

HOUSING TRENDS AND THE ROLE OF PUBLIC POLICY
IN GENERATING HOMELESSNESS:
A CASE STUDY OF VANCOUVER, BRITISH COLUMBIA

By

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ABSTRACT

This thesis analyses the extent to which municipal and provincial policy decisions over the past decade have contributed to the problem of homelessness. It examines a series of public policy actions and inactions which have resulted in losses of rental housing at the bottom end of market, ultimately leading to displacement and homelessness. The irony is that homelessness is increasing both in magnitude and visibility during a period of relative economic prosperity.

The thesis addresses four research questions:

- 1) What are the causes of homelessness in Canada?
- 2) Why has the private rental sector failed to shelter people at the bottom rung?
- 3) In what ways have public policy decisions contributed to or alleviated homelessness, using a case study of Vancouver?
- 4) How can governments better meet the permanent shelter needs of the homeless population?

These research questions are examined by reviewing relevant literature and interviewing key informants in three substantive theme areas, including security of tenure, affordability, and preserving the physical condition of rental housing.

The research clearly demonstrates that at both the municipal and provincial levels, policy decisions favour the owners of private property over renters and policy makers are reluctant to interfere with free market principles. Both levels of government adhere to a neo-classical economic approach to the provision of housing, contending that when housing at the high end of market is added to the rental inventory, low-income people will benefit in the long term. This is not occurring in British Columbia. This study suggests that there is a range of policy options governments can employ which will intervene in the private market and remedy the inequalities of housing scarcity.

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Chapter One

Introduction

"The problem is not to explain why people are poor, but to explain why poverty in the 1980's has taken the form of homelessness. It simply won't do to claim, as Ronald Reagan did in an interview before leaving office, that most people are homeless by choice. The primary cause of homelessness in the 1980's is an inadequate supply of housing, especially at the bottom of the rental market. And government policy is deeply implicated." (New York Times, March 23, 1989)

In March 1989 an opinion piece titled "Homeless: A Product of Policy" appeared in the New York Times. The article points out that, while impoverished and homeless people have always existed, homelessness is increasing both in magnitude and visibility in the midst of prosperity. The author argues that widespread homelessness is primarily caused by an inadequate supply of housing at the bottom end of the market and that housing shortages are a product of misguided public policies.

The 1980's have been a decade of profound economic, demographic and social change. Economic recession in the early 1980's and prevailing neo-conservative political ideologies have created housing situations from which people at the bottom (and increasingly middle) rungs of society have not been able to recover. There is near total reliance on the private market for the supply and distribution of housing resources

in Canada. Low-income people, who generate social need and not market demand, do not have their housing needs met. In fact, economic recovery in the late 1980's and the growing polarization between the "haves" and the "have nots" has been cited as one of the main contributors of homelessness (Cox, 1986:15). Growing income disparities and poverty have resulted in an increasing number of people who cannot find affordable housing at the bottom end of the rental market. As a result, they find shelter wherever they can.

Homelessness can be regarded as being a continuum ranging from a lack of absolute shelter to inadequate housing conditions and living arrangements (Dear, Wolch and Akita, 1988:444). It is the most visible and tragic manifestation of the failure of public policy decisions and institutional arrangements to allocate housing equitably. Increasing numbers of people in Canada are facing the most extreme form of housing deprivation - not merely inadequate housing, but absolute shelterlessness. Clearly, the emergence of widespread homelessness amidst prosperity indicates the presence of broader social trends which are predicted to intensify in the coming decade. The prevalence of homelessness in such an economically advanced and well-housed nation as Canada raises a number of political, ethical and social welfare concerns.

Hopper and Hamberg (1986:13) claim that homelessness is largely an outcome of resource scarcity. It can be argued, however, that our society does not lack the resources, technology or wealth to deal with homelessness. Homelessness is not a product of scarcity but of uneven distribution of wealth, as evidenced by the increasing

polarization of society by income and tenure. What we do lack is public recognition of the problem and the political will to take action.

Forty years ago, Humphrey Carver remarked that the ultimate test of a social policy is measured by how well people at the bottom rung of society are cared for. Carver further commented that solutions to social problems require the formulation of a philosophy concerned with basic social rights and equities (Carver, 1948:123). Our society, at different times and for different reasons, has legitimized certain problems worthy of action. It recognized, for example that people have a right to health care and education. Sadly, housing has not yet been accorded this status. For homelessness to emerge as a major problem in the 1980's raises a number of serious questions about the nature of policy response to social welfare and housing problems.

Drawing on Vancouver as a case study, this thesis analyses the extent to which public policy actions and inactions at the provincial and municipal level have contributed to homelessness in the 1980's. It examines a series of policy decisions over the past decade which have directly impacted the bottom end of market rental housing in Vancouver. The findings reveal that homelessness is not caused by personal deficiencies, but rather by structural economic and social problems which negatively affect metropolitan housing markets. The study suggests that a reliance on market principles and the lack of government initiatives to respond to the inequities generated by structural economic changes have contributed to homelessness. The thesis contends that homelessness is caused by the misallocation of housing resources which is a direct

result of public policy decision-making.

Since WWII, the federal government has been directly involved in the provision of housing in Canada. Despite fifty years of involvement and a stated commitment to housing as a right for all Canadians (House of Commons Debates, March 15, 1973:2257), access to affordable, secure and appropriate housing has not been achieved. A major housing policy report published 25 years ago concluded that housing performance in Canada has been production oriented rather than distribution oriented, devoid of broad social objectives and economically inaccessible to many Canadians (Ontario Association of Housing Authorities, 1964:49). Little has changed. The federal government, through various grants and tax expenditures, has continued to encourage the treatment of housing as an investment good and not a consumption good (Hulchanski, 1988:17). Assistance has been directed at the provision of housing at the high end of the market and to home ownership. Provision of a stable secure stock of reasonably priced rental housing has not been a government priority. Rather than being part of the solution, government policies can be held partly responsible for generating homelessness in Canada.

There is a twofold rationale for undertaking this study. First, while information on provincial housing programs in the 1980's is available, there is a significant gap in the literature regarding provincial housing policies, their underlying rationale and outcomes. A clearer understanding of the impact public policy decisions have on homelessness will point to ways in which policy can be used to alleviate homelessness. Second,

there is a serious need to re-evaluate current approaches to housing policy and redirect our commitment to deal with the shelter problems of homeless people and people at risk of being homeless.

An examination of municipal and provincial policy decisions affecting the low end of market rental housing, as well as reasons why some policies were adopted and others ignored, contributes to a better understanding of the political dynamics of the social and housing policy decision-making process in Canada. This study is timely in light of the current rental housing crisis in Vancouver and development pressures on the low-end-of-market housing stock. If we can learn why some housing policies have been adopted while others have been abandoned and what the outcome of these decisions have been, an effective response to poverty and substandard housing conditions affecting the homeless population in Canada may be developed.

This thesis addresses the following research questions:

- 1) What are the causes of homelessness in Canada?
- 2) Why has the private rental sector failed to shelter people at the bottom end of the market?
- 3) In what ways have public policy decisions contributed to or alleviated homelessness, using the City of Vancouver as a case study?
- 4) How can governments generally better meet the permanent shelter needs of the homeless population?

This study first examines the general condition of homelessness within a Canadian context. It proceeds to investigate the dynamics of the rental housing market in the

City of Vancouver over the past decade. This period was chosen, not only to limit the scope of the study, but because homelessness has increased significantly since the beginning of the decade. The City of Vancouver is used as a case study for a number of reasons. First, occurrences of homelessness and poverty are acute in western Canada. The restructuring of the economy from primary resource to quaternary and service sector industries is having a severe impact on Vancouver. While the city is experiencing an active real estate market, there are severe problems in the workings of the private rental sector.

Problems in rental housing markets are compounded by gentrification and soaring inner city land values which are contributing to losses of rental stock at the bottom rung. The largest inner city development project in North America is currently underway in Vancouver, creating intense development pressure on the adjacent stock of low-income residential hotels and rooming houses. In addition, decent but older apartment stock, notably in the Kerrisdale area of Vancouver, is being demolished to make way for luxury condominiums and a city-initiated campaign is underway to close down secondary suites in Vancouver. Low-income housing is becoming increasingly scarce due to global capital investment and the emergence of Vancouver as a "world class" city.

Because low vacancy rates and rental housing shortages are common to all major Canadian cities, the findings of this study are relevant beyond Vancouver. Homelessness is largely an urban phenomenon. All Canadian cities share similar

housing market problems and have urban neighbourhoods which are plagued by disinvestment. Even Kamloops, a city of 60,000 people in the interior of British Columbia, is reputed to have a "skid road" section of town (Vancouver Sun, October 2, 1989:6). A study of the impact of municipal and provincial policy decisions on homelessness in Vancouver is therefore relevant to large and small cities in Canada.

This study focuses on provincial and municipal policy decisions because it is generally recognized that local jurisdictions are closest to the housing concerns of its residents and are best able to define and evaluate housing problems (Goldberg and Mark, 1985:34). Further, according to the jurisdictional powers set out in Canada's British North America Act, the constitutional responsibility for housing rests clearly with the provinces and their "creatures", municipalities. The federal government influences housing markets broadly through monetary and fiscal policy (Goldberg and Mark, 1985:35). For this reason, the thesis limits its examination of housing policy to municipal and provincial activities.

Government policies act to mediate conflicts in ways that support the capital accumulation and legitimization needs of a society (Achtenberg and Marcuse, 1986:8). Governments are charged with setting the rules of the game to which the private sector must adhere. They establish the framework for the operation of banking and investment dealings, land market transactions and residential development. For this reason, housing shortages and subsequent homelessness cannot be blamed on offshore investors, real estate speculators and property developers. These individuals are in

business to maximize profits and operate according to predetermined rules which are established by public policy. The responsibility for homelessness therefore rests squarely with public policy and not with private enterprise.

Although the thesis includes a discussion of the role of public policy decisions in generating homelessness, it will only highlight issues, merits and shortcomings in policy actions. It does not recommend specific policy actions or propose alternate strategies to alleviate homelessness. The purpose of the thesis is to explore the connection between public policy decisions and increasing homelessness in order to provide some insight into the problem and raise questions for further discussion.

This thesis incorporates two research methods, namely bibliographic research and interview techniques within the broader framework of a case study approach. The case study is one of several research strategies used to conduct an empirical investigation.

A case study is a form of empirical inquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1989:23).

There are three types of case studies: explanatory; exploratory; and, descriptive. An explanatory case study approach is the preferred strategy for this thesis, because it attempts to answer "how" and "why" questions (Yin, 1989:13). Explanatory case studies are used to illuminate a decision or set of decisions, why they were taken, how they were implemented and with what result. The case study approach is used in this thesis to illuminate a set of public policy decisions with respect to housing programs

and policies, establishing the framework for investigating why policy decisions were taken, how they were implemented and with what results.

Multiple sources of evidence for the case study were gathered by a review of relevant literature. Bibliographic research included a literature review of secondary resource materials concerning the nature and extent of homelessness in Canada. Various government policy actions and inactions with respect to low-income rental housing were also investigated by reviewing documentary information. This information was collected and analysed from the following sources: journals, newspaper clippings, books, council minutes, government agency reports and studies. The literature review was augmented by open-ended interviews with key informants in order to retrieve facts and opinions on particular subjects.

George and Wilding (1985:5) suggest that any attempt to assess the impact of social policies encounters three methodological problems: difficulty accessing relevant data, introducing potential biases of the investigator, and establishing cause and effect. First, housing policies and programs at the local and provincial level are well documented and, where information is lacking, interviews with key informants were obtained. Second, underlying values and assumptions are important in defining a problem as well as in selecting and evaluating relevant data and should be made explicit. Research inevitably involves the beliefs and assumptions of the investigator; value-free policy analysis is virtually impossible (Ham and Hill, 1984:18). Last, even when a causal link is inferred between two factors, it is difficult to determine which one is the cause and

which the effect. This thesis investigates a series of policy decisions and attempts to link its findings to increasing incidences of homelessness by relying on circumstantial and not direct evidence. The conclusions drawn in this thesis should therefore be considered tentative.

This thesis is organized into six chapters. Following this introduction to the study, chapter two provides a review of the literature pertaining to theories of poverty, competing economic ideologies and the role of public policy decision-making. This literature review grounds the discussion of specific housing policy decisions in a later chapter within a broader theoretical framework.

Chapter three provides an overview of the nature and extent of homelessness in Canada. This chapter examines the various definitions of homelessness and ways of estimating numbers of homeless people. It also investigates the underlying reasons for homelessness, identifying the four main causes as being deinstitutionalization, increased poverty and unemployment, decreased social spending and the lack of affordable housing. Chapter three identifies the lack of affordable rental housing as being the principal cause of homelessness. An overview and analysis of Vancouver's private rental market is therefore presented in chapter four. This chapter investigates such rental housing issues as affordability, losses of stock and housing supply as they pertain to Vancouver, B.C.

Chapter five examines the extent to which housing policy decisions have contributed to homelessness in Vancouver. Specifically, it investigates a series of public policy actions and inactions which have affected the stock of low-income rental housing in Vancouver with respect to security of tenure, affordability, availability and physical condition.

Chapter six provides a summary of the thesis and analyses the findings of the previous chapters. Adopting a critical perspective, it draws some tentative conclusions regarding the impact of public policy actions and inactions on the stock of low-income rental housing and, in turn, homelessness. The problem of homelessness is so pervasive and systemic that it cannot be "solved" per se. However, a range of government initiatives to alleviate homelessness are identified in the thesis, extending from actions which worsen the situation to inaction to dramatic change in the distribution and production of housing.

Chapter Two

Literature Review: Poverty, Economic Theory and the Role of Public Policy

This thesis sets out to test the hypothesis that public policy decisions have contributed to increasing poverty and homelessness in the 1980's. Three concepts are therefore central to this investigation: public policy, poverty and homelessness. This chapter provides a review of the literature pertaining to theories of poverty and public policy decision-making. The three roles of policy decisions (policy action, inaction and rhetoric) are utilized in chapter five to analyse the impact on homelessness of specific policy decisions made with respect to security, affordability and adequacy of the housing stock. This chapter also examines two opposing political economic theories - neo-classical and social democratic - as representative of the philosophies of the two dominant political parties in British Columbia, namely the Social Credit and the New Democratic Parties.

George and Wilding (1985:1) suggest that theories of the state, social problems and social policy are interrelated. They further contend that social policy must be analysed in the broader context of social, political and economic processes. These processes and the way they are perceived impact policy formulation; the policies, in turn, influence broader societal systems. Ham and Hill concur, stating that:

the student of the policy process should stand back from the world of everyday politics in order to ask some of the bigger questions about the role of the state in contemporary society and the distribution of power between social groups (Ham and Hill, 1984:17).

2.1 Poverty

Attitudes towards the poor and homeless are rooted in the nineteenth century belief that poverty is a product of individual failings and not broad structural trends. As Dennis Guest notes:

Attitudes towards the poor and explanations of poverty in the first two decades of this century...explained poverty in individual/moral rather than economic terms -- it reflected deficiencies in the individual, and therefore any assistance given tended to be Social Darwinian in style and punitive in intent. It was left to private charities and municipalites, and assistance was given on an emergency not continuing basis. With the prevalent values of individualism and the ethos of conservative free enterprise flourishing, little effective community response to poverty and substandard housing conditions emerged, and attitudes towards the poor were disparaging (Guest, 1985:15-16).

Although Canada has no official definition of poverty, it is usually conceived of in terms of income. Statistics Canada, for example, measures poverty by establishing a set of income cut-offs below which it considers people to be living in poverty. Ross and Shillington (1989:20) argue that various definitions of poverty do not take into account the large numbers of "near poor" people who are only marginally better off than the "official poor."

