince George, Kamloops and Kelowna is within three percentage points.

Table 1.

| Private Dwellings by Tenure in Prince George, Kamloops and Kelowna, 1991 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                             | Owned          | Rented        | Owned          | Rented        | Owned          | Rented        |
| Prince George               | 16400          | 68%           | 17175          | 69%           | 30865          | 71%           |
| Kamloops                     | 17175          | 7840          | 31%            | 12555         |                |               |
| Kelowna                      | 30865          | 71%           | 12555          | 29%           |                |               |

The number of persons per private dwelling also suggests similarities between the three cities. Housing composition in these terms shows slight variations, but the similarities remain far greater than the

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differences. Table 2 provides a proportionate representation of the relationship of persons per housing unit among the three cities.

Table 2.

<table>
<thead>
<tr>
<th></th>
<th>Prince George</th>
<th>Kamloops</th>
<th>Kelowna</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-person</td>
<td>18%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>2-persons</td>
<td>29%</td>
<td>33%</td>
<td>40%</td>
</tr>
<tr>
<td>3-persons</td>
<td>19%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>4&amp;5-persons</td>
<td>29%</td>
<td>26%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Although the three cities represent a slightly different populations, they are considered comparable for the purposes of this thesis. The total number of private dwellings also reflects the difference in population while the numbers of persons per household remains comparable. The figures for Prince George, Kamloops and Kelowna are presented in Table 3.

Table 3.

<table>
<thead>
<tr>
<th></th>
<th>Prince George</th>
<th>Kamloops</th>
<th>Kelowna</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>68,405</td>
<td>65,600</td>
<td>105,010</td>
</tr>
<tr>
<td>Private Dwellings</td>
<td>24,130</td>
<td>25,030</td>
<td>43,440</td>
</tr>
<tr>
<td>Persons per Household</td>
<td>2.8</td>
<td>2.7</td>
<td>2.6</td>
</tr>
</tbody>
</table>

In addition to housing characteristics, socio-economic conditions for the three cities are also comparable. In rather simplistic terms, each city has the same rate and distribution of "poverty" by household size. Statistics Canada establishes low income cut-offs based on their analysis of expenditure patterns of different sizes of households in communities of
different sizes across Canada. Incidence of low income is reported for unattached individuals, economic families (two or more related persons living in the same dwelling), and the total population of an area. Table 4 presents the 1991 Census results that again show comparability between Prince George, Kamloops and Kelowna.

Table 4.

<table>
<thead>
<tr>
<th></th>
<th>Prince George</th>
<th>Kamloops</th>
<th>Kelowna</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Unattached Individuals</td>
<td>7260</td>
<td>8110</td>
<td>13390</td>
</tr>
<tr>
<td>Low Income Unattached Individuals</td>
<td>2435</td>
<td>3350</td>
<td>4725</td>
</tr>
<tr>
<td>Incidence of Low Income (%)</td>
<td>35.5%</td>
<td>41.3%</td>
<td>35.3%</td>
</tr>
<tr>
<td>All Economic Families</td>
<td>18850</td>
<td>18650</td>
<td>31300</td>
</tr>
<tr>
<td>Low Income Economic Families</td>
<td>2275</td>
<td>2425</td>
<td>3515</td>
</tr>
<tr>
<td>Incidence of Low Income (%)</td>
<td>12.1%</td>
<td>13.0%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Total Population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incidence of Low Income (%)</td>
<td>13.6%</td>
<td>16.2%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

Although not identical, Prince George, Kamloops and Kelowna do appear very similar in respect to their housing characteristics, population and persons per household, as well as the incidence of low income within each city. Consequently, the similarities provide the foundation for comparison between the three centres in terms of housing affordability.

The question remains, how does one effectively and critically assess housing affordability? Where average rent exceeds 30% of gross household income, housing is not affordable because cost threatens the capacity of a household to afford other essential items (food, clothing, etc.).
This thesis differs from past housing affordability assessments in its focus on low income households and in differentiating housing need by household size. Past assessments of housing affordability in Prince George have tended to use "the average household" in their analysis. The approach was to assess how many households in a community could afford the cost of an average one bedroom apartment. The Housing Committee's housing reports in the early 1980s and A. Michalos' 1997 study on local quality of life both used this approach in Prince George to suggest that housing was affordable.