The structure of our society is based on the premise that, while individuals have "equal" opportunity to compete, those who cannot are left to fend for themselves. Over the past several decades, governments have begrudgingly come to recognize poverty as a persistent social and political problem. Townsend defines poverty as:

having insufficient resources to obtain the conditions of life, i.e. the diets, amenities, standards and services to allow people to play the roles, participate in the relationships and follow the customs which are expected of them as citizens (Townsend, 1984:12).

He further argues that there are opposing political and theoretical views which attempt to explain poverty, each containing an implicit prescription for policy.

Townsend identifies the three theoretical approaches to poverty and social conditions as being liberal-pluralist, Marxian, and radical social administrative. In the liberal-pluralist orientation, social policies are largely concerned with the provision of residual social services to the marginal in an attempt to alleviate temporary problems of the market. Conflicts of interest are resolved through negotiation and compromise. Inequalities are accepted as an inevitable consequence of advancement and poverty is explained in terms of personal characteristics. Policy responses to poverty in the pluralist approach rely on conditional welfare for the few (Townsend, 1983:61).

In the Marxian approach, poverty is regarded as endemic to capitalism. The provision of social services is regarded as a means of social control by the ruling class. Improvements and benefits are seen as a means to maintain subservient workers and regulate relations between poverty and profits.

The social administrative approach involves dramatic changes in socio-economic structures and institutions. It regards welfare as an attempt to meet needs, an assertion of collective over individual interests, and the pursuit of social equity. Townsend (1983:62) regards this approach, with its roots in the labour movement, "more radical and relevant than some Marxist analysis" because it requires change in social and economic institutions. This tradition has implications for social transformation because it assists the welfare state to meet social need, assert rights and pursue social equality. The policy response to alleviate poverty in the social administrative approach is the principal of distributional justice for all.

Related to Townsend's theories of poverty are three theories of social problems: disorganized deviant, institutional and structural theories (George and Wilding, 1985:3). Individual approaches to social problems are related to the pluralist distribution of power in society and an impartial state. The causes of social problems are therefore rooted in personal characteristics. The use of phrases such as "blaming the victim" and "helping the truly needy" (the deserving poor) are associated with this view.

The disorganization-deviant view sees social problems as having little or no connection with unequal distribution of resources in society. They see the real causes of what are conventionally defined as social problems as lying within individuals and therefore not amenable to amelioration or solution through government action. Such action will, in fact, exacerbate other problems through the disruption it causes to the spontaneous order of society (George and Wilding, 1985:10).

In the institutional approach, social problems arise over conflicts between various interest groups regarding the control of scarce resources. An extension of pluralist conflict

theories, the outcomes of this model relate to Townsend's radical social administrative approach to poverty. Poverty, for example, is regarded as the outcome of insufficient wages or low social security benefits; unemployment is the result of a private profit-maximizing economic system (George and Wilding, 1985:10). Solutions to social problems are based on improving social institutions.

The structuralist approach to social problems is similar to Marxian theories of poverty, which are based on the capitalist mode of production and power relationships (George and Wilding, 1985:12). This view asserts that until there is a change in the capitalist mode of production through class struggle, social problems can only be incrementally or superficially solved.

Townsend outlines three popular conceptions of poverty: subsistence; basic needs; and relative deprivation. The first relies on a nationally set poverty line such that incomes below it are not sufficient to maintain health. The concept of basic need establishes a social minimum in terms of food, clothing and shelter. This definition also includes the provision of municipal services, such as water, sanitation, transportation, education and health care, which are considered essential components of living with freedom of choice and dignity.

Individuals living in relative deprivation, the third category, lack the resources to obtain standards of living which are customary or widely accepted in their society. This concept is associated with the charge that individuals have rising expectations. Salins, for example,

charges that the inability to define what constitutes acceptable housing is because society keeps raising its standards. After problems of crowding and inadequate plumbing were overcome, policy-makers simply moved on to the next target (Salins, 1986:25). Townsend claims that poverty should not be considered in terms of individual optimization, but as social relations (Townsend, 1983:67).

The tradition of poverty as relative deprivation is the only category which perceives of poverty in broader social, and not merely physical, terms. Perceptions of poverty are relative, then, to the norms of a particular society individuals find themselves in. They also change as new standards are established and as individuals become aware of options. For this reason, the problem of homelessness must be considered relative to accepted social norms in Canada in the 1980's. Homelessness may be far worse, for example, in Third World countries or in urban America. It may also have been worse during the 1930's. We cannot compare the occurrence of homelessness during the Great Depression, a decade of profound global economic collapse, to a recession lasting four years. To have practical policy implications, a problem must be framed in the here and now.

The underlying theme that poverty is an outcome of personal failings, such as idleness, insobriety and weakness of character, reappears and gains momentum at different periods and for different reasons (Townsend, 1983:72). It is associated with the idea that, if left alone, an unfettered free market operates with maximum efficiency to reach equilibrium. In other words, the market works efficiently; any problems must be the fault of certain members or groups in society. Salins, for example, contends that the identification of

housing problems relate to:

conditions that are more descriptive of its tenants and their behaviour than of the housing stock...A realistic view of the housing problems of the poor demands that we fit our programs and policies to a brutally honest assessment of the constraints posed by the social and behavioural characteristics of the families we wish to help. We must recognize the role these characteristics play in causing dwelling and neighbourhood deterioration (Salins, 1986:25 and 33).

In his examination of the discipline of economics, Kuttner (1985:76) concludes that neo-classical economics is so far removed from our everyday world, it is not a useful basis for theory or policy. Swanstrom contends that the "free market" is a myth because the government is deeply involved in housing. He further points out that "government policies have primarily benefited the well-to-do and exacerbated the problem of homelessness" (Swanstrom, 1989:87).

Galbraith claims that with the general spread of wealth in the past several decades, there is political indifference to poverty, stating that, "in a generally affluent society, we must expect the affluent to reward not poverty, but affluence (Galbraith, 1984:xxviii). In the 1980's, however, it is difficult for politicians to disregard the increasing visibility of the new homeless. The wealthy can no longer insulate themselves from the poor through the private purchase of education, security, transportation and recreational facilities. The homeless are a visible reminder of growing social inequalities. Homelessness in the 1980's is no longer a private, individual problem, but is rather what C. Wright Mills considered a public issue (Ropers, 1988:16).

Although the term "homelessness" is relatively new, its use is relevant in this discussion because homelessness represents the most visible and tragic manifestation of poverty. Only in the past decade has poverty taken on the distinct dimension of homelessness. In a capitalist society, most social ills can be reduced to a lack of money. By referring to the plight of the new homeless as poverty, the problem of having no shelter becomes less specific and therefore less policy-relevant. The term "homelessness" is therefore useful as a theoretical construct in this discussion of poverty.

2.2 Competing Political Economic Theories

A review of Canadian housing literature reveals two dominant theoretical perspectives: the first is neo-classical (or conventional) theory, which is rooted in neo-classical welfare economics; the second is social democratic ideology, which is grounded in political economics. These two contrasting perspectives form the underlying assumptions upon which housing policy is based.

It is widely believed that British Columbia has one of the most divided and discordant political climates in Canada. The political climate in B.C. is described as being bipolar, in that there are two sets of opposing political beliefs; one stressing individualism and economic growth in an unregulated marketplace and the other social justice and an improved distribution of wealth through intervention in the market. Both these political philosophies are described in this section, relating them to the two dominant political

parties in British Columbia, the Social Credit and the New Democratic Parties. The series of public policy decisions examined in chapter five are grounded in these two political orientations.

Neo-classical welfare economics is based on nineteenth century laissez-faire liberalism. Conventional economic theorists contend that society is composed of a natural hierarchical order that is self-correcting. Adherents claim that the public needs to have discipline and order imposed on it. They dismiss collective behaviour or common goals, believing that all relations are based on individually self-maximizing pursuits. An unfettered private market is believed to be ultimately more efficient at distributing goods and services than is government, which disrupts equilibrium and causes instability. The role of the government is limited to enforcing laws, defining private property rights and encouraging private investment. Conventional economic policies are concerned with maintaining a balanced budget, curtailing social spending and the provision of welfare, and limiting intervention in the marketplace (Waligorski, 1984:100-108).

Neo-classical economists contend that housing is a capital asset similar to any other commodity obtainable on the market. Olsen (1973:228-9), for example, contends that housing markets are competitive because they satisfy the following assumptions:

- buyers and sellers do not collude;
- entry into and exit from the market is free for both producers and consumers;
- both producers and consumers have perfect knowledge of the market;
- no artificial restrictions are placed on the demand for or supply of housing (such as inflation); and

- housing is a homogeneous commodity.

Accordingly, in a perfectly competitive market, the price of private housing is a function of supply and demand, in that when it is in short supply relative to demand, its price rises. This creates high profits which, in turn, encourages more production. With increased supply, prices return to equilibrium (Appelbaum and Gilderbloom, 1986:165). Neo-classical economic theorists contend that problems in housing market dynamics stem from income problems. Their response is to subsidize the incomes of the poor through shelter allowances, which helps people to compete in the housing market. Rather than admitting the problem may be rooted in the housing market or directly providing low-income housing, they argue the problem is with the individual. Responses are also characterized by giving assistance in kind, such as food stamps or housing vouchers, instead of cash transfers (Tobin, 1970:274).

The philosophy of the provincial Social Credit Party, which has held power in British Columbia since 1975, is rooted in the neo-classical economic perspective. The position of the party is based on competition, free enterprise and the belief that government should play a limited role in housing markets. An analysis of housing policy trends in the province over the past decade reveals a reliance on the private sector to provide housing, a belief in minimal restrictions on property rights, and a restriction of assistance to the "truly needy" (Grieve, 1985:94). The basic philosophy of the Social Credit government with respect to housing is that:

the province is convinced that the supply of housing is best achieved through the individual drive and initiative of our people, expressed through the private sector of the economy (Ministry of Lands, Parks and Housing, 1984:brochure).

The consequences of this philosophy for housing policy is a belief that housing is most efficiently supplied through the private and not public sector. Housing policy, therefore, is aimed at encouraging the private industry to build rental housing by providing tax incentives or subsidies. It is also directed at maintaining a stable investment climate by removing rent controls or mortgage stabilizing programs (Grieve, 1985:98). Similar to Olsen's stance (1973:233), the Social Credit Party asserts that government cannot efficiently deliver housing. However, there are two very successful examples of government sponsored housing in Vancouver, notably Champlain Heights and the South Shore of False Creek. In her analysis of provincial housing programs, Grieve (1985:99) notices an even stronger reliance on the private sector after 1983 when the Social Credit Party restraint programs were introduced. However, the provincial government recognizes that some groups are not being well served by the private sector and extends assistance to "truly needy" groups they considered worthy recipients, such as the elderly and handicapped.

The Social Credit government relies on the conventional wisdom of the trickle down theory of supply side economics to justify the promotion of housing construction at the upper end of the market. This idea asserts that when expensive housing is built, it initiates a chain of moves whereby housing is passed down until the poor obtain better housing. Dennis and Fish (1972:29) assert this theory does not work because there are still not enough units available for low-income people at the bottom rung. Galbraith is also critical of:

the 'horse and sparrow' metaphor, holding that if the horse is fed enough oats, some will pass through to the road for the sparrows (Galbraith, 1984:xxviii).

Neo-classical economists rely on the concept of filtering to provide housing for the poor within the market system. Commitment to the trickle down theory is the underlying rationale for conservative government housing policies which are directed at the construction of new homes or the expansion of home ownership. Filtering for the poor worked reasonably well until the 1970's as new construction was able to keep pace with household formation between 1945 and 1970. Since 1970's, however, the filtering process has collapsed. New housing starts have declined and home ownership subsidies have served to bid up the price of housing instead of encouraging new construction. Expansion is concentrated in the luxury market and investment in rental housing, particularly at the bottom end of the market, is no longer a lucrative venture for the private sector (Swanstrom, 1989:92).

Conventional economists claim that their analysis of housing market dynamics is "objective" because they use mathematical models and "value neutral" assumptions to support their findings. Most of their arguments, however, are based upon value-laden and over-simplified assumptions which disregard complex social and political variables and are not relevant to the real world. The wide gap between conventional economic theory and the dynamics of the housing sector is increasingly being challenged. Academics in a variety of disciplines, such as political science, geography and sociology, are examining housing from a broader analytic framework. Political economic analysis is rooted in the social democratic philosophy which directly opposed to conventional economic theory. Adherents of this perspective observe and document actual trends in housing markets and their findings are therefore more policy-relevant.

Social democratic analysis seeks to ameliorate the excesses of market capitalism by a more equitable distribution of wealth. Poverty is regarded as a condition to be eliminated and not endured. Governments are therefore required to play an active role in regulating economic activities. The social democratic tradition favours policies of social insurance, redistribution of income to ensure a decent standard of living and partial public ownership of the means of production and distribution. It is committed to democratic electoral processes, citizen participation in the political process and assertion of civil liberties. Social democratic ideals emphasise equal opportunity and individual rights for the collective good.

The opposition party in British Columbia, the New Democratic Party (NDP), adheres to the social democratic philosophy. Formed in 1961, the NDP has its roots in the Co-operative Commonwealth Federation and is a product of over 100 years of labour and agrarian social reform. NDP policy statements are firmly anchored in the social democratic perspective, which seeks to expand choices and maintain human dignity in a full and equal society by reconciling social and economic objectives. Economic activity is directed to the achievement of social goals (Christian and Campbell, 1983:165).

Two key concepts that distinguish social democracy from other ideologies are equality and collectivism. These two tenants are described in an NDP campaign leaflet, which states that "services must be available to all citizens when needed, regardless of income" and "costs must be spread over society as a whole, each person contributing on the basis of ability to pay" (Carrigan, 1968:283). Stanley Knowles, who drafted many of the NDP's

early position papers, claims that the NDP's social democratic ideology is expressed in the concepts of dignity, equality, social justice and economic and political freedom (Knowles, 1961:93).

In the social democratic philosophy, housing problems are regarded as outcomes of structural economic problems and social inequities. They are not the fault of individuals. Although responses are varied, adherents generally believe that government should have a more active role in using financial resources and regulatory powers to deliver affordable rental housing. Most also believe that incomes should be more equitably distributed between quintile groups through tax reform and other measures.

The NDP held office in B.C. between 1973 and 1975, inheriting a situation of critically low vacancy rates, housing shortages and high housing costs. With respect to housing policies, the party encouraged alternative tenure forms (co-op and non-profit) and expanded the province's inventory of public housing by taking advantage of federal housing programs. The NDP created the B.C. Department of Housing, the first provincial agency devoted entirely to housing introduced in Canada (Grieve, 1986:65). It was established to lower housing prices, co-ordinate planning and land assembly for the direct provision of housing and co-ordinate housing programs. For the first time, policies assisting renters and rental housing were adopted. During the brief period the NDP held office, they were responsible for a number of significant achievements in housing.

When in power, the NDP adopted a comprehensive approach to the provision of housing. Utilizing an "active direct interventionist approach" (Grieve, 1985:94), the NDP attempted to expand the scope of programs and scale of government intervention in housing from merely assisting private development. Housing Minister Lorne Nicolson stated that:

the government is dedicated to the proposition that good housing at a reasonable cost is the right of each and every British Columbian, regardless of whether he is rich or poor, lives in Vancouver or Chetwynd, comes from pioneer stock or is a newcomer to this province (B.C. Hansard, February 14, 1974:209).

The NDP does not question the dominant position of capitalism, but seeks to realize more humane and moral values within the capitalist structure. The social democratic tradition recognizes that government intervention is essential to regulate private market and ensure human social needs are met. When the NDP assumed power, they introduced a number of reforms, such as public automobile insurance, a provincial petroleum corporation, a new labour code and expanded collective bargaining rights.

Housing policy statements of the NDP emphasize housing as a basic human right and necessity, not a market commodity. Grieve (1985:132), however, remarks that the NDP never really challenged private land and housing markets by seriously considering policies which would decommodify housing. She indicates that the NDP was constrained by a limited term in office and the lack of financial resources. While in power, the NDP constructed approximately 10,000 housing units for low- and moderate-income families. This assistance was based on the view, consistent with social democratic philosophy, that

the state is obligated to mitigate the adverse effects of capitalism (Offe, 1984:147).