Past analyses using the average household with medium income to gauge housing affordability are flawed for several reasons. First, there is no distinction made between high, medium or low income households. Where the former two groups can usually lower their expectations in location, amenities or facilities, it is the latter group that experiences the greatest problems accessing housing that is both adequate and affordable. Second, as discussed in Chapter One, the middle economic class is shrinking while the lower economic class is growing. Thus, an assessment of housing affordability based on medium incomes is somewhat dated in light of current socio-economic trends. Third, different household sizes have not been considered in previous studies. Studies that assume that the average cost of rent for a one bedroom

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129 Alex Michalos.
130 The phrasing of the results further promotes a positive image. The authors tend to focus on those who can afford rather than the conditions of the remaining 20% of the households who cannot afford housing. These studies tend to overlook the goal of housing policy to ensure that "all" households are affordably housed, not just most of them.
apartment adequately reflects the housing costs for all households do not recognize the importance of National Housing Standards. While a one bedroom apartment is often (but not always, depending on family composition) adequate for households of one or two people, it is usually inadequate for larger households. Put simply, the cost of rent for a one bedroom apartment as the basis for assessing housing affordability fails to account for household diversity in housing needs. Given that the average household in Prince George has only recently dropped to 2.8 people, it is unlikely that a one bedroom apartment would even be adequate for the "average" household in the first place.

Where past studies have concluded that the combination of market forces and non-market activities are effective in providing housing to all residents in the community, this thesis takes the position that current housing policy is not effective in answering the housing needs for all household types. Therefore, this thesis uses a different analytic approach from previous studies to demonstrate which household groups tend not to benefit from affordable housing.

HOUSING AFFORDABILITY BY HOUSEHOLD SIZE

The housing budget for households at a low income level using Statistics Canada standards\(^\text{131}\) are compared to average rents according to Canada Mortgage and Housing Corporation (CMHC) market surveys. Four hypothetical situations are defined in terms of the number of occupants and the number of bedrooms used per household. The

\(^\text{131}\) A low income household for this thesis is defined by the conditions that Statistics Canada uses to determine Low Income Cutoffs, or LICOs. A more detailed explanation of these are provided in Chapter 1.
consumer price for different sizes of rental housing is taken from CMHC reports. CMHC maintains considerable information about rental housing for communities throughout the country. As part of its consistent basis of housing market analysis, CMHC performs regular audits of housing pricing. The *Prince George Rental Market Survey*\(^{132}\) records the numbers of private dwelling units, vacancy rates and average rents by unit size within the city. Market prices are assessed by numbers of bedrooms -- including bachelor/studio apartments -- based on the average rents for privately initiated dwellings. This thesis uses the average rent for apartments by number of bedrooms based on national housing standards.

In order to establish housing requirements for different households, four hypothetical households are used to test housing affordability. This approach does not assume that every household in Prince George will fall within one of these four categories, but it is a useful method for determining differences in household size. A household’s shelter requirements vary according to its size, as well as age and gender of occupants. Given the growing diversity of household compositions, there are many combinations of youth, seniors, couples and individuals living together.\(^{133}\) The four hypothetical households test the affordability of local housing by determining the relationship between the size of the household and the housing requirements as follows:

\(^{132}\) The *Prince George Rental Market Survey* is a user-fee service available through regional CMHC offices.

\(^{133}\) There is an assumption that households will pursue accommodation no larger than what is normally required. This point is in keeping with the National Housing Standards that prescribe the adequacy of housing.
Household A: one person requiring a bachelor apartment  
Household B: two persons requiring a one-bedroom apartment  
Household C: three persons requiring a two-bedroom apartment  
Household D: four persons requiring a three-bedroom apartment  

A simplified example will help demonstrate how housing affordability is assessed. The amount in a household's total budget that is available for housing costs is attained by dividing the annual gross household income by twelve for the monthly amount, then reducing to 30% for the monthly housing budget. The following formula provides the arithmetic process:

\[
\text{Annual Gross Household Income} / 12 \times .30 = \text{Monthly Housing Budget}
\]

Again, an example will help explain the principle. For instance, should a given household have gross income of $18,000 per year, the monthly budget is $1,500, thus 30% (or $450) is the household's monthly housing budget. Where rent for suitable or adequate accommodation averages $450 (or less) per month, housing is considered to be affordable. Where rent averages more than $450, housing is no longer considered to be affordable.

Average housing costs rarely if ever coincide precisely with housing budgets, and it is the difference between the two that is significant. Also, there are number of perspectives used to measure the difference. One could consider rent either in terms of the total household budget to examine whether housing costs absorb an amount that is lesser or greater than 30%. However, because this analysis accepts that 30% of total household should be devoted to housing costs, it is more relevant to
examine any differences from the perspective of the monthly housing budget in terms of a housing affordability quotient. The arithmetic process is described as follows:

\[
\text{Housing Budget - Average Rent} / \text{Housing Budget} = \text{Housing Affordability Quotient}
\]

To translate the housing affordability quotient into a percent difference, the figure is simply multiplied by 100. Again, an example or two might help to clarify the point. In each case, consistent with the instance presented above, the monthly housing budget is $450. For the first example, average rent is $405 (a difference of $45 less than the housing budget) thus resulting in a housing affordability quotient of .10, or positive 10%. In the second example, average rent is $540 (a difference of $90 more than the housing budget) thus resulting in a housing affordability quotient of -.20, or negative 20%. Clearly, a positive difference is favored over a negative difference: A negative difference implies that a household would be spending too much on housing, thereby threatening its ability to afford other life essentials.

This section examines the experience of different sized households in Prince George. The comparison between housing budget and average rent presented in the example above is performed for each of the four hypothetical households in this thesis. The annual gross income by household, monthly housing budget, average rent for adequate rental housing in October, 1997, and any difference in the form of a surplus or shortage from the housing budget figures are presented in Table 5.
Table 5.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Gross Income/Year</th>
<th>Housing Budget/Month</th>
<th>Average Rent</th>
<th>Surplus/Shortage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household A</td>
<td>$14,591</td>
<td>$345</td>
<td>$445</td>
<td>(-100)*</td>
</tr>
<tr>
<td>Household B</td>
<td>$18,239</td>
<td>$467</td>
<td>$509</td>
<td>(-42)*</td>
</tr>
<tr>
<td>Household C</td>
<td>$22,687</td>
<td>$594</td>
<td>$584</td>
<td>$10</td>
</tr>
<tr>
<td>Household D</td>
<td>$27,459</td>
<td>$683</td>
<td>$619</td>
<td>$64</td>
</tr>
</tbody>
</table>


* Parentheses indicate a deficit amount.

The figures in Table 5 reveal that in October 1997, housing was affordable for households type C and D, but was not affordable for households type A and B. The gap between housing budget and average rent for each household is presented as a percent difference in graphical form. Figure 4 shows that the housing affordability in Prince George in October, 1997, tended to favour larger households over smaller households. That is, average rent for Household A was 29% more than its housing budget and 9% more for Household B. Conversely, average rent was 2% less than the housing budget for Household C and 9% less for Household D.
To ensure greater reliability through time and to make certain that 1997 was not just an "odd" year, analysis of housing affordability should include a review of several years rather than just one. This is a prudent strategy in any situation, but especially important in Prince George where housing markets and the local economy remain susceptible to fluctuations in primary or resource-based sectors.\textsuperscript{134} The housing

\textsuperscript{134} Craig Davis, Structural Differences Between the Vancouver, Victoria and Interior Regional Economics of B.C., Vancouver: University of British Columbia, School of Community and Regional Planning, December 1989.
budget, average rent and the surplus or shortage are presented for the past seven years by household type in Table 6.

Table 6.