Political economic analysts argue that supply, particularly in low-income rental housing, has not kept up with growing demands. Appelbaum and Gilderbloom (1986:165-179) contend that housing markets simply do not respond to signals in the market. By criticising Olsen's underlying assumptions of competitive housing markets, the authors conclude that housing markets are not competitive. Appelbaum and Gilderbloom note that housing markets do not conform to other markets because they are influenced by macro-economic trends, are durable, in a fixed location and are heterogeneous in nature. The authors also argue that rents are determined by institutional constraints and market imperfections.

Poor people do not generate effective market demand to compete in the housing market; they generate social need instead of market demand. Some political economists claim that the dire shortage of affordable housing is the most revealing signal of the failure of capitalism. They question whether the market is the best mechanism to allocate housing in our society, and believe that housing should not be treated as a commodity, but as a social good and necessity. They claim that socializing the housing market would provide an alternative to profit-motivated provision of housing (Achtenberg and Marcuse, 1986:474).

2.3 The Role of Public Policy

By drawing on selected literature, this section provides an overview of the most useful definitions of policy, social policy and policy analysis. Policy involves a course of action or a web of decisions that are used to allocate values (Ham and Hill, 1984:12; Easton, 1953:130). Rather than consisting of a single action, policy can be considered as a process of decision-making (Wildavsky, 1979:387). Policy involves action about means as well as ends, and is used in an action-oriented and problem-oriented sense. Policy is meaningful only if it can effect change. It therefore implies change in situations, behaviour, practices and systems over time (Titmuss, 1974:23).

Because policy is described as a course of action involving a web of decisions, it cannot be regarded as a specific and concrete phenomenon. Implications of this finding for policy are that decisions are complex and may require considerable time to be implemented. Policies are further expressed as a series or network of related decisions and constitute a dynamic and evolving process (Ham and Hill, 1984:12).

The aims or purposes underlying a policy are usually identifiable at a relatively early stage in the process but these may change over time...the outcomes of policies require to be studied and, where appropriate, compared and contrasted with the policy makers' intentions. Accidental or deliberate inaction may contribute to a policy outcome (Hogwood and Gunn, 1984:23).

An important dimension to a discussion of public policy is an examination of policy inactions or non-decisions. Policy inaction involves a conscious decision to do nothing even when faced with information and alternatives. This concept has become increasingly

important as governments are charged with resisting challenges and maintaining the status quo. Some analysts posit that a series of policy actions can constitute a policy, even though those actions may not have been sanctioned in a formal decision-making process (Ham and Hill, 1984:12). Intended as well as unintended consequences of policy must be examined.

Policy inaction cannot be compared to benign neglect, which implies that policy-makers did not have sufficient information to act, but would have acted to remedy a situation if they had known. This is not only difficult to prove, but it has no policy relevance. Dye (1976:21) includes a third category -- policy rhetoric -- which is used by policy-makers to serve a symbolic purpose. Governments employ policy rhetoric to give the impression that they are taking action in order to maintain political support. A review of the literature points to three primary roles of public policy decision-making: policy action, inaction, and rhetoric. These three categories will be utilized later in the thesis to examine policy decisions which have resulted in increasing homelessness.

Dye presents the most straightforward definition of policy analysis as "finding out what governments do, why they do it and what difference it makes." He further claims that all definitions of policy analysis attempt to describe and explain the causes and consequences of government action (Dye, 1976:1). Ham and Hill (1984:11) suggest that policy analysis should draw on a number of disciplines in order to interpret the causes and consequences of government action.

The role of public policy is essentially to maintain the legitimacy of the state, therefore requiring that public policy makers set priorities that correspond with the interests of the governed (Doern and Aucoin, 1979:21). There is a crucial link between public policy and public support, requiring persuasion and bargaining between special interest groups. Policy-making occurs at the political and not bureaucratic level. There is a critical (but sometimes blurred) distinction between elected officials, who are responsible for setting the goals and priorities of public policy, and the administrative staff who are responsible for carrying out policy decisions.

The field of policy analysis can be divided into an analysis of policy (an academic exercise to improve understanding) and an analysis for policy (an attempt to solve social problems) (Hogwood and Gunn, 1984:3). Ham and Hill provide a further distinction beyond the analysis of and for policy by presenting a seven point typology of policy analysis. The first three are analysis of policies and the last three are analysis for policies, which are linked by the middle type, evaluation.

A) Studies of Policy Content, in which an analyst describes and explains the evolution of a particular policy usually by tracing how it emerged, how it was implemented and what the outcomes were.

B) Studies of Policy Process, in which an analyst seeks to uncover the various influences on the formulation of a particular policy.

C) Studies of Policy Outputs, in which analysts attempt to explain why service provision or levels of expenditure, for example, varies between areas.

D) Evaluation Studies, in which analysts evaluate the impact policies have on a population. Evaluation studies may be either prescriptive or descriptive and mark the boundary between the analysis of and for policy.

E) Information for Policy Making, in which analysts gather data to assist decision-making and contribute to problem solving.

F) Process Advocacy, in which analysts attempt to improve the machinery of government by reallocating functions and tasks and developing new planning approaches.

G) Policy Advocacy, in which analysts advocate specific options and ideas (Ham and Hill, 1984:8).

According to the above typology, this thesis is primarily a study of policy content and the policy process. It draws on a combination of the first and the fourth typologies by first examining how specific policies emerged, why they emerged, and what were the results) and second by evaluating the impact of a policy. This study is therefore analytic but not prescriptive; it describes and explains housing policies which affect homelessness, but does not recommend specific policy responses to alleviate homelessness.

There are three theoretical concepts that are critical to this investigation: theories of poverty, competing political economic philosophies, and the role of public policy decision-making. This chapter has briefly reviewed each. It finds that perceptions of poverty are relative to socio-economic conditions of a given society. The various explanations of poverty imply specific policy responses which are rooted in competing political economic orientations. It also points out that housing policy is grounded in two opposing political philosophies; neo-classical economics and a broader social democratic framework. The Social Credit and New Democratic Parties of British Columbia are identified with these two political approaches respectively. The political ideology upon which public policy decisions are based have profound implications. This study finds that the philosophy of

the Social Credit Party, which relies on filtering and private enterprise, is not directly or actively committed to the provision of low-income housing and ameliorating homelessness. The New Democratic Party, however, with its stated commitment to equality and collective action and, in light of the significant reforms it introduced during its term in office, is dedicated to the provision of low-income housing and assisting the homeless.

Policy responses emanating from the two dominant political approaches are categorized as policy action, inaction and rhetoric. These policy responses are utilized in chapter five to evaluate the impact of three areas of housing policy (security of tenure, affordability, and preservation of the rental housing stock) on homelessness. Chapter five explores ways in which public policy decision-making are manifested in specific housing policies which are found to contribute to homelessness. The following chapter provides an overview of the nature and extent of homelessness in Canada as a background for the discussion of the impact of specific policy responses on homelessness.

Chapter Three

The Context of Homelessness in Canada

In this chapter, the nature and extent of homelessness in Canada is examined as a basis for discussion of the rental housing crisis and housing policy actions in following chapters. It begins by defining homelessness, then proceeds to describe the changing composition of the homeless population and investigate the causal factors precipitating homelessness in Canada. The chapter concludes that homelessness in the 1980's has grown out of profound changes in the economy which have influenced the organization of housing markets. While academics propose that the factors causing individuals to become homeless are complex and interrelated, this study focuses on the lack of affordable rental housing as the critical factor explaining contemporary homelessness.

3.1 Definitions of Homelessness and the Homeless

Any attempt to understand and address homelessness must start by defining the nature of the problem. The way in which a social problem is collectively defined by a society determines how the problem is approached and which specific courses of action are

legitimized as solutions (Blumer, 1976:301). A review of the literature reveals that there are many different ways to conceptualize and define homelessness. For example, a generally accepted definition of homelessness is simply the lack of a stable residence where one can sleep and receive mail. Other definitions associate homelessness not only with the physical lack of shelter but with the broader dimension of disaffiliation and social isolation, describing it as "survival stripped to its lowest common denominator" (Chandler, 1987:116).

There are essentially two different ways to define homelessness which are rooted in political orientation; social reformist (homeless advocate) and conservative (government interest) (Hobson, 1988:16). The first approach has a comprehensive and inclusive orientation, contending that homelessness is neither a temporary condition or a product of one causal factor but a combination of complex social, economic, political and physical events. Adherents of this approach consider homelessness in relative terms and propose multi-faceted solutions which require the involvement of social institutions and public policy. Supporters of the conservative approach, however, regard homelessness in absolute terms - as "houselessness" - the absence of physical shelter. They perceive the problem in narrow terms, typically blaming homelessness on the personal failings of the individual. Adherents typically recommend temporary or singular solutions. A discussion of the social-reformist and conservative-government orientations to homelessness follows.

The United Nations defines homelessness broadly according to two categories: absolute homelessness, referring to individuals living on the streets with no physical shelter; and

second, relative homelessness, referring to people who live in substandard housing or pay in excess of 50% of their income on shelter. The Canadian contribution to observe the International Year of Shelter for the Homeless defines homelessness broadly as:

the absence of a continuing or permanent home over which individuals and families have personal control and which provides the essential needs of shelter, privacy and security at an affordable cost, together with ready access to social, economic and cultural public services (Oberlander and Fallick, 1987:7).

Hobson (1988:16) contends that homeless people are those who are routinely denied access to institutions (such as health, education and housing) in our society. He claims these institutions have inherent structural biases which favour certain groups and ignore others. "That society is objective and provides each person with the same basic opportunities is perhaps the greatest myth of western society" (Hobson, 1988:16). Broad definitions of homelessness therefore tend to blur the distinction between homelessness and the larger problems of poverty and social inequity.

In contrast, the conservative definition of homelessness is narrow in scope, implying that anyone with a roof over their head is not homeless. Instead of perceiving homelessness as a structural problem, conservative groups consider it to be rooted in individual weaknesses and that people are homeless "by choice". By adopting an approach which views the problem as one of individual choice, the impression is conveyed that relatively few people are seriously deprived of shelter. By underestimating the extent of homelessness, governments avoid the responsibility of taking corrective action.

According to the United States Department of Housing and Urban Development, as long as people have "a roof over their heads", they are not considered homeless.

Homelessness refers to people in the streets who, in seeking shelter, have no alternative but to obtain it from a private or public agency. Homeless people are distinguished from those who have permanent shelter even though that shelter may be physically inadequate. They are also distinguished from those living in overcrowded conditions (HUD, 1984:7).

Langley Keyes presents yet another conservative viewpoint. He defines homelessness in terms of three categories of disability, essentially placing the blame on the victim. He claims there are the economic homeless, who "are out on the street simply because they can't pay the rent"; second, there are the situational homeless, who have suffered a personal trauma "making them incapable of finding or maintaining housing and who are short on skills and long on hard times"; and last the chronic homeless, who "are unable to care for themselves because of substance abuse or chronic mental illness" (Keyes, 1989:35). By viewing homelessness in terms of personal failings, attempts to resolve the issue focus on assisting the homeless individual.

Wolch, Dear and Akita (1988:445) contend that homelessness is the consequence of three interrelated elements: structural forces (including deindustrialization and economic restructuring); urban spatial factors (which reduce the supply of affordable housing) and adverse events which propel an individual into homelessness. It is this author's view that instead of limiting the focus to individual events, this last category should be renamed "changing social and demographic trends." This classification would include family dissolution, increasing and smaller household size, greater mobility and discrimination.

Typologies of homelessness are typically categorized into subtypes according to personal problems. This thesis rejects attempts to define or explain homelessness according to personal problems, agreeing with the following argument:

Survey evidence shows that the vast majority of the new homeless do not have any especially debilitating condition. Explanations based on personal pathology also suffer from an inability to explain historical change. It does not make sense to attribute the recent rise in homelessness to a sudden upsurge in the number of people who are unable to cope with life for personal reasons. Clearly, it is necessary to focus on the structures that individuals find themselves in, not on the individuals themselves, if we are to adequately explain the rise in homelessness (Swanstrom, 1989:83).

Hulchanski and Fallick (1987:2b) claim that there is crucial difference between the two words "homeless" and "homelessness". Homelessness is the broader social condition and process which is responsible for creating homeless individuals. Most media attention tends to focus on compassionate stories of homeless individuals and not on the causes of their plight. Focussing attention on homeless individuals defeats efforts to solve the underlying causes of homelessness.

Hulchanski and Fallick imply that governments spend vast amounts of money treating homeless people without effectively addressing the root cause of homelessness. It is increasingly evident that homelessness is the most egregious indication of housing market and social policy failure. Adopting temporary measures to address the problem is like putting pots on the floor to catch dripping water without ever fixing the roof (Swanstrom, 1989:81; Gigantes, 1987:41).

Because solutions depend on the way a problem is perceived, there is an ongoing political debate over the way homelessness can be defined. According to the discussion of the neo-classical orientation of B.C.'s Social Credit party in the preceding chapter, it would be in the interest of this governments to define homelessness as narrowly as possible and downplay the number of afflicted people to avoid taking action. Conservative governments are unwilling to accept the broader definition of homelessness in relative terms as the lack of permanent, affordable, secure home in a decent environment. The political orientation of B.C.'s New Democratic Party, on the other hand, is committed to ameliorating the housing problems of low-income people, as demonstrated when it held power in the early 1970's.

3.2 Estimates of the Homeless Population

The lack of consensus over what constitutes homelessness in Canada has led to disagreement over ways of measuring the population. Simply stated, there is no accurate or reliable estimate of the number of homeless individuals in Canada. Enumerations are traditionally conducted according to an address. However, by definition, homeless people lack a permanent residence and often move in and out of homelessness depending on economic circumstance, climate and the availability of affordable housing. They are a transient and fluid population which exist outside of society's tracking system.

Counting the number of homeless individuals depends on which definition of homelessness is used. If an estimate of the homeless population is made according to the number of people without absolute shelter, there will obviously be a smaller count than if a broader definition is used which includes those who are at risk of homelessness. The most frequently cited survey of the homeless was conducted in 1986 by the Canadian Council on Social Development (CCSD). It determines that between 20,000 and 40,000 absolute homeless people live on the street in Canada. These figures are generally considered to be low estimates because they exclude the population at risk of homelessness (Young, 1987:34).

The CCSD revised their estimate of the homeless in the National Inquiry on Homelessness to a figure between 100,000 (the number of beds provided in emergency shelters) and 250,000 (the number of people living in substandard, insecure or unaffordable housing). The CCSD supplemented their study by claiming that approximately 4.2 million people in Canada, or one in six, lived below the Statistics Canada poverty line. This number has increased since 1979, when there were 3.7 million living in poverty (McLaughlin, 1987:9). Indicative of the relation of poverty to inadequate housing, CMHC estimated that in the early 1980's over 500,000 renter households in Canada could not afford uncrowded decent shelter and roughly 200,000 home owners had serious affordability problems (Hulchanski, 1987:10).

The Urban Core Homeless Committee conducted a survey in November 1986 of people living on the streets of Vancouver. They counted a total of 76 individuals (71 male and

5 female) living without absolute shelter in this city. The survey found that the youngest homeless person was 19 years of age and the oldest was 66, with an average of 37 years. Forty-three out of the 76 reported that they slept on the streets and 22 said they didn't know. Others slept in alleys, entrances, parks, beaches, abandoned cars or buildings, parkades, Smithrites, or under the Georgia Street viaduct. One reported living in a cardboard box on Cordova Street. Thirty-five people interviewed refused to state their reason for homelessness, while 10 responded that their condition was related to substance abuse. About a quarter of the group surveyed were ex-psychiatric patients and a few were transient.