<table>
<thead>
<tr>
<th>Household</th>
<th>H. Budget</th>
<th>Avg. Rent</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$304</td>
<td>$390</td>
<td>($86)</td>
</tr>
<tr>
<td></td>
<td>$321</td>
<td>$394</td>
<td>($73)</td>
</tr>
<tr>
<td></td>
<td>$321</td>
<td>$397</td>
<td>($76)</td>
</tr>
<tr>
<td></td>
<td>$331</td>
<td>$388</td>
<td>($57)</td>
</tr>
<tr>
<td></td>
<td>$332</td>
<td>$414</td>
<td>($82)</td>
</tr>
<tr>
<td></td>
<td>$339</td>
<td>$431</td>
<td>($92)</td>
</tr>
<tr>
<td></td>
<td>$345</td>
<td>$434</td>
<td>($89)</td>
</tr>
<tr>
<td></td>
<td>$345</td>
<td>$445</td>
<td>($92)</td>
</tr>
<tr>
<td>B</td>
<td>$412</td>
<td>$427</td>
<td>($15)</td>
</tr>
<tr>
<td></td>
<td>$435</td>
<td>$444</td>
<td>($9)</td>
</tr>
<tr>
<td></td>
<td>$435</td>
<td>$453</td>
<td>($18)</td>
</tr>
<tr>
<td></td>
<td>$449</td>
<td>$464</td>
<td>($15)</td>
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<tr>
<td></td>
<td>$450</td>
<td>$482</td>
<td>($32)</td>
</tr>
<tr>
<td></td>
<td>$460</td>
<td>$493</td>
<td>($35)</td>
</tr>
<tr>
<td></td>
<td>$467</td>
<td>$509</td>
<td>($35)</td>
</tr>
<tr>
<td>C</td>
<td>$523</td>
<td>$482</td>
<td>$41</td>
</tr>
<tr>
<td></td>
<td>$553</td>
<td>$505</td>
<td>$48</td>
</tr>
<tr>
<td></td>
<td>$553</td>
<td>$521</td>
<td>$9</td>
</tr>
<tr>
<td></td>
<td>$571</td>
<td>$541</td>
<td>$32</td>
</tr>
<tr>
<td></td>
<td>$572</td>
<td>$558</td>
<td>$14</td>
</tr>
<tr>
<td></td>
<td>$575</td>
<td>$625</td>
<td>$10</td>
</tr>
<tr>
<td></td>
<td>$594</td>
<td>$638</td>
<td>$17</td>
</tr>
<tr>
<td></td>
<td>$584</td>
<td>$619</td>
<td>$10</td>
</tr>
<tr>
<td>D</td>
<td>$602</td>
<td>$523</td>
<td>$79</td>
</tr>
<tr>
<td></td>
<td>$636</td>
<td>$529</td>
<td>$13</td>
</tr>
<tr>
<td></td>
<td>$636</td>
<td>$537</td>
<td>$17</td>
</tr>
<tr>
<td></td>
<td>$658</td>
<td>$562</td>
<td>$99</td>
</tr>
<tr>
<td></td>
<td>$659</td>
<td>$588</td>
<td>$96</td>
</tr>
<tr>
<td></td>
<td>$673</td>
<td>$625</td>
<td>$15</td>
</tr>
<tr>
<td></td>
<td>$683</td>
<td>$638</td>
<td>$48</td>
</tr>
<tr>
<td></td>
<td>$683</td>
<td>$619</td>
<td>$45</td>
</tr>
</tbody>
</table>


Table 6 shows that housing affordability in Prince George for the period 1990-1997 remained consistent with only minor variances. The most recent housing affordability conditions are compared to this period and presented in the following summaries by household type.

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135 Low income cut-offs have not been released for 1997 at time of writing this report. For general purposes of comparison, 1996 LICO values are substituted to assess 1997 CMHC average rents.
Household A average rent in 1997 was 29% greater than the housing budget. The pattern over recent years has been for rent to exceed housing budget at least 17% up to 28%, averaging 24.3% for the period.

Household B average rent in 1997 was 9% greater than the housing budget. The pattern over recent years has been for rent to exceed housing budget at least 2% up to 7%, averaging 4.8% for the period.

Household C average rent in 1997 was 2% less than the housing budget. The pattern over recent years has been for rent to fall below housing budget at least 2% up to 9%, averaging 5% over this period.

Household D average rent in 1997 was 9% less than the housing budget. The pattern over recent years has been for rent to fall below housing budget at least 7% up to 17%, averaging 12.3% over this period.

The conclusion from this analysis is that rental housing continues to be unaffordable for small low income households as represented by Household A and Household B. Household C is the closest match in terms of average rent and housing budget. By comparison, Household D enjoys a relative advantage in housing affordability by consistently having average rent fall below the housing budget.

To better understand the implications of this assessment, housing affordability in Prince George will be compared to Kamloops and Kelowna. The comparison focuses on the difference between housing budget and average rent by household type.
Table 7.