While these estimates of the homeless in Vancouver may be low, the Urban Core Homeless Committee survey indicates that the number of shelterless people in Vancouver is small relative to other cities in North America. Their report concludes, however, that the incidence of homelessness in Vancouver is significant because it points to a deep seated housing crisis.

Vancouver certainly has a homeless problem, but it is not the sensational one the press seems totally centred on. Instead, Vancouver's homeless problem is of a different nature; and has to do with such issues as quality and affordability of housing and security of tenure. We have a large number of people without a "home" in the full sense of the word (Urban Core Homeless Committee, 1987, mimeo).

The debate over defining homelessness is rooted in the inherent values of a society and involves much more than just identifying numbers. Despite the controversy over definitions and counting methodology, it is generally agreed that the extent of homeless is disturbing and growing each year. Evidence of this trend is that the use of emergency

hostels in Toronto has doubled since 1981 (Pigg, 1987:58). Housing advocates consider low estimates of the homeless population to be an attempt to conceal the extent of homelessness. For governments to publicly accept that homelessness exists means that they may have to take action. Even the lowest estimates, however, suggest a problem of disturbing magnitude calling for government action.

The actual size of the homeless population is not the important issue. Whether or not Canadians believe that there are 20,000 or 100,000 homeless people in Canada, we must accept the fact that there is a large number of people in our country who are homeless or who live on the edge of homelessness - too large a number for such an affluent country as Canada to tolerate (Hobson, 1988:12).

3.3 The Cycle of Homelessness

Homelessness is considered to be a recurrent cycle of having and then losing housing. The Ontario Ministry of Housing (1987:11) describes homelessness as a four-tiered continuum, meaning that an individual or family can experience any of the following housing situations over the course of a year:

A) People Without Shelter

This group consists of individuals who are literally without a roof over their heads. They live on the streets, refusing to sleep at night in shelters because they have been barred from using them, dislike their restrictive atmosphere or fear attack or theft. People in this category instead spend nights sleeping in automobiles, parking garages or abandoned buildings, bus terminals, railroad stations or under bridges or viaducts.

B) People Who Rely on Emergency Shelters as Permanent Housing

The emergency shelter system is increasingly being used as permanent housing instead of a temporary step in finding a stable housing arrangement. There is a core user group trapped in the cycle of moving nightly from one hostel to another.

C) Tenants Living in Substandard Housing

A growing number of households in Canada are experiencing problems of crowding, insecurity of tenure, and substandard physical conditions. There is an unjustifiable number of Canadians who are living in housing that seriously violates standards of health and safety. The federal government estimates that there are approximately one million Canadians living either without shelter, in substandard units or paying in excess of 30% of their income on shelter (Macleans, January 13, 1986:29).

D) Tenants Paying in Excess of 50% of Their Income on Shelter

People who pay more than 50% of their incomes on shelter therefore spend less on the other necessities of life, such as clothing and proper nutrition. These people are considered at risk of homelessness, should their economic situation change for the worse. For these people, the security and stability of their housing is susceptible to changes in welfare policies and housing markets (Oberlander and Fallick, 1987:7).

For every person you see stretched out on a park bench there are five or six hidden homeless who have only a precarious hold on shelter. These are the tens of thousands of individuals and families living in run-down rooming and boarding houses, illegally doubling up with friends and relatives, or who, lacking any alternative, may be sharing accommodation against their will with abusive parents or spouses (Olive, 1988:96).

Homelessness tends to be recurrent, meaning that individuals may experience each of these four stages over the course of a one year. To illustrate the cycle of homelessness, a homeless individual may decide to rent a room in a residential hotel during winter months but prefer to sleep outdoors (or on rainy nights in an emergency shelter) in the summer. Living in any of the above four housing situations - whether on the street, in an emergency shelter or in a permanent state of insecurity about one's accommodation - is a reality of life for an increasing number of Canadians. The claim that people choose to live on the street is based on the argument that there is an adequate supply of affordable housing for all Canadians. On the contrary, "as the more secure and affordable alternatives disappear, a range of 'inappropriate' shelter options are by default becoming permanent quarters for some (Oberlander and Fallick, 1987:15).

3.4 Changing Composition of the Homeless

Inner city neighbourhoods have traditionally existed as the habitat of impoverished and homeless people in North America. The derogatory term "skid road" applies to these neighbourhoods which typically provide basic services to the homeless, such as emergency shelters, residential hotels and rooming houses, cheap restaurants, pawn shops, clothing and food banks, detoxification services and health care (Bogue, 1963).

In addition to being a habitat for a particular labour pool, skid row also became the place where society deposited its unwanted unemployed, physically and mentally disabled and retired workers (Ropers, 1988:91).

Skid road inhabitants are typically housed, albeit wretchedly, in residential hotels and rooming houses. According to the broader definition, these people are considered homeless because they live in substandard housing for which they pay in excess of 50% of their income. In the 1980's, however, there have been dramatic losses in the "housing of last resort" due to demolition and conversion to higher economic use (Kasinitz, 1984:9). Long-term residents are being displaced from skid road areas and entering other neighbourhoods, increasing their visibility.

The skid road way of life is no longer confined to a particular geographic location, but has become a condition that permeates our cities. This modern syndrome, of skid road as a condition and not a place, is symptomatic of what may be a deep structural urban crisis confronting our cities (Roper, 1988:30).

In the 1980's, however, homeless skid road stereotypes are being joined by an increasingly diverse segment of the population. The widely held view of a homeless person as being an "indigent vagrant who has opted out of society and into a bottle", usually an older single male or mentally ill "bag lady" is no longer consistent with today's homeless population. The homeless population of the 1980's is increasingly heterogenous and more closely representative of the population at large than their skid road predecessors (Ontario Ministry of Housing, 1988:28). Homelessness is an indication of the changing face of poverty in Canada.

Sociologist Charles Hoch (1986:233), conducting research in the United States, claims that the new homeless differ from traditional skid road inhabitants in terms of ethnicity, age, gender, marital status and socio-economic background. In increasing numbers the homeless population includes people from all walks of life, of all ages, and with vastly

different experiences. Most, however, share poverty as well as the inability to exercise control over their lives. The homeless of the 1980's include single mothers who may have been evicted because of discriminatory practices of landlords, low-income families who have been displaced because they cannot afford rents, single people who have been evicted from hotels and rooming houses because the building is being converted or demolished, the deinstitutionalized mentally ill, runaways and disaffected youth, immigrants and natives seeking employment, and women who are fleeing domestic violence or abuse.

3.5 Explaining Homelessness

Causes of homelessness are as diverse as the people who are homeless. A repeated theme in the literature on homelessness is that no single causal factor explains homelessness, rather, it is the outcome of a complex social and economic dynamic. The literature suggests that its causes are multiple and varied, often interrelated and changing over time and place (Hombs and Snyder, 1986:4). People become homeless primarily because, for whatever reason, they are unable to maintain secure affordable housing.

There are four commonly proposed reasons explaining the rise of homelessness in Canada, including the deinstitutionalization of disabled people into communities, persistent unemployment and increasing poverty, social welfare restraint, and the lack of decent affordable rental housing (Ministry of Ontario, 1988:28-34). These are compounded by

changing social and demographic trends, such as family dissolution, aging population structure and the growth of one and two person households. The following discussion examines each of these four causes in greater detail with particular attention to examples of homelessness in Vancouver, British Columbia.

A) Deinstitutionalization

Deinstitutionalization of ex-psychiatric patients without adequate planning for patients' needs has contributed to homelessness in this country. Unless neighbourhood group homes are well funded and supported by psychiatric and social services, the discharged usually end up on the streets. They gravitate to inner cities and compete with other low-income earners for the diminishing stock of affordable housing.

According to Halsey (1986:31), 80% of psychiatric beds have been eliminated in hospitals across Canada over the past twenty-five years. It has further been estimated that approximately 30 to 40 per cent of Canada's homeless population are deinstitutionalized mental patients (Macleans, Feb 16, 1987). A review of the numbers of people discharged from psychiatric units of general hospitals in Canada reveals that total discharges by 1970 were 37,566 increasing to 70,881 by 1978 (B.C. Medical Association, 1986). A substantial shortfall in mental health services exists in Canada. The Coast Foundation, the largest agency in B.C. providing housing to ex-psychiatric patients, reports a 100% occupancy rate and long waiting list for its housing facilities

(Hulchanski, 1987:6f).

Complimentary after-care community support mechanisms, which provide therapeutic non-institutional living situations, have not been adequately provided. Not only are such homes lacking in number, but two-thirds of Vancouver's boarding homes for the mentally ill are considered substandard (Vancouver Sun, May 12, 1989:B3) Many discharged patients neglect to take their medication; they become disoriented and eventually homeless. Many are trapped in a cycle of hospital discharge, remittance and discharge.

Vancouver's Riverview Psychiatric Hospital has decreased its patient load from 7,554 in 1966 to 90 in recent years (Hulchanski and Fallick, 1987:5c). The provincial government intends to save money by closing this institution. Instead, one organization estimates that B.C. will lose \$750 million in wages and the purchase of supplies and services (Vancouver Sun, February 1, 1986). One solution is to reallocate funds from Riverview to staff supervised boarding spaces at one-fifth the cost (Vancouver Sun, May 12, 1989:A20).

B) Social Welfare Restraint

The two pillars of the Canadian welfare state - unemployment insurance and social assistance - experienced dramatic increases in caseloads throughout the 1980's, the impact of which has been felt most acutely in British Columbia (Riches, 1986:80). There is not

a single jurisdiction in Canada where social assistance payments meet the Statistics Canada poverty line (Hulchanski, 1987:19). Guest (1985:239) admits that the welfare state in Canada is becoming obsolete, and that social and economic changes are overtaking a social security system that was formulated early in the twentieth century. According to Riches (1986:70), for homeless and hungry people in Canada, the concept of a safety net is an abstract notion.

The Guaranteed Available Income for Need (GAIN) Act gives the B.C. Ministry of Social Services and Housing authority to distribute social services and income assistance. While the program is cost shared on a 50/50 basis between the provincial and federal governments, the province has established eligibility criteria based on means testing.

The program has two components; one provides general income support and the other money for shelter. Landlords of lodging houses in the Downtown Eastside charge rents that are compatible with the GAIN shelter allowance, currently set at \$250 per month. If a unit is renting for less than the GAIN allowance maximum, (e.g. \$230 per month) the Ministry of Social Services and Housing deducts the \$20 difference from the GAIN cheque. However, if the rent is higher than the \$250 maximum, the resident is forced to dip into money for other necessities to pay the rent. When shelter allowances are increased, rents increase accordingly and the difference is pocketed by the landlord.

The provincial government, however, fails to meet the stated mandate of the GAIN program to relieve poverty, neglect and suffering.

One might assume that people receiving welfare support under the GAIN program would not be living in extreme poverty. The program, however, has the effect of 'legislating poverty' by paying income and shelter rates well below the level necessary to meet average basic living costs. For GAIN rates to equal the average cost of living, increases of between 30% and 70% are necessary (Hulchanski, 1987:4c).

The number of people in B.C. receiving income assistance under the GAIN program increased by 92% between 1981 and 1984 (Riches, 1986:79). There has only been a 5% increase in income support allowance since the early 1980's, which applied only to families. Riches (1986:102) attributes the sagging safety net with the rise of neo-conservative ideology by B.C.'s Social Credit government in 1983 promoting private enterprise and fiscal restraint. The combined effect of provincial restraint, enforcing strict eligibility criteria and inflation has reduced the purchasing power of the province's poorest households and worsened the distribution of incomes (Hulchanski, 1987:1d).

The Social Planning and Research Council of British Columbia, in its annual report on welfare rates for 1989, determined that 40 per cent of B.C.'s welfare recipients will be forced to dip into money budgeted for food and clothing in order to pay the rent (Vancouver Sun, April 7, 1989:A20). The document notes, for example, that there is an 83% shortfall for single males between their monthly expenditures and GAIN income (SPARC, 1989:iii). The report concludes that current levels of income assistance are too low to meet basic subsistence costs and that the gap between income assistance rates and the cost of living is widening. There has been a 30% increase just since 1988 in the number of GAIN recipients reporting shelter costs over the maximum allowance (\$250.00 for a single person) (SPARC, 1989:17).

On the whole, Canada's social programs enjoy widespread and continued public support and have served the country well. However, reforms are clearly needed to make social programs more effective and in tune with the current needs and aspirations of Canadians.

Organizations such as the Canadian Council of Social Development propose tax reforms which would distribute income more equitably and finance an improved system of income security (Mishra, 1988:12).

C) Increasing Poverty and Unemployment

Poverty is a pre-condition of homelessness and the two are inextricably linked. The 1970's, a decade of economic stagnation, high unemployment, inflation and declining real wages, laid the foundation for the economic recession of the early 1980's. Increasing numbers of British Columbians are poor and are suffering greater depths of poverty (Hulchanski, 1987:2). The number of poor families in B.C. almost doubled in four years from 65,000 in 1980 to 120,000 in 1984 (National Council of Welfare, Poverty Profile:1985). Since 1984, however, poverty in Canada has eased somewhat. Even with economic recovery, the number and percentage of people living in poverty in Canada is higher at the close of the decade than it was in 1980, indicating the structural nature of the problem (Fallick, 1988:120). One indication that poverty continues to plague our society is the growing number of people relying on charitable relief and food banks. It is interesting to note that the majority of food banks are located in British Columbia and that one of the earliest in Canada was established in Vancouver in 1982 (Riches, 1986:15).

The percent of jobless people in the western provinces exceed those in the nation as a whole, primarily due to restructuring of the economy (Riches, 1986:72). Vancouver's economy is deindustrializing, shifting from a primary resource and tertiary base to a quaternary and service sector economy. Seventy per cent of B.C.'s labour force is currently in the service sector, and growth is occurring in the typically low paying and part-time hospitality and tourism industries (Vancouver Sun, September 2, 1989:C1).

Unemployment in this province has been over 10% since 1982, the second highest in Canada following the Atlantic provinces. Official unemployment figures are notoriously low, however, as they exclude part-time and informal economy workers and discouraged job seekers. Between 1981 and 1984, unemployment increased by 144.4% in British Columbia, at which time the unofficial unemployment rate peaked at 17.7%. Chronic or long-term unemployment beyond cyclical fluctuations has increased since the recession of the early 1980's.

The working poor in B.C. have faced particular adversity in this decade. Even if they earn the minimum wage, their incomes fall \$2,000 below the Statistics Canada poverty line. Households have experienced an erosion of their real incomes due to inflation and wage controls, even with the growth of double income-earning families. There has been little change in the past thirty years regarding income distribution, with the bottom quintile of Canada's population earning only 3.6% of the total national income and the upper quintile accounting for 43.3%. Hulchanski (1988:43) notes that in spite of this rigid pattern of income distribution, in the 1980's there has been an increase in economic

inequality. Between 1980 and 1986, the share of total national incomes of Canada's bottom 60% of families fell from 37.6% to 36.5%, essentially resulting in a \$3 billion transfer to the top 20% of Canadian families (Hulchanski, 1988:43). These income and poverty trends reflect the squeeze on middle income earners and a polarization between the very rich and very poor in Canada (Carr, 1987:51).

Between 1982 and 1987, real incomes per paid worker in Canada have declined by 2.2%; the average loss per worker has been \$53.00 per week. Purchasing power has subsequently dropped by 11% over the past decade (Carr, 1987:52). This situation indicates a departure from trends between 1965 and 1976 when real incomes increased by an average of 4.2% per year (Hulchanski, 1988:42).

Increasing poverty a critical reason explaining why an increasing number of Canadians do not have adequate incomes to generate effective housing market demand. Explanations of homelessness that focus solely on poverty and low incomes do not explain the geographic location or timing of the new homeless. The poverty rate was higher at previous periods, such as in the 1950's, yet homelessness did not reach the proportion that it is today. While unemployment peaked in 1984 and has since declined, the homeless population continues to expand. The Atlantic provinces, for example, which have higher rates of poverty and unemployment, do not experience severe homelessness. Instead, homelessness is concentrated in metropolitan areas with dynamic and growing white collar economies.

The poverty explanation is too simple. To say that poverty is the cause of homelessness is almost a tautology: the homeless could be defined as those who

lack sufficient resources to purchase housing on the private market. To argue that poverty is the cause of homelessness is like arguing that water on the lungs is the cause of drowning. Of course water is the cause of drowning; the problem is how did the water overwhelm that particular individual at that particular time (Swanstrom, 1989:84).

D) Failure of the Rental Housing Sector

Homelessness is, by very definition, a housing problem. The lack of affordable housing, and specifically the dwindling stock of low-income rental accommodation, is frequently cited as the driving dynamic behind homelessness in the 1980's (Ontario Ministry of Housing, 1988:10; Hopper and Hamberg, 1986:12).

The lack of low-income housing is often cited as the main cause of contemporary homelessness, compounded by current economic and political trends. The factors that cause individuals to become homeless are, however, for example, a person always multiple and interrelated. These include unemployment and eviction, ineligibility for welfare, physical or mental disability, and divorce or domestic violence. But the common denominator confronting all potentially homeless people is the scarcity of low-income housing (Ropers, 1988:93).

The rapid pace of economic change in the past decade has disrupted peoples' lives and meant that their biggest expenditure - housing - has become increasingly beyond reach. When eviction and displacement occur and there is a scarcity of affordable replacement housing, living on the streets may be the only option.

This chapter has provided an overview of the nature and extent of homelessness in Canada by defining the problem, estimating numbers of the homeless population, describing the cycle of homelessness and its changing composition. The chapter also examines the four underlying causes of homelessness, which are deinstitutionalization, social welfare restraint, increasing poverty and the loss of affordable rental housing. Two of these four causes, deinstitutionalization and social welfare restraint, are directly attributed to government policy response. Public policy has favoured the allocation of funds to provide community support services for ex-psychiatric patients and maintain social assistance rates commensurate with inflation. The third factor explaining homelessness, poverty, is associated with global trends in the economy and is therefore not directly related to government policy.

This thesis focuses on the failure of the rental housing market as the primary cause of homelessness. An examination of the loss of affordable rental housing and its contribution to homelessness has significant public policy implications. To examine these implications, the following chapter examines rental housing dynamics in Canada, paying particular attention to the situation in Vancouver, British Columbia.

Chapter Four

Overview of Rental Housing in Vancouver

This chapter provides a brief history and overview of the rental housing situation in Canada with particular emphasis on the affordability, availability and adequacy of the rental market in Vancouver, B.C. While a number of significant factors have been identified which contribute to homelessness, housing market failure in the private rental sector is often cited as the most crucial underlying factor (Ropers, 1988:93). By definition, homelessness is the absence of a continuing or permanent home. A growing number of renter households do not have sufficient incomes to afford decent rental accommodation. Their problems are compounded by critically low housing starts and vacancy rates. It was estimated that over 31,000 new households moved into the Lower Mainland in 1988 (Vancouver Sun, January 18, 1989:A3). In addition, household formation rates and the number of one person households is expected to increase, meaning that more people will be competing for a declining stock of affordable housing.

The postwar years in Canada witnessed unparalleled improvements in both housing supply and quality, with marked reductions in overcrowding, lack of basic amenities and physical deterioration. Residential construction in the 1960's and 1970's consisted mostly

of spacious single family homes, and home ownership became an increasingly expensive proposition. While in 1950, roughly two-thirds of all families could afford to purchase a new home, this figure dropped to one-quarter by 1976 (Hopper and Hamberg, 1986:21). A further indication of growing housing costs is that, while an expenditure of 20% of income on housing used to be the Canadian standard, a ratio of 30% of income is now claimed as the amount households must spend to obtain housing.

The 1970's laid the foundations for the current economic preconditions of homelessness. It was a decade of economic stagnation, high unemployment, inflation and declining real wages which resulted in housing costs rising faster than household incomes. Compounding affordability problems has been the shrinking supply of housing at the bottom-rung, attributed to urban renewal in the 1960's and more recently to gentrification. Throughout the 1980's, persistently low rental vacancy rates have been the norm for most urban areas. Replacements to the rental stock through public and private initiatives have not kept pace with losses nor accounted for increasing demand. By the 1980's, the poor and displaced were not filtering through the housing market, they were being squeezed out of it altogether.

4.1 Rental Housing Options

An overview of the categories of rental housing in Vancouver reveals six different options for renters in the city, including detached single-family houses, condominiums, purpose-built apartments, social housing, secondary suites and lodging house accommodation. Table 1 provides a summary of the inventory of rental housing in Vancouver. No estimates are available regarding the number of units at the high end of market (i.e. single family homes and condominiums) being rented in the city. Approximately half of the private rental stock units are purpose-built apartments, either low or high rise. This segment of the stock is aging and there is little economic incentive for private developers to add to the stock.

TABLE 1: RENTAL HOUSING STOCK BY TYPE
METROPOLITAN VANCOUVER

HOUSING TYPE	UNITS	PERCENT
Single detached houses	unknown	unknown
Condominium units	unknown	unknown
Purpose-built apartments	60,000	54%
Secondary suites	26,000	23%
Social housing units	17,000	15%
Lodging house units	8,600	8%

Source: Hulchanski, 1989:3.

The second largest segment of rental housing in the city is secondary suites, considered "illegal" because they exist in neighbourhoods zoned exclusively for single family dwellings. Approximately one-third of home owners in Vancouver have created second suites in their homes primarily as "mortgage helpers", an initiative people have taken to solve their own housing needs. Next is the social housing stock, which includes public housing, housing co-operatives and non-profit rental accommodation. This stock is new, in good condition and is not threatened by market forces. At the bottom of the rental market are the residential hotels and rooming houses, most of which are located in the inner city. The residential hotels, rooming houses and secondary suites at the bottom rung of the market, most of which are old and in substandard condition, are the categories of rental accommodation which are the most threatened by inner city development.

4.2 Affordability

As housing quality improved, another major problem has arisen for low-income people: affordability. In the 1980's, an increasing proportion of both renters and owners spent a greater percentage of their income on housing because housing costs have increased at a faster rate than household incomes (Hulchanski and Drover, 1984:4). Those with the lowest incomes - the working poor, people on income assistance, the elderly or the marginal - devote the highest proportion of their incomes on shelter. On a per square foot basis, residents in Downtown Eastside residential hotels pay more for their accommodation than individuals renting an average apartment in the West End of

Vancouver (Shaylor, 1986:32).

Compounding problems in the rental housing sector is Vancouver's high cost of living and active real estate market in the late 1980's. It has been estimated that the percent of renters in the City of Vancouver in "core housing need" (households that spend more than 30% of total income on suitable and adequate housing) increased from 35% to 46% between 1980 and 1985 (McAfee, 1989:3). In addition, the number of households paying more than 50% of their income on shelter in the City of Vancouver has doubled since 1981 (Murphy et al, 1988:30). Low-income households are literally forced to choose between spending money on housing and other vital necessities, such as proper nutrition and clothing. As incomes decrease and purchasing power falls, the gap between shelter costs and the ability to pay widens, making it more difficult for low- and moderate-income earners to meet shelter costs.

In 1971, 52% of all households in Vancouver rented as compared to 58% in 1986 (Hulchanski, 1989:1). Evidently, an increasing number of people are competing for a shrinking and aging rental housing stock. The rental market is increasingly dominated by households who cannot afford home ownership, indicating a growing polarization of income by tenure. As indicated in Table 2, in 1967 the renter population was almost equally divided between the income quintiles. By 1986, however, individuals in the upper quintiles who could afford to had made the leap to home ownership, leaving the rental market the residual for low-income groups.

TABLE 2: RENTER HOUSEHOLDS BY INCOME QUINTILE
CANADA

QUINTILE	1967	1973	1977	1981	CHANGE (1967-1981)
Lowest	20.4	26.6	29.1	31.1	+10.7
Second	23.9	24.7	25.9	26.0	+ 2.1
Middle	22.2	22.6	20.4	20.3	- 1.9
Fourth	19.2	16.1	14.8	13.6	- 5.6
Highest	14.3	10.0	9.8	9.0	- 5.3

Source: Statistics Canada (1988) Household Facilities by
Income and Other Characteristics, Ottawa: Catalogue 13-567.

4.3 Losses in Stock

Compounding problems of higher housing costs is the dwindling stock of affordable housing, particularly in inner city neighbourhoods. When rental stock at the bottom end of market is lost, people are compelled to seek alternative rental accommodation from a dwindling supply, double-up with friends or relatives, or, if they qualify and can wait, acquire social housing. For those people unfortunate enough to be on the lowest rung, their only alternative may be to find temporary shelter in emergency hostels or in the street.

Residential hotels and rooming houses, which are considered to be the main source of housing for people who are one step above absolute homelessness, have been particularly vulnerable. As Table 3 indicates, well over 2,000 units of this form of housing stock have been lost in the Downtown Eastside in the past decade. In the early 1970's, for example, vacancy rates of residential hotels in the Downtown Eastside were as high as 15% (Gutman, 1972:23). Surveys of hotels in the area conducted in 1989 by the B.C. Assessment Authority, however, reveal almost 100% occupancy (Scott, 1989:interview). Several hundred long-term hotel residents were evicted to accommodate tourists during Expo '86, at which time a significant proportion of the private rental stock was renovated and rented at a more expensive daily tourist rate instead of by the month (Olds, 1988:105).

TABLE 3: LOSSES IN THE STOCK OF LODGING HOUSES
METROPOLITAN VANCOUVER

YEAR	LODGING HOUSES	DWELLING UNITS
1978	278	11,321
1984	228	10,153
1986	197	8,617

Source: City of Vancouver, Social Planning Department,
1986.

The inner city of Vancouver, which has typically been the reservoir of low-cost housing, consumes what is now considered some of the most valuable land in the city. In the past decade, Vancouver has experienced intensive development, and consequently a great deal of speculation and land "flipping" of inner city properties has occurred (Shaylor, 1986:32). Redevelopment of the Expo '86 site, lauded as the largest urban redevelopment scheme in North America, promises to dramatically transform Vancouver's inner city. The stock of private rental housing is increasingly threatened by gentrification and development associated with CBD expansion.

In addition to losses of stock through demolition, rental stock is being converted into more expensive condominium tenure. Rental projects are forced to compete for building sites against condominium developments, which enjoy high and rapid investment returns. While rental housing construction was relatively high in the early 1970's due to federal housing programs, it fell off sharply towards the end of the decade. Rental housing is not an economically viable proposition for private investors, as renters cannot afford to pay economic rents developers must charge to realize a profitable rate of return. Table 4 reveals the decline in rental housing starts in Vancouver between 1980 and 1986. It also demonstrates the dramatic increase in condominium starts over the past decade as well as the shrinking numbers of co-op housing starts.

TABLE 4: DWELLING STARTS BY INTENDED MARKET
(1980 - 1988)
METROPOLITAN VANCOUVER

YEAR	RENTAL APARTMENTS (1)	CONDOMINIUM APARTMENTS
1980	4851	275
1981	7175	317
1982*	3249	565
1983*	2864	642
1984	2787	677
1985	1258	1585
1986	309	3030

*Tenure unknown: 1982 - 577 units; 1983 - 67 units

(1) Figures for rental apartments include units which are stratified prior to occupancy. CMHC does not determine the precise number of these units.

Source: CMHC, B.C. Regional Office (Helmut Pastrick).

Furthermore, approximately 70% of Vancouver is zoned for single-family residential use, indicating that zoning has not kept pace with changing demographic and household trends. In response to the rental housing crisis in Vancouver, "illegal" suites have appeared across the city, constituting an unrecognized contribution to the city's stock of rental housing. The City intends to partially phase out secondary suites over a ten year period as part of a campaign to maintain the integrity of single family neighbourhoods. The valuable contribution of secondary suites and lodging houses as viable and essential rental housing options has not been given adequate attention.

The stock of rental housing at the bottom end of the market, namely residential hotels, rooming houses and secondary suites, is being lost through demolition and conversion to higher economic use. According to CMHC, a vacancy rate of 3% is considered optimal when the housing market is operating efficiently. As illustrated in Table 5, however, vacancy rates in Vancouver have fallen below 1% at various times in the 1980's. Vancouver's present vacancy rate hovers at a dangerously low 0.5%, with approximately 270 units available at any one time throughout the city (CMHC, 1989:20).

TABLE 5: VACANCY RATES IN RENTAL APARTMENTS WITH SIX OR MORE UNITS (1968 - 1987) METROPOLITAN VANCOUVER *

1968 - 1.3%	1978 - 1.4%
1970 - 2.5%	1980 - 0.1%
1972 - 2.3%	1982 - 0.6%
1974 - 0.3%	1984 - 2.4%
1976 - 0.4	1986 - 0.9%
	1988 - 1.0%

Source: CMHC (1989) Rental Market Survey Report: Vancouver CMA, p. 20.

* Vacancy rates given for April of each year

Further evidence of the shortage in private rental accommodation are long lists for social housing. One community group in Vancouver, the Downtown Eastside Residents Association, for example, reports over 1,500 people on their waiting list (Learey, 1989). The following section examines losses in stock due to the conversion of rental apartments to condominium tenure.

4.4 Condominium Conversion

Rental starts in British Columbia declined dramatically after 1984 when all federal rental supply programs expired. A number of federal programs were established in the mid- to late 1970's to stimulate rental construction. Prior to 1982, a sufficient number of new rental units were available on the market to replace units lost through condominium conversion. After this time, however, private rental starts dropped from 1071 in 1982 to 88 in 1986 (Seto, 1987:93). In 1986, if one adds the 88 new rental starts but subtracts the 264 rental units which were converted to condominium tenure and the 300 lodging house units which were permanently lost that year, there was a net loss of 476 rental units in the year 1986 (Olds, 1989:51). Between 1979 and 1987, the average number of rental apartment units approved to be converted to condominium tenure in Vancouver was 220 per year (Seto, 1987:91). This trend of condominium conversion has contributed to overall net losses in the rental housing inventory in Vancouver.

City Council recently extended the notice given to evicted tenants from two to six months. Bylaws also require developers to reimburse tenants for relocation expenses if the tenant requests it. These constraints only marginally interfere with the process and provide little tenant protection. Because the Condominium Act gives broad discretionary powers to the municipalities, condominium conversion regulations vary between local jurisdictions. For example, some municipalities will not allow conversions when vacancy rates are below an established level. Tenants must first approve the conversion of their apartment to condominium tenure in three municipalities, including Vancouver. The

municipalities of Burnaby and New Westminster have a moratorium on conversions.

When rental apartment stock is converted to condominium tenure, the result is tenant displacement and further depletion of rental housing. Condominium and landlord/tenant regulations contain loopholes that serve the interest of developers and not tenants. Developers solicit conversion approval from tenants by coercion, intimidation and compensation or they may just find ways to use the loopholes. Condominium conversion legislation in British Columbia reflects the unwillingness of both the local and provincial governments to interfere with private property rights and free enterprise.

4.5 Supply

According to conventional economic theory, when low vacancy rates persist, the market will respond by increasing the supply of housing. In spite of continued demand, however, the supply of rental housing has decreased enormously since the 1970's. This has primarily been due to the termination of federally assisted housing programs in the early 1980's, resulting in low levels of construction. In addition, a significant number of apartment housing starts were initially registered as rental but switched to condominium tenure prior to occupancy, further reducing the number of available rental units (Seto, 1987:24). As evidence of a reduced commitment on the part of provincial and federal governments to provide housing, social housing starts in the City of Vancouver have fallen from 7,175 in 1981 to 425 in 1988 (Hulchanski, 1989:4).

The central role of federal government housing programs and expenditures has largely been to assist the private sector to generate profits. It further encourages investment and speculation in housing as a hedge against inflation. Even with government assisted home ownership, evidence suggests a shift of home buying up the income distribution, a decline in the proportion of first time buyers and a steady rise in income-to-cost ratios for home owners (Stone, 1986:66). Particularly in the 1980's, the emphasis by governments to promote home ownership has worked against the rental sector.