Annual Gross Income, Housing Budget, Average Rent and the Difference Between Housing Budget and Average Rent by Household Type* in Prince George, Kamloops and Kelowna, October 1997

<table>
<thead>
<tr>
<th>Gross Income/Year</th>
<th>Housing Budget/Month</th>
<th>Average Rent</th>
<th>Surplus/Shortage</th>
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</thead>
<tbody>
<tr>
<td>Prince George</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household A</td>
<td>$13,781</td>
<td>$345</td>
<td>$445</td>
</tr>
<tr>
<td>Household B</td>
<td>$18,680</td>
<td>$467</td>
<td>$509</td>
</tr>
<tr>
<td>Household C</td>
<td>$23,744</td>
<td>$594</td>
<td>$584</td>
</tr>
<tr>
<td>Household D</td>
<td>$27,388</td>
<td>$683</td>
<td>$619</td>
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<tr>
<td>Kamloops</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household A</td>
<td>$13,781</td>
<td>$345</td>
<td>$440</td>
</tr>
<tr>
<td>Household B</td>
<td>$18,680</td>
<td>$467</td>
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<tr>
<td>Household C</td>
<td>$23,744</td>
<td>$594</td>
<td>$604</td>
</tr>
<tr>
<td>Household D</td>
<td>$27,388</td>
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<td>Kelowna</td>
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<tr>
<td>Household A</td>
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<tr>
<td>Household B</td>
<td>$19,123</td>
<td>$478</td>
<td>$521</td>
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<tr>
<td>Household C</td>
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<td>$640</td>
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<tr>
<td>Household D</td>
<td>$27,982</td>
<td>$700</td>
<td>$706</td>
</tr>
</tbody>
</table>


The differences between housing budget and average rent as a percent of housing budget for each of the three cities is presented in Figure 5.

Figure 5 illustrates three significant aspects of housing affordability for low income recipients in the sample communities of Prince George, Kamloops and Kelowna. First, in each city, housing affordability favours larger households over smaller. In this respect, a consistent pattern is evident showing that housing costs are less affordable for smaller households. Second, Prince George experiences the largest separation between affordability by household type. Average rent for Household A is 29% in excess of housing budget and 9% below
housing budget for Household D. Third, in both Kamloops and Kelowna average rent for adequate housing by household remains unaffordable in every case, although it does come very close for Households C and D. Households C and D in Prince George are unique in that the average rent is affordable.

Figure 5.

Difference between Housing Budget and Average Rent by Household Type* in Prince George, Kamloops and Kelowna, 1992

*(Note: A negative difference reflects rent exceeding housing budget)

CONCLUSION

There are many ways to examine the issue of affordable housing. This thesis presents one approach based on the experience of four hypothetical households with low income in Prince George. Analysis of available housing data reveals two significant points. One is that average rent for small households is significantly greater than the housing budget, and thus is not affordable to low income households. Further, because housing is comparatively affordable for larger households, any change to policy should focus on making housing for smaller households more affordable. As a result of the Province’s devolution of affordable housing responsibility to the municipalities, this issue needs to be addressed at the local or municipal level. The second point revealed through this housing affordability analysis is that like Prince George, both Kamloops and Kelowna experience similar housing affordability patterns. Consequently, each of the three cities needs to address the issue of housing affordability for small low income households. However, to develop a housing policy that is locally appropriate, each should be informed by key stakeholders and decision makers in the housing sectors of each city respectively.
CHAPTER FOUR:
AFFORDABLE HOUSING AND HOUSEHOLD SIZE
IN PRINCE GEORGE

The City of Prince George has published a series of 15 annual reports on affordable housing conditions.\textsuperscript{136} These reports are significant not only for what they conclude, but also for the consistency in their conclusions over a period of time. Nearly two decades ago the City established a committee to look into housing issues, for both owners and renters, and released its findings in \textit{An Affordable Housing Study}.\textsuperscript{137} The initial report concluded enthusiastically that Prince George was an affordable place to call home. It also claimed that "almost all City neighbourhoods supply a full range of housing in terms of type, density, quality and price that allows a certain substitutability not common in other cities."\textsuperscript{138} According to the report, 80\% of city residents with an average income could afford to rent suitable accommodations.\textsuperscript{139} While Prince George tends to enjoy higher averaged income than elsewhere in the province, the authors admitted to not understanding all of the reasons for the comparatively low cost of local housing.