Virtually all the starts in rental housing over the past decade have been subsidized by the federal government. The Tenants Right Action Coalition (1989:3) asserts that the province of British Columbia has one of the worst track records in the country for funding non-profit housing, public housing, housing co-operatives and housing for seniors.

Decisive changes have occurred in the economy at large, in the housing market, and in government programs providing for the disabled and dependent, and these changes have made the course of everyday life an increasingly tenuous affair for growing numbers of [North] Americans. Homelessness is but one extreme of this process (Hopper and Hamberg, 1986:14).

Widespread homelessness in the 1980's is a direct consequence of social inequities. It is associated with rising unemployment and poverty, combined with inadequate public assistance and a shortage of affordable rental housing. Although the causes of homelessness are complex and interrelated, this chapter has focused on the failure of the rental housing sector as the chief contributor. The next chapter examines government policy with respect to security of tenure, housing affordability and adequacy, and evaluating their impact on Vancouver's rental housing market.

Chapter Five

Public Polic Responses to Homelessness: A Case Study of Vancouver, B.C.

This thesis tests the hypothesis that public policy decisions have had a role in generating homelessness in the City of Vancouver. A discussion of theoretical issues in chapter two described various concepts of poverty and identified two competing economic philosophies, the neo-classical and social democratic perspectives. The three primary forms of public policy decisions -- action, inaction and rhetoric -- were also identified in this chapter. Chapters three and four provided an overview of homelessness in Canada and the examined the primary cause of homelessness in Canada: the lack of affordable rental housing.

This chapter examines specific policies taken at the provincial or municipal levels which have affected Vancouver's homeless population. Forced displacement and absolute homelessness are the eventual outcome of eviction, rent increases, land speculation, conversion of rental units to higher economic uses, gentrification, historic preservation, and poor maintenance of the rental stock (Swanstrom, 1989:86). Tenants threatened with eviction require security of tenure legislation; unreasonable rent increases are restrained by rent regulation policies; and, the life of low-income housing can be prolonged by

implementing policies to upgrade the stock.

This chapter examines public policy action, inaction and rhetoric in three critical policy areas: providing secure tenure, maintaining affordability through rent controls and improving the physical condition of the rental stock. These three categories coincide with three variables of availability, affordability and adequacy as used by the Canada Mortgage and Housing Corporation to analyse the housing stock. The three factors are also closely interrelated to homelessness. For example, if a unit is affordable and well maintained, but does not offer security of tenure, the occupant is at risk of homelessness. On the other hand, a resident may have secure tenure, but be paying an exorbitant rent for substandard accommodation.

All three conditions must be present in order to stave off homelessness -- security of tenure, affordability and adequacy. Failure in one or more of these three areas places residents at potential risk of homelessness. The findings suggest that when presented with options, both provincial and municipal levels of government have consistently chosen to act in favour of market principles or not to act at all. Adherence to market values has contributed to the city's rental housing shortage which has, in turn, exacerbated homelessness.

5.1 Security of Tenure Legislation

The United Nations definition of a homeless person is someone with no secure tenure. This applies to most of the people living in the Downtown Eastside of Vancouver. Tenancy is between you and your landlord. Your landlord has all the rights and can kick you out at any moment. So that's homelessness (Stephen Learey, DERA Community Worker quoted in Ubysey, January 20, 1989:12).

One of the main reasons explaining why people become homeless is because they lack secure tenure and never know when or if they may be evicted. Renters have relatively few legal rights and are subject to the whims of their landlords. When vacancy rates are low and there are few rental units available, tenants are most in need of legal protection from eviction and displacement. Landlord and tenant legislation is a fairly recent phenomenon in Canada, introduced in most provinces during the early 1970's. It seeks to establish and enforce in legal terms certain reasonable expectations about the actions and relations between landlords and tenants. The aim is to establish a "fair" balance of rights and obligations between landlord and tenants (Hulchanski, 1984:74).

Provincial governments are responsible for landlord tenant relations in Canada. In keeping with traditional neo-classical philosophy of the Social Credit government in B.C., private enterprise is encouraged with a minimum of government regulation and interference. The unchallenged rationale is that land owners and small businesspeople should be free to control the use of their property by evicting tenants they consider undesirable, reinforcing their status as the suppliers of rental housing. Relations between landlords and tenants are treated as business transactions. Security of tenure legislation in this province is biased in favour of landlords, leaving tenants with few legal rights and little recourse.

The two pillars of tenants' rights are the regulation of rents and security of tenure; that is, freedom from rent gouging and freedom from arbitrary eviction (Quail, 1983:mimeo). Security of tenure, therefore, involves two kinds of regulatory protection: regulations that govern the conditions of tenancy (reasons for and manner in which tenants can be evicted) and protection from economic duress. Security of tenure regulation is similar to consumer protection law because it is intended to protect individuals. Security of tenure means that a tenant has the right to occupy a rented premises for an indefinite period of time without fear of eviction.

A) Background to Tenants Rights

Tenants in Vancouver organized in the late 1960's by staging massive demonstrations and rallies protest rent increases and unreturned security deposits. The Vancouver Tenants Council, established in 1968, lobbied successfully to enforce the building code in rental units, require landlords to give a just cause for eviction, allow tenants to vote in civic elections and amend the Landlord and Tenant Act, a piece of legislation which had not changed since Confederation (Municipal History Society, 1980:45). The local government acted to further tenants' rights by passing a bylaw in 1969 establishing the Vancouver Rental Accommodation Grievance Board. The purpose of this board was to mediate disputes between landlords and tenants. It was eventually phased out because it lacked the power to enforce its decisions. Lane (1989:interview) commented that it was the City's way to "light a fire under the province" in the hope the provincial government would take

responsibility. Tenant achievements in the 1970's were the outcome of intense organizing and lobbying efforts which the Social Credit government of the day could not ignore.

The NDP government was elected in 1972 with an election platform that included bargaining rights for tenants through municipal rent review boards. In June 1974, the NDP government passed a new Landlord and Tenant Act, the first comprehensive piece of legislation to govern relations between landlords and tenants in British Columbia. It required landlords to give just cause for eviction, limited rent increases to 8% and appointed a Rentalsman to settle disputes between landlords and tenants. In 1975, the NDP established a Rent Review Commission to assess rent increases on units not protected by rents controls.

The Landlord and Tenant Act was replaced in 1977 with the Residential Tenancy Act, which was established to govern all aspects of landlord and tenant relations. When the Social Credit party regained power in 1975 under new leadership, they were not in a strong position to make dramatic changes to legislation. In 1978, the government amended the Residential Tenancy Act to increase the ceiling on rent controls, further eroding the regulation of rent. The province did, however, retain the Rentalsmans Office to settle disputes between landlords and tenants.

B) Residential Tenancy Act

The Residential Tenancy Act outlines the rights and obligations of both landlords and tenants on such matters as evictions, notice and security deposits. The Act regulates rents by establishing how often a landlord can increase rents, but does not restrict the amount.

A residential tenancy is one in which the tenant lives on the premises, in contrast to a commercial tenancy. The tenant is subject to laws regarding tenancy, such as paying rent on time, keeping the premise clean and repairing any damage. Tenant protection is not automatic; the onus is on the tenant to be aware of their rights and take action. The law states that renters have exclusive possession of the premise as a home, with the same rights to privacy, peace and quiet as a home owner. The list of regulations is longer for tenants than it is for landlords. In addition, renters are subject to interviews and provision of character references, personal information and filling out forms. They also face restrictions regarding the keeping of pets. Further, landlords are permitted under law to enter rented premises in situations which they deem to be an "emergency and with reasonable purpose."

A landlord rents residential premises to tenants and is subject to the laws contained in the Residential Tenancy Act. Regulations set out under the Act appear to favour landlords. For example, if the tenant neglects to pay rent on time, a landlord can serve an eviction notice the following day. On the other hand, a landlord is allowed to withhold security deposits for a one month period. Further, 40% of tenants surveyed in Vancouver

did not receive interest on their security deposit as required by law (Vancouver Sun, March 17, 1986).

Another clause in the Act states that the landlord must maintain the premise according to health, safety and housing standards and "...in keeping with the general age, character and location of the property" (Getting in on the Act, 1978:brochure). A landlord may interpret this clause to mean that an old building in a downtown location may not be considered worthy of repair and be allowed to deteriorate.

C) Amendments to the Residential Tenancy Act in the 1980's

Three important amendments to the Residential Tenancy Act were passed by the provincial government in the 1980's which dramatically affected security of tenure for renters in Vancouver. The first change was made in 1981, the next in 1984 and most recently in the summer of 1989. While 1981 amendments did reduce tenants' rights somewhat, changes to the Act in 1984 were far more drastic, resulting in almost a complete erosion of security of tenure provisions. These amendments and their outcomes, intended or unintended, will be discussed in this section.

Changes to the Residential Tenancy Act in 1981 included lifting the ceiling on rent controls from 7% to 10%. Apartments constructed prior to 1974, which were previously exempt from rent controls, were now covered under the Rent Review Commission.

Tenants were now allowed to appeal rent increases they considered excessive to the Commission. Landlords and tenants could file claims of up to \$2,000 with a Rentalsman instead of going through Small Claims Court.

The 1981 amendments to the Act included a clause that effectively made it easy for landlords to evict their tenants. Section 17 offered a loophole to apartment owners allowing them to obtain vacant possession of a residence under the guise of doing renovations. Many landlords used this loophole to oust tenants for the purpose of converting a building to condominium tenure. A tenants-in-common arrangement avoided the municipal approval process normally required for strata-title conversion. Consumer Affairs Minister Peter Hyndman rejected a plea from Mayor Harcourt to rectify the problem in order to retain affordable rental housing in the city (Vancouver Sun, July 23, 1981). Under these amendments, owners were also no longer required to reimburse tenants for relocation expenses (Seto, 1987:60).

In 1981, Vancouver City Council considered enacting a one year moratorium on the demolition of affordable rental accommodation, but did not do so. Council also urged that the provincial government amend the Residential Tenancy Act to require developers to financially assist tenants who were evicted as a result of housing demolitions. They proposed that tenants be reimbursed for the difference between their existing rent and the cost of acquiring accommodation in cases of economic hardship. Alderman Bruce Erikson argued that a number of developers supported this idea, realizing it would benefit them financially in the long run to remove tenants. The motion was not passed by the Council.

While temporary financial assistance was better than nothing, it would not have increased the supply of affordable rental housing in the city (Vancouver Sun, May 6, 1981).

Amendments to the Residential Tenancy Act in 1984 were a regressive step for tenants and further erosion of their rights. In 1983, the Social Credit government attempted to introduce an amendment to the Residential Tenancy Act in the legislature as part of its restraint program. When these amendments were first announced, tenants across the province rallied in protest. As a result, minor changes were made and another bill was drafted and rammed through legislature in three days.

Final amendments to the 1984 Residential Tenancy Act effectively eliminated rent controls and rent review. Rents could now only be increased once a year, but by any amount. The justification for these changes was that rent increases were not as crucial an issue as they had been during the 1980 to 1982 real estate boom. The Rentalsman Office was disbanded and replaced by the Residential Tenancy Branch. This agency was established to deal with non-monetary disputes, while money issues were handled in Small Claims Court.

The Opposition was swift to attack the new bill. Robin Blencoe (NDP MLA - Victoria) criticised the bill for leaving 380,000 tenants in British Columbia with no effective protection against arbitrary eviction or unlimited rent increases (Victoria Times Colonist, May 4, 1984). He charged that under the new bill, security of tenure was eliminated due to a clause stating that tenants could be evicted for any cause the landlord

considered "reasonable".

A tenant receiving a notice of a rent increase of \$500 a month has to prove in court that the landlord intended an eviction as a result. That is virtually an impossibility (Ibid).

Blencoe referred to the bill as a "landlord's charter," pointing out that the bill eliminated a fair and equitable system of rent review.

The new arbitration service is seriously flawed. Instead of the independent professionalism provided by the Rentalsman staff, the arbitrator will be personally appointed by the minister and paid \$40 per case. Arbitrators will keep their job as long as they please the minister. Their decisions cannot be appealed. Tenants using the system will have to file a \$30 fee before their case can be considered. This will have a dramatic impact on the poor, the welfare recipient and those who do not have \$30 to speculate on legalities (Ibid).

Gary Lauk (NDP MLA - Vancouver Centre) added that the new bill gave the province too much power in a process that should be impartial. The ideological rationale for the new bill was evident in Consumer and Corporate Affairs Minister Hewitt comment that:

we feel this type of legislation...is much better than a socialist approach to things, which is government intervention in the marketplace. Behind the thrust of this bill and many other pieces of legislation we've brought before this house is the fact that the government has been too involved in the marketplace in the past (Victoria Times Colonist, April 11, 1984:A3).

The previous method of settling disputes between landlords and tenants through a Rentalsman was generally regarded as being informal, fast and efficient (Lane, 1989:interview). After the Rentalsman was phased out in 1984, landlords were essentially given a free reign to do as they pleased. One landlord/tenant agreement, for

example, stated that any tenant observed taking bicycles into corridors or storing bicycles on balconies would be served with an eviction notice. Another agreement contained a clause allowing the landlord to charge a additional half month's rent as a furniture deposit, regardless of whether the suite was furnished or not (Vancouver Sun, August 24, 1983).

One landlord, in an attempt to "seek a better class of tenant," instructed its managers to demand larger security deposits from the unemployed, welfare recipients and transients. Another landlord deducted \$50 from security deposits to cover advertising costs when tenants moved within a six month period. In cases where tenants moved because a building was poorly managed or maintained, this added charge meant that tenants paid landlords for their negligence (Vancouver Sun, August 24,1983). These amendments to the Residential Tenancy Act effectively gave landlords justification to "take the law into their own hands." It offered tenants very little legal recourse and effectively punished those with the least resources.

Without a Rentalsman Office in place to handle grievances quickly and efficiently, most tenants are discouraged from settling disputes in court. The procedure is lengthy, costly and formal. Lodging house residents, for example, some with little education and who may not speak English as first language, are discouraged from taking their landlords to court. Because the province did not adequately inform the public about the revised grievance procedure, non-profit agencies such as the Tenants' Right Action Coalition (TRAC) were swamped with requests from tenants. Vancouver City Council provided extra funding for TRAC from the city's contingency fund to make up for the province's

negligence (Vancouver Sun, October 5, 1984).

In January 1988, David Lane, TRAC Co-ordinator, appealed to City Council to request that the provincial government reinstate rent controls. The province's response to Council's appeal was that other regions of B.C. had high vacancy rates and that landlords in those areas would be unfairly penalized if rent controls were reintroduced. Considering, then, that the housing problem is concentrated in Vancouver, Lane next appealed for amendments to the Vancouver Charter to establish a city-operated rent review board, but this was also denied by the province (Lane, 1989:interview). City Council, in a harmless vote which exerted little pressure, unanimously passed a motion in support of provincial rent review.

In April 1989, City Council passed an amendment to the zoning bylaw in multiple-dwelling areas, increasing the notice owners gave their tenants to vacate their premises from 2 to 6 months. Council also stated that it would withhold demolition permits until new developments were approved by Council (Vancouver Sun, April 26, 1989:A1). Mayor Campbell's rationale for passing the amendments was that "developers have a responsibility to their tenants." These amendments merely prolonged the inevitable process of demolition and conversion, offering little actual change.

Another zoning change affecting the stock of affordable rental housing in the city pertains to secondary suites. Even if a suite is considered to be "illegal" a landlord and tenant are considered to have a valid tenancy agreement, meaning that tenants of secondary

suites are protected by the Residential Tenancy Act. As of 1988, the city approved the use of second suites only by family and support persons. Otherwise, it is taking a neighbourhood-by-neighbourhood vote regarding the inclusion of suites in RS-1 zoned areas. City inspectors have the authority to close down illegal suites at any time on a complaint basis, meaning that people who live in secondary suites face the most acute security of tenure problems. The following section examines security of tenure for residents of single room occupancy hotels and rooming houses.

D) Protection for Lodging House Residents

The Residential Tenancy Act applies to any dwelling unit used for residential purposes. However, several categories have typically been exempt from the Act, including people who occupy a premise as a "licensee". Licensees have the right to use a premises for a short period of time, but do not have the same legal right of exclusive use and enjoyment as does a tenant. Fundamentally, there is no difference between renting an apartment and renting a hotel room. However, landlord-tenant contracts typically exclude roomers, boarders and lodgers from legal protection.

Owners of lodging houses convinced the courts that the relationship between the resident and themselves is that of "guest and innkeeper" and not "tenant and landlord." Under the Hotel - Innkeepers Act, there was no agreement between the landlord and tenant. Use of the room by a licensee was subject to a number of restrictions; guests

were only allowed between certain hours and were charged extra if they stayed overnight. Further, owners had the legal power to evict licensees without notice and for no just cause. Landlords would simply change the lock on the door. Many would re-rent the room and pocket the remaining portion of the previous tenant's rent (Learey, 1989:interview). People who had occupied the same room for 10, 20 and 40 years were denied basic tenant's rights.

Another important difference between the distinction of tenant and guest is that innkeepers are required to provide their guests with weekly laundry service as well as daily vacuuming and bed-making services. In contrast, landlords maintain common areas only and cannot freely access a tenant's room. In a survey of Downtown Eastside residents in 1978, however, approximately 80% of those surveyed indicated that room cleaning services were not provided by the management, which would indicate such rooms were not being used on a temporary basis (Social Planning Department, 1978:70).

Before the Rentalsman was phased out in 1984, officers had discretionary power to designate a premises as residential if it had been occupied by the same person on a continuous basis. Hotel residents were granted protection as "deemed tenants", meaning that there was a deemed or implied tenancy agreement between the operator and the resident. The resident would have security of tenure, but did not possess certain other rights usually held by other residential tenants with respect to rent control provisions, privacy rights, and health and safety standards. In other words, the province left it up to the individual to request status as a legal tenant.

Besides being discriminatory, the process of granting a deemed status proved to be awkward, costly and time consuming. In addition, this designation applied to the tenant not the room, so that when the tenant moved, the new tenant was not protected by the legislation. This violated one of the fundamental principles of the Residential Tenancy Act; that provisions accompanied the premises and not the tenants, such that landlords cannot avoid certain regulations merely by changing tenants (Ibid).

According to Lane (1989:interview), "deemed tenant" provisions were employed as a stalling tactic and smokescreen by the provincial government to avoid taking concrete action to protect lodging house residents under the law. Residents of residential hotels and rooming houses fell between legal categories of hotel and apartment. The provincial government was loathe to make legislative changes that would affect only 15,000 or so people who had little political clout.

As early as February 1980, Rentalsman Jim Patterson had requested that the Residential Tenancy Act be extended to cover hotel residents, stating:

Landlords in the downtown eastside aren't accountable to anyone now. If a tenant complains about rent increases or maintenance, he can be evicted the same day he complains (Vancouver Sun, February 21, 1980).

In June 1982, Consumer Affairs Minister Peter Hyndman discussed the province's rationale in refusing to include lodging house residents under the Residential Tenancy Act. He cited five reasons in support of the decision: inclusion of hotel guests in the Act would

adversely affect B.C.'s tourist trade; the "problem" was isolated to downtown Vancouver, so provincial legislation was irrelevant; rising vacancy rates allowed tenants greater flexibility to move if they were not satisfied with their present living situation, and; inclusion of hotel occupants under the Residential Tenancy Act would simply add to the workload of the Rentalsman (Vancouver Sun, June 30, 1982). The rationale was that hotel residents were experiencing temporary problems which would be smoothed out when the market returned to equilibrium. The well-being of low-income hotel residents with respect to eviction and security of tenure was obviously not mentioned.

In April 1988, Emery Barnes (NDP MLA - Vancouver Centre) introduced a private member's bill to the legislature requesting that hotel residents be extended the same protection as renters of apartments under the Residential Tenancy Act. The Minister of Consumer Services, Lyall Hanson, finally announced amendments to the Residential Tenancy Act in June 1989, nine years after they were first suggested by the Rentalsman.

These recent amendments removed settling monetary disputes from the jurisdiction of Small Claims Court back to a government-appointed arbitrator. The stated objective of this change was to relieve tenants of the need to pursue unreturned damage deposits through the courts, but it may equally have been to relieve the workload of the provincial courts system. Lane (1989:interview) suggests that the province agreed to extend coverage to lodging house residents because of the precedent-setting legislation passed by the Ontario Ministry of Housing which was proving to be effective. The Social Credit government could no longer justify not including licensees in the Residential Tenancy Act.

After years of lobbying, these amendments were passed in August 1989, and have been lauded as "a small step in the right direction" (Shaylor, 1989:interview). The legislation continues to maintain a legal distinction between tenants of lodging houses and other residential tenants. It persists in imposing restrictions on these individuals that other renters are not subject to, such as restricting guests between certain hours and charging extra if they stay overnight. Lane claims that Downtown Eastside landlords, who are used to "taking the law into their own hands", will continue to treat hotel residents as licensees and it will take a long time to change attitudes (Lane, 1989:interview). The following section examines the mass evictions of Downtown Eastside hotel residents that occurred in 1986 during the World's Fair. The Expo evictions exemplify a direct cause and effect of public policy generating homelessness, as evictions can be directly traced to homelessness on a one-to-one basis.

E) Expo '86 Evictions

Before the drastic changes to the Residential Tenancy Act in 1984, most tenant complaints involved exorbitant rent increases. After 1984, and in the months leading up to Expo '86, most disputes involved the more serious issue of eviction. Olds (1989:59) points out that evictions constitute the most serious violation of human rights.

The site of the 1986 World's Fair was adjacent to the poorest and most vulnerable neighbourhood in Vancouver, the Downtown Eastside. The typical Downtown Eastside

resident is described as being an unemployed, 55 year old male receiving social assistance and living alone in a housekeeping room for which he pays \$250 a month (Downtown Eastside Residents Association, 1987:12). The extent of poverty in downtown Vancouver is made further evident by the median household income in the area, which is \$7,198 compared to \$30,477 in metropolitan Vancouver (City of Vancouver, 1989:5).

In the months before the fair was held, several hundred elderly and poor people were evicted from residential hotels and rooming houses to make way for tourists. At the time, hotel residents were considered licensees and were not protected from eviction under the Residential Tenancy Act.

Very precarious tenancy status, combines with marginal financial resources, leave the typical Downtown Eastside resident vulnerable to any potential speculation by hotel owners interested in catering to the Expo tourist market (Olds, 1989:50).

Olds (1988) traces the City of Vancouver planning process and series of events that led to the Expo evictions. He found that as early as 1981, a First United Church Housing Society representative accurately predicted that 800 people in the community would be displaced by Expo (Bantleman, 1981:28). Because the province refused to protect hotel residents under the Residential Tenancy Act, the City of Vancouver Social Planning Department assumed responsibility for investigating the impact of Expo '86 on the Downtown Eastside community. Staff conducted several surveys and made a number of recommendations to City Council including proposing a rent freeze on residential hotels and rooming houses in the area as well as protecting hotel residents from eviction for a period before and during the operation of the fair (Olds, 1989:51).

Council, however, did not pass the motion to request the provincial government to amend the Vancouver Charter or amend the Residential Tenancy Act to legislate these temporary measures. Olds (1989:51) notes that:

There was firm opposition to this option from various members of city council, including alderman (now mayor) Gordon Campbell, who aligned with the B.C. Hotels Association. Their perspective was that no hotel owner was going to evict, [and that the] hotels in the Downtown Eastside are not prime locations for Expo.

However, after the fair was announced in 1981, land values in the Downtown Eastside began to escalate, exerting pressure on owners to convert their properties to more profitable uses. Mompel (1989:8) notes that since 1978, approximately 2,700 housekeeping and sleeping units in single room occupancy hotels in the Downtown Eastside have been demolished or converted to higher economic use. In another study, Friesen (1986) finds that the city has experienced an 86% reduction in its stock of lodging houses between 1971 and 1986, affecting such neighbourhoods as the West End, Mount Pleasant and Fairview.

Evictions started the very month the Social Planning Department had predicted. In February 1986, several months before the opening of the fair, City Council finally passed a motion to request the province to legislate an end to the evictions. The Social Credit government refused. Community groups rallied to form a housing registry and assist evictees to relocate. Olds (1989:51) estimates that between 500 and 850 evictions occurred in the Downtown Eastside as a result of Expo. In addition, some 1,000 to 1,500 lodging house rooms were converted from monthly to daily tourist accommodation. Community organisers attributed 11 deaths, including two suicides, to the trauma long-time residents

of the area encountered upon eviction and relocation (Green, 1989:53).

The Expo evictions point to the reluctance and inaction on the part of both the municipal and provincial governments to get involved and assist low-income renters. Both governments demonstrated their free enterprise orientation and favourable bias towards small property owners, sanctioning speculation in residential property as a legitimate investment activity. Social Planning staff, who were familiar with the affect of other fairs on adjacent communities (particularly Knoxville's Expo '82) warned City Council about the serious possibility of evictions. The City had full information to act, but refused to acknowledge the gravity of the situation. When they did act, it was too late. Finally, in the summer of 1989 when legislation was passed to include lodging house residents in the Residential Tenancy Act, it was essentially too little, too late.

While the province has legal authority over landlord/tenant relations, the City of Vancouver has attempted to influence actions of the province from time to time. City Council has gone out of its way to embarrass the province on occasion, often over-stepping its jurisdictional boundaries to request that it extend provisions of the Residential Tenancy Act.

The findings presented in this section on security of tenure demonstrate that public policy decisions have clearly contributed to the problem of homelessness. The literature review on the role of public policy suggests that there are three classifications of policy decisions: the decision to take purposeful action, the deliberate decision not to act, and

the decision to appear as though action is being taken when it is not. Examples of policy action, inaction and rhetoric are observed in the area of security of tenure as examined in this section of the thesis.

Tenants' rights were steadily eroded throughout the 1980's, particularly after 1983 with the impact of the economic recession coupled with Social Credit fiscal restraint program. Representative of a deliberate policy action, the provincial government has generally functioned to further the interests of private property owners and speculators by facilitating eviction. The provincial government only took action to protect tenants' rights when community groups lobbied for change, and even then has only provided marginal protection to tenants under the law.

An example of policy inaction clearly involved the Expo evictions, at which time City Council was repeatedly informed of possible evictions but refused to take action. One can only speculate on whether Council legitimately thought evictions would not occur or if they supported the small landlords who were upgrading hotels to accommodate tourists to make a quick profit. The province, which has jurisdiction over tenant rights, however, should have ultimately been held accountable for the evictions. The "deemed tenant" provision is an example of policy rhetoric. An attempt to include tenants in the Residential Tenancy Act on an individual basis made it appear as though the government was acting in good faith to protect the security of tenants. In fact, the clause did very little to protect tenants from eviction.

Since 1975 when the Social Credit government regained power, the tenant's movement has become steadily weaker. "The Social Credit Government kept its promises to the landlords who helped elect it" (Municipal History Society, 1980:46). Legislated gains were made by renters over the years only when the tenant movement was strong. From the vantage of 1989, one can reflect on the progress that was made in the 1970's and realize the extent to which tenants rights have been eroded in the past decade. Today, for example, legislation does not require landlords to give just cause for eviction, there is no mediating Rentalsman and financial disputes are settled in court. Amendments to the Act passed in 1984 were particularly regressive. They effectively eliminated all the gains made by tenants in the past decade, making security of tenure more difficult for people at the bottom rungs of society.

Many landlords assumed that when the Office of the Rentalsman was eliminated, tenants' rights had also been abolished and they were free to act as they wished. A survey of tenants in 1986 found that tenants in older and typically ethnic inner city areas, such as Strathcona and Mount Pleasant, experienced twice as many problems with their landlords as did the average tenant in Vancouver (Lam, LeRose and Stewart, 1986:18). The legal framework is ineffective for those at the bottom of the shrinking rental market because the economics of the marketplace define the real limits of the law in this province.

Limitations of the law are most often experienced at the bottom of the market. Under existing laws, landlords determine who has access to housing, as they are able to pick and choose tenants and control the terms of tenancy in ways that often have little regard for

the law. These include forcing tenants out through excessive rent increases, neglecting to repair or maintain the premises as required by law, confiscating personal property of tenants and switching locks on doors. Amendments to the Act have left tenants resigned and without recourse under the law. Those most affected by an inaccessible law are those with the fewest resources - people with low-incomes, minimal education and language difficulties. Powerless against laws that favour landowners, tenants are left only with the "right to move." Displacement does not necessarily lead to absolute homelessness. However, with no legal security of tenure and with an increasing number of people competing for a dwindling supply of rental housing, the number of homeless people is increasing.

In addition to the 30,000 or so people living in illegal suites, and an equal number of people who face rent increases they cannot afford, and the 10,000 or so people living in lodging houses in the Downtown Eastside - some 70,000 people in this city are "shelter poor" (Lane, 1989:interview). People who are evicted from hotels, secondary suites or apartments when they are demolished or converted to condominiums "trickle down" the inventory of rental housing. Typically, they relocate to a smaller room or apartment in a less desirable location. It is the person at the bottom of the line who eventually "trickles down" to becoming homeless.

A necessary compliment to security of tenure legislation are rent controls. Without secure tenure, landlords may be able to circumvent rent controls (when they are in place) and evict a tenant in order to re-rent at a higher rate, to demolish, convert or renovate the

unit, removing it from rent-controlled stock. Without rent control, security of tenure is incomplete, because of the possibility of eviction or displacement if one cannot afford rents. A model tenant against whom no complaint is made can be dislodged by a rent increase more easily than an undesirable tenant can be evicted for cause (Hulchanski, 1984:76). The following section, therefore, examines the role of rent controls in maintaining the affordability of rental housing.

5.2 Affordability

Because rent increases are one of the most commonly cited reasons explaining displacement and homelessness, security of tenure and rent regulation are two critical aspects of low-income housing policy (Swanstrom, 1989:86). There are a number of variables that affect the affordability of private rental accommodation. One method, rent regulations, has been used at various times to control rents during periods of inflation or housing shortages. Rent regulations include both rent controls (a ceiling on annual rent increases without approval) and rent review (in which a landlord applies for increases above the statutory limit). Because they intervene in the marketplace and place controls on the use of private property, both are highly contentious. This section presents an overview of rent controls, arguments for and against rent regulation and its utilization in British Columbia over the past decade. It finds that rent controls, which fall under provincial jurisdiction, have not been utilized to their full potential in B.C. and are a clear example of public policy inaction.

A) Overview of Rent Controls

Rent control is a mechanism used by provincial governments to deal with the problem of sudden or high rent increases during periods of housing shortages, inflation or land speculation. The rationale for adopting rent controls is that rising rents place decent housing beyond the means of average households, with the heaviest burden falling on low- and moderate-income families. Gilderbloom (1985:75) claims that rent controls are a means of public intervention in the private market to achieve social welfare objectives, mediating market forces and public needs.

The term rent control generically applies to a number of forms of rent regulation. There are three main classifications of controls: a freeze; a fixed rate of return on the landlord's investment; and, a rate that is comparable to another similar unit on the uncontrolled market. Rent freezes, which are the most stringent, were adopted during WWI and WWII as part of the war effort.

The latter two forms are more moderate, often referred to as "second generation" rent controls, which are usually based on current inflation rates and subject to annual review. Provisions may vary from covering all or selected categories of the rental housing inventory. Commonly exempt are luxury units, new construction and subsidized housing. Because rents are raised gradually each year by a set amount, they eventually pass the ceiling and become decontrolled.

Conventional wisdom holds that rents are set at the intersection of housing demand and supply. When the supply of rental units is at equilibrium (a vacancy rate of 3%), landlords are said to be truly in competition with each other and rents are held at reasonable levels. However, when there is a housing shortage and vacancy rates fall, landlords are in an advantageous position to charge what they want, largely because they own something that is in scarce supply.

The purpose of setting a maximum rent is to dampen upward prices and speculation in the existing rental housing stock, thereby reducing housing costs to a level that is commensurate with the tenants' ability to pay. Rent controls help to maintain consumer expenditure on other necessities, such as food and clothing. They are adopted with the expectation that rents will be held below market clearing level, thereby maintaining the ratio of rent-to-income and making rental housing more affordable. Controls are often regarded as a temporary measure until supply and demand reaches a new equilibrium - when increased supply through the market is expected to ease pressure and then controls could be eliminated. Analysis suggests that the challenge of creating and maintaining a healthy rental housing stock has more to do with income adequacy than the unresponsiveness of rent regulations (Gilderbloom, 1985:90).

Persistent housing shortages and low vacancy rates have become the norm in Canada over the past 15 years. Rent controls have merit in situations where the five following conditions prevail: rental housing is scarce; the renter population represents a captive market; turnover is too slow to absorb the backlog of demand; alternative program

responses are sluggish; and, the capacity of renters to pay market prices is limited (Niebanck, 1985:107).

B) Arguments for and Against Rent Controls

The use of rent controls is criticised primarily by landlords, business and real estate investors and neo-classical economists. Because rent regulations are associated with various political economic philosophies which are not held in common, there are widely differing opinions on the utility of rent controls. This section examines the arguments in support of and arguments opposing rent controls.

Opponents of rent controls argue that they result in inefficiencies, although there is little hard evidence to support this claim (Miron and Cullingworth, 1983:3). Neo-classical economists object with rent controls because they interfere in the free play of the market. They cite three main reasons why rent controls do not work: they discourage housing production; they adversely affect housing quality; and, they contribute to the erosion of the local tax base.

In a widely read article, conservative economist William Stanbury compares normative and positive approaches to rent controls. He dismisses normative approaches because they are based on value judgements and implicit assumptions, while positive approaches are based on theory and are therefore rational and objective. Many scholars recognize,

however, that all research is inherently value-laden (Ham and Hill, 1984:18). Further, there is no policy relevance in work that merely describes without analyzing or prescribing.

Drawing primarily on his own past research to support his case against rent controls, Stanbury asks his readers to weigh the "unbiased" evidence he presents surrounding the rent control controversy. Stanbury later admits that views on rent control are "a symbol of deeper differences about how people see the world" (i.e. values) (Stanbury, 1985:23). Stanbury does little more than theorize about rent controls; he does not conduct any empirical research to support his conclusions.

A popular criticism of rent controls is that they discourage potential builders and mortgage lenders from investing in new rental construction, thereby exacerbating housing shortages (Drier, Gilderbloom and Appelbaum, 1980:155). In response to such claims, Gilderbloom conducted a comprehensive survey to assess the impacts of rent controls in both controlled and decontrolled cities in the United States. His findings reveal that more construction occurred in rent-controlled areas than in areas without rent control. During a nation-wide period of decline in construction, there was a 65% drop in construction in cities without rent control as compared to only a 19% decline in cities with rent control (Drier, Gilderbloom and Appelbaum, 1980:157). Achtenberg (1973:443) argues that other factors, such as financing, the availability and cost of land, are far more critical to the construction of new rental housing, which is generally too expensive to serve the needs of low-and moderate-income households.

Gilderbloom disputes the claim that rent controls do not allow landlords to keep pace with rising costs, therefore discouraging the maintenance of rental properties and resulting in demolition. In a study of New York City, Marcuse found that rental housing losses were more a function of age and neighbourhood deterioration than rent control. Another study found that average expenditures on maintenance actually increased from 4.2% to 5% during a four period when rent controls were in place (Drier, Gilderbloom and Appelbaum, 1980:158).

In British Columbia, for example, rent increases have more than adequately compensated landlords for increases in their operating and maintenance costs (Patterson and Watson, 1976:75). Rent controls only affect a small portion of the landlord's cash flow, with the capital gains and tax shelter aspects of real estate investment being more profitable than the cash flow potential. The stakes are bigger for renters, for whom the cost of housing is the largest single monthly payment.

The criticism that rent controls erode a city's tax base is also refuted. In his study of rent controlled and non-rent controlled cities, Gilderbloom discovered that comparable cities had identical increases in their tax bases. Achtenberg's study of rent control in New York City support Gilderbloom's findings. In two areas of the city which did experience decline in the tax base, the slide was attributed to the withdrawal of private capital from urban residential areas and not rent controls (Achtenberg, 1973:445).

Gilderbloom (1985:90) finds that vacancy rates influence housing markets, but only at the high end, and that rapid rates of new construction will not cause rents to fall. The relationship of supply factors to the cost of renting does not support traditional housing theory. Planners cannot assume housing markets to be perfectly competitive or determine that a housing crisis exists simply on the basis of vacancy rates. These must be placed within the broader social and political context. He points to futility of relying on micro-scale neo-classical economic theory (Gilderbloom, 1985:90).

A common assumption underlying traditional arguments against rent controls is that housing is a commodity whose supply is governed by the laws of supply and demand in the marketplace. Controls, therefore, are thought to create distortions in the smooth operation of the market. Stanbury contends that rental housing is, in fact, like any other market commodity and therefore does not require regulation to make it function more efficiently in the market. However, rental housing has a number of characteristics that make it unique and therefore different from other consumer goods like clothing or food. Housing is heterogeneous in nature, inelastic in supply, in fixed location, highly durable, has high capital costs relative to income and housing services are complex. Moreover, housing serves the dual function of being both a basic human need and an investment commodity.

Opponents of rent control do not acknowledge that the factors which contributed to the decline of the rental sector were in place long before rent controls were introduced. The average rental vacancy rate in Canada dropped from 3.7% in 1971 to 1.2% in 1974

(Seto, 1987:27). This was before rent controls were adopted as part of Canada's wage and price control program in 1975. Most neo-classical economists, however, single out over regulation of the market as the main cause of rental problems. Stanbury claims that the existence of an affordability problem by "the fraction of families who cannot obtain decent, affordable housing" cannot be attributed to market failure. Like other neo-classical thinkers, he contends that the problem is insufficient incomes and not market failure. Stanbury (1985:6-13) argues that people do not have incomes to pay for what they want or think they deserve or have a right to. He believes the government should directly assist the poor to better compete in the market by giving them shelter allowances and not by imposing constraints on the market (Stanbury, 1985:6-6).

Some authors suggest ways to improve the utility of rent controls. The main shortcoming with using rent control as a redistributive measure is that it is tied to categories of housing and not categories of housing occupants. A better means of redistributing incomes would be to match rent control levels with a tenant's ability to pay. Achtenberg (1973:438) finds that rents in controlled units continue to be higher than most low- and moderate-income households can afford, suggesting that broader solutions are needed to the problem of housing costs are needed than merely limiting the landlord's cash flow profits. While rent controls have not reduced rents to a level that low- and moderate-income tenants would consider fair, it has left them considerably better off than if their rents had been uncontrolled.

Achtenberg (1973:442) also suggests a more radical form of control would establish minimum and maximum household sizes for the occupancy of rent controlled apartments to enhance the efficiency and use of space. Achtenberg concludes that rent controls are an effective remedy for the problem of housing costs during a period of shortages and that they do offer tenants some protection by keeping rents in line with costs.

Some authors claim that by reducing disparities in the rental housing market, rent controls may serve to "rationalize" the market and divert attention away from the broader issue of affordable housing (Drier, Gilderbloom and Appelbaum, 1980:170). Recognizing that rent controls do not question the legitimacy of the market in the provision of shelter, these authors point to the potential for rent regulation to be used as a tenant organizing strategy.

Rent controls cannot build more housing. Nor do they affect the utility costs, property taxes and mortgage rates that are responsible for pushing rents up. Rent controls do, however, prevent a tight rental situation from worsening and improve justice and equity in landlord/tenant relations. Hulchanski (1984:73) claims that a carefully designed and administered system of rent regulations can improve security of tenure, maintain the affordability of the existing stock, prevent a regressive distribution of income in a tight rental market and mediate conflicts regarding rental tenure.

C) Rent Regulation in B.C. (1974-1984)

Rent controls were first legislated in Canada during WW1 and again between 1940 and 1951, freezing rents as part of a wartime measure. In 1972, British Columbia included a provision in its Landlord and Tenant Act limiting owners to one rent increase per year. The Act was amended the following year to bind the one-year limit to the unit rather than the tenant, thereby removing the incentive to evict to raise the rent. In 1975, Prime Minister Trudeau appealed to the provinces to adopt rent regulations in keeping with the federal anti-inflation program.

In 1974 under the NDP government, British Columbia was one of the first provinces to reintroduce the "second generation" of less restrictive rent controls, which remained in place until 1983. Rent controls limited rent increases to a maximum of 8% per year. Rent increases above that amount were allowed only after a unit had been renovated. Exemptions from controls included units renting for more than \$500 per month, all government subsidized housing, units where an agreement already existed between landlord and tenant and ones built over the next five years.

Although the Act did not include an enforcement mechanism, the Rent Review Commission was charged with administering rent controls. In the following two years, the rest of the provinces adopted rent regulation in response to the federal anti-inflation policy. British Columbia was also the first province to adopt rent review in response to declining vacancy rates and rising rents. The rent review process was a rent stabilizing

measure to assess and adjust "unreasonable" rent increases on uncontrolled rental units.

A number of studies have assessed the effectiveness of these measures. A 1975 survey of the Rent Review Commission found that one-third of rent increases on decontrolled units in the province were illegal and nearly all were greater than the allowed maximum (Patterson and Watson, 1976:76). Adams et al (1986:17) noted that after 1977, the Social Credit government began a gradual process of decontrol in British Columbia. Ceilings on rent controlled units were lowered to \$300 per month for a one-bedroom unit and \$350 per month for a two-bedroom unit. This lowering of the maximum allowable rent meant that fewer units would be rent controlled. Any unit renting above those limits was no longer protected by rent controls and was therefore subject to unlimited rent increases. The maximum allowable rent increase for rent controlled units was also raised to 10% per year. Not only were the number of units under rent control reduced, but rents were allowed to increase at a faster rate, pushing them over the allowable limit.

In 1980, the provincial government introduced a two-part system of rent regulation, including rent control and rent review. With relatively few units left under rent control, a rent review agency was introduced to assess rent increases on units not protected by rent controls and renting for less than \$700 per month. In 1981, 1300 newly constructed single family homes in the Lower Mainland remained vacant, reflecting the extent of overbuilding at the high end of market (Vancouver Province, October 6, 1981). In contrast, the apartment vacancy rate in Vancouver that year was 1.2%, reflecting the mismatch between housing supply and demand in the early 1980's (Seto, 1986:22).

In 1981, 35,000 rental units became decontrolled and, in protest, a group demonstrated before Minister of Consumer and Corporate Affairs, Peter Hyndman. Hyndman reacted by reiterating the province's housing policy, which was "to encourage people to build." The Minister was optimistic that vacancy rates would increase the following year, but did not have any figures to back up his view (Vancouver Sun, April 6, 1981). Rent regulations were dismantled in British Columbia with the Social Credit restraint package in 1983, at which time rent control and rent review were phased out. Landlords were given the right to terminate a tenancy (i.e. evict) without cause and were no longer required to file rent increases with the government.

D) Provincial Government's Stance on Rent Regulation

In the early 1980's, Vancouver had a three-tiered stock of rental housing with respect to rent regulation, including units under rent control, those under rent review and uncontrolled stock. Rent controlled units, which accounted for approximately half of the city's rental stock, were the least expensive to rent. Units protected by rent review, which reviewed rent increases tenants considered unreasonable on units that rented for more than the rent control ceiling but less than \$700 a month, included the second quarter of the city's stock of affordable rental housing. The remaining half of Vancouver's rental housing was exempt from both rent review and rent controls. By 1984, it was estimated that only 15% of Vancouver's rental units were still protected by rent controls (Vancouver Sun, December 17, 1984).

Rent regulation in B.C. ended effectively in the summer of 1984 with the expiry of rent review. While the Social Credit government did not phase rent regulation out when they regained power in 1975, they did not allow it to flourish (Lane, 1989:interview). The provincial government, realising that rent controls would gradually be phased out over time, however did step up the process by lowering the ceiling on units protected by rent controls from \$400 to \$350 per month for a one-bedroom suite in 1978 (Adams et al, 1986:17). Vacancy rates have continued to be low since the mid-1980's, supporting the claim that rent controls are not necessarily an impediment to market efficiency.

When rents were decontrolled in 1984, rents did surge ahead of the inflation rate, increasing by 15% the first year, but since have levelled off at 5% a year (Lane, 1989:interview). With economic recovery and decontrol of rental housing, it was expected that the private market would be able to supply housing to meet demand and there would be a return to market equilibrium. This has not occurred. Since rent controls were abolished in 1983, vacancy rates have remained low and the market is not meeting demands for rental housing. A report issued by the province in 1983 predicted that the jump in rents after decontrol would shift demand to home ownership (Vancouver Sun, September 15, 1983). However, people who could afford to purchase a house had already done so, leaving the poor to bear the burden of rising rents.

Throughout the 1980's, developers in British Columbia consistently urged the provincial government to scrap rent controls, encourage home ownership and the construction of single family dwellings (Vancouver Sun, March 5, 1982). The rental housing sector was

effectively ignored. Minister of Lands, Parks and Housing, Tony Brummett, supported the province's decision to axe rent controls by stating that when rent controls are lifted, market forces would increase the supply of rental units and landlords would be encouraged to put profits into building improvements. Brummett admitted that low-income tenants may experience a "temporary problem finding suitable homes, but in the long run, developers will build cheaper apartments, if that's all people will rent" (Vancouver Province, September 15, 1983:3). Brummett's comment implies that tenants are not constrained in the market and rent small and inexpensive dwellings out of choice.

In a debate on rent controls, neo-conservative economist Walter Block compared rent controls to drug addiction because "they feel good when you're on them but hurt when you come off. The best way to kick rent controls is cold turkey". Block added that landlords' greed is "good for society" because the benefits of greed trickle down to the poor (Vancouver Sun, March 27, 1981). A conference held the same year in Toronto, however, ended differently. A significant proportion of a pro-developer audience softened its stance on rent controls after hearing presentations from both sides of the issue. The proportion of the audience wanting to eliminate rent controls in a pre-conference poll was 42%, which dropped to 21% in the post-conference poll (Globe and Mail, September 18, 1981).

Pete McMartin, a Sun columnist, viciously attacked rent controls in a particularly ill-reasoned article (Vancouver Sun, December 8, 1983). When the rent of an elderly West End pensioner was increased by 103%, McMartin questioned why the tenant didn't just move out to the outlying suburbs "where they can't give the apartments away" rather than

complaining about rent increases in the desirable downtown core. McMartin had no conception that rental stock in the inner city is typically the oldest, most run-down and cheapest. Newer apartments in the suburbs would likely be more expensive to rent, but more importantly they would be distant from the pensioner's network of friends, relatives and community services.

In 1982, Rentalsman Jim Patterson claimed that B.C. was now in the position to judge the effects of rent controls. Reflecting his typically middle-of-the-road stance, Patterson stated that:

many of the expected long-term problems we are seeing, many we're not. The issue is not lack of supply or poor maintenance, two oft-cited results of long-term controls. Instead, it's a distortion of demand, with people who don't need them, clinging to controlled units. With time, many people are starting to think that the government should be determining rents with some sort of justifiable formula" (Financial Post, December 28, 1982).

Apparently, the most popular arguments against rent controls could not be proven. Adhering to the Social Credit government's principle of targeting, Patterson's major complaint against controls was that they did not assist the "truly needy