The Committee continued to report annually on local housing conditions into the early 1990s in reports titled \textit{Housing in Prince George}\textsuperscript{140} that echoed the sentiment "Housing remains affordable in

\textsuperscript{136} The precise number of housing reports published by the City is unclear as neither City Hall nor the local library maintains a complete collection.
\textsuperscript{137} City of Prince George. \textit{An Affordable Housing Study}. City of Prince George Housing Committee: November 1979.
\textsuperscript{138} City of Prince George. 1997. 3.
\textsuperscript{139} City of Prince George. \textit{Housing in Prince George}. Annual report of the Prince George Housing Committee. December, 1980. 23.
\textsuperscript{140} Ibid. 17.
Prince George." In 1992 the series of studies ended with the City having resolved, to its own satisfaction, that housing in Prince George was affordable.

While the City's reports provide an important starting point for understanding local affordable housing conditions, they are incomplete in that they fail to recognize disparities between social or economic groups. Specifically, these works do not consider the distribution of income, the incidence rate of low income, or the availability of suitable housing for lower income groups. The City's approach to affordable housing assumes that the distribution of income corresponds to the distribution of high and low cost housing. Such an assumption appears to be both ill-founded, and is the primary weakness of the City's analysis of affordable housing conditions. Using average housing costs by average household incomes as indicator of affordable housing conditions will lead to the creation of bad policy, since doing so ignores disparities experienced by different household groups.

KEY INFORMANT SURVEY

The sample group of ten key informants, in their responses to a questionnaire of ten open-ended questions on the state of affordable housing in the city, expressed two important points. One main point identified by the survey is that affordable housing for small, low income households is markedly different from the conclusions reached in the housing reports performed by the City. The second point is that most key informants would like to see the City move towards a more precise definition of affordable housing that incorporates the particular needs of small, low income households.
Each of the four groups of key informants identified the distinction between the City's published reports of the average state of affordable housing and the experience of small low income households. Analysis of survey responses showed there to be general consensus among municipal government representatives about the need for more affordable housing in the city. Although unsure of the extent of the problem, each municipal government representative agreed that small, low income households experience the least affordable housing of all household types. According to one senior planner with the City, "there's an obvious need for more affordable housing and that need centres around the smaller, low cost residential units." Furthermore, each respondent confirmed that social and economic trends, including smaller households and greater incidence of low income, are magnifying the existing levels of inequity of housing affordability in Prince George.

Contrary to the City's housing reports that describe Prince George as being an affordable place to live, provincial government representatives describe current conditions in the city as relatively poor. In fact, one representative from British Columbia Housing and Management Commission (BCHMC) considers the current conditions as a state of "housing crisis." Each provincial government representative identified the market's failure to respond the housing needs of small, low income households as the main cause behind current problems. Moreover, each respondent in this category felt that conditions are not likely to improve in the foreseeable future. Another BCHMC representative noted that an "ever increasing level of demand from small, low income households is paired with a lack of response from the market housing sector, with no relief in sight."
Consistent with the views of municipal and provincial government representatives, non-market housing providers consider there to be an inadequate supply of low cost housing in Prince George. Key informants from the non-market housing sector indicated steps taken to provide relief, primarily through the development of social housing projects by non-profit groups. Examples of local social housing initiatives include the Elizabeth Fry project on Irwin Street and the Active Support Against Poverty conversion of the Jacob Motel to single-room occupancy suites. Despite these advances, respondents affirm that housing remains unaffordable for a significant number of households. Each of the non-market housing representatives included in the survey pointed to the extraordinary waiting list for residency in the Irwin Street project as indication of the unmet demand for affordable housing in the city. One representative from Prince George's largest non-market housing organization, notes "there are over 400 families on the waiting list to get into Irwin Place...with only 40 units in the project, it is impossible for us to keep up with the demand."

The responses of market housing representatives concur with those of the other three sectors by identifying the affordable housing conditions of small, low income households as markedly different from the those portrayed by the City's published reports. Both respondents in this housing sector offered the explanation that it is an economic rationale leading to "greater interest in larger housing over smaller residential units" which is to blame for disparities in local affordable housing conditions. Developers cite the financial benefits of building larger units based on economies of scale in housing unit design. Respondents note the demand for small, low income households are not
being met by market forces, and identify lack of financial or other incentive as the main obstacle. One developer summarized the market's tendency towards building larger housing units by affirming "the bulk of the cost is in the kitchen and bathrooms, it doesn't cost much more to add an additional bedroom into a [rental housing unit]."

The second point expressed by all but one of the respondents is that the City needs to revise its current position on affordable housing to better reflect the needs of small, low income households. The majority of respondents, including each of the municipal government representatives, indicated that the City has yet to define what constitutes affordable housing, who it is meant for, and where it is best situated. As such, nine key informants expressed their desire for the City to revisit its current position in order to establish a clear definition of affordable housing that incorporates the needs of small, low income households. There was only one respondent who did not feel that the City should alter its position on affordable housing.

AFFORDABLE HOUSING AND HOUSEHOLD SIZE

The problem of ensuring affordable housing for all of society is better understood when broken down into various groups, thereby identifying those most seriously affected. Reports that recognise this principle include an approach of considering household requirements established by Michael Goldberg, Research Director for the Social Planning and Research Council of British Columbia (SPARC). SPARC is a voluntary association of people committed to the social, economic and environmental health of citizens and
communities. The research report by Michael Goldberg entitled *Maintaining the Gap*\(^{141}\) reviews the daily cost of living associated with participating in community life, using support (food, clothing, etc.) and shelter costs, compared to B.C.'s income assistance rates. The study uses five hypothetical individual and family groupings of different sizes to demonstrate the financial shortfall between monthly costs and the amount they receive in income assistance. This thesis has attempted to build on Streich's insight by utilizing Goldberg's approach to affordability assessment.

This thesis can be viewed as an extension of previous studies on local housing affordability in Prince George. And not unlike its predecessors, this thesis is not without its limitations. There are two primary conditions which circumscribe the results. The first is the age of the statistics used in the housing affordability assessment. The second relates to the validity of the sample group of the key informant survey.

Statistics Canada updates its census and database on demographic and housing statistics every five years. The volume reporting *Housing Costs and Other Characteristics of Canadian Households* (Catalogue Number 93-330) was last published in 1993. It is expected that the updated volume in this series will likely be released in the latter months of 1998. However, at the time of writing this thesis, the Statistics Canada depositories have yet to receive this volume with data from the last census year. Although this thesis uses the most recent data source available, the age of the data can be considered a limitation of the study.

The second limitation of the thesis relates to the qualifications of key informants to offer insight into affordable housing policy. While the sample

group does represent a considerable wealth of insight into affordable housing in Prince George, their experience does not qualify them as experts in the field of policy analysis. This study utilizes the expertise of the various government and housing representatives within the sample group, but also recognizes and accepts any limitations inherent in their inexperience in policy consultation.

In addition to limitations of this thesis, it is important to offer suggestions for improving subsequent studies of affordable housing conditions. The first recommendation is informed by the thesis' limitations as it relates to the dating of Statistics Canada data. The recommendation is to repeat the housing affordability analysis as soon as updated income and housing statistics become available, likely in late autumn or winter of 1998.

The second suggestion relates to improving the reliability of the data generated through the key informant survey. Returning survey responses to the respondents for their verification, although time consuming not only for the interviewer, but also for the respondents, is an additional means of improving the reliability of the data.

The third suggestion is to repeat the affordable housing analysis using a variety of "real life" scenarios of different size households in place of the four hypothetical households. For instance, a person on welfare, a couple each earning minimum wage, or a senior living on a fixed pension could be used to determine household income in place of the Low Income Cut-offs. The use of case-specific income indicators would add an additional sense of realism to the analysis.
CONCLUSION

The main discovery drawn from the housing affordability assessment in Chapter Three, is the experience of small, low-income households in securing affordable housing is significantly different from City's outlook developed through its series of (now discontinued) housing reports. As long as the City maintains its current position on affordable housing policy, it will continue to overlook the experience of small, low income households that tend to experience housing which is not affordable.

It is evident that the City of Prince George needs to revise its affordable housing policy in order better reflect the social, economic and political changes occurring in our society. A history of federal housing programs both established a de facto national housing policy and created responsibility for providing affordable housing. This responsibility was abandoned by the federal government in 1992, and subsequently adopted by the Province of British Columbia. Through a series of changes to the B.C. Municipal Act, the City of Prince George finds itself responsible for ensuring there is adequate affordable housing for all residents. This responsibility is entrenched in the Prince George Official Community Plan.

Past housing reports by the City reached the conclusion that housing in Prince George is affordable for most residents. The conclusion of the report was based on the average household being able to afford average accommodation. The housing analysis presented in this thesis, focusing on low income households and assessing the cost of housing in accordance with household size, demonstrates the shortcomings of the current affordable housing policy. It is clear that the affordable housing needs of small, low income households are not being met under present conditions. A survey of key informants in various sectors relating to affordable housing
underscores the apparent inadequacy of the present policy in meeting the affordable housing needs of all residents. In particular, the level of housing affordability experienced by small, low income households is inconsistent with the City's mandate of ensuring housing be affordable for all residents.

In order to address the inconsistency of existing affordable housing conditions with the City's residential housing goals outlined in the Official Community Plan, it is recommended that the City develop an affordable housing policy based on a consideration of the number of small, low-income households in the community.
CHAPTER FIVE
SMALL, LOW INCOME HOUSEHOLDS AND
THE CITY OF PRINCE GEORGE

The City of Prince George's policy on affordable housing should be recast to better reflect the needs of small, low income households. The analysis of housing costs according to household size demonstrates that the needs of this group are distinct from the overall impression provided by past affordable housing reports. The survey of key informants confirms the high level of support calling for the City to revise its position with respect to this issue.

The federal government's policy on affordable housing has varied considerably through its different stages of policy evolution through the past century. Once the main provider of publicly funded affordable housing development, the recent trend has been to shy away from previous commitments. Consequently, the provinces have been handed responsibility for the issue. The Province of British Columbia has responded by passing the torch to the municipalities. Until the affordable housing needs of this group are recognized by the municipality in Prince George as a distinct socio-economic segment with unique affordable housing needs, there is little chance for change in the current situation.

In the absence of publicly funded social housing, the marketplace once again becomes the sole source of housing development. Profit motivation appears to have led market-driven housing development towards larger and more elaborate homes, thereby increasing profit margins. Despite the social and economic trends generating increasing demand for
small, low cost housing, the marketplace has failed to provide affordable housing solutions for small, low income households.

As a collective, there could be greater likelihood for small, low income households to have their concerns heard in the community. Developing a collective identity would not be easy, however, for despite their shared dilemma they remain a relatively small group with limited financial and political resources. Non-profit groups play an important role in attempting to meet the needs not filled by market housing interests, but given the limited resources available to these organizations their impact cannot satisfy the rising level of demand. Therefore, as long as the City maintains its current policy on affordable housing, the needs of small, low income households will continue to be overlooked.

On the other hand, should the City elect to become proactively involved in affordable housing by identifying and addressing the needs particular to small, low income households through changes to municipal policy, it would adopt a directive that opposes the prevalent philosophy adopted by the federal and provincial governments. But perhaps the alternative -- a continued shortage of affordable housing options overlooked by governing powers -- would be worse, certainly for those facing affordable housing challenges, and perhaps also for the community as a whole.

As this thesis has attempted to shed light on both the conditions of and ways to ameliorate affordable housing conditions for small, low income housing, it also opens discussion on a number of related issues. For instance, is the community a viable base for providing affordable housing? Can community-based organizations be expected to make a distinctive contribution, given that the community is the locale in which these problems are realized? Is it the place for local government to be involved in
issues relating to affordable housing, or is it a matter best resolved by the free market? To be sure, there remain many unanswered questions relating to the growing issue of affordable housing in Prince George.
REFERENCES


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Appendix A

Average rent of privately initiated apartments in structures of three units and over, extracted from CMHC data.

October / Octobre 1997

<table>
<thead>
<tr>
<th>Area / Endroit</th>
<th>Number of bedrooms / Nombre de chambres à coucher</th>
</tr>
</thead>
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<td></td>
<td>Study</td>
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<tr>
<td><strong>British Columbia / Colombie-Britannique</strong></td>
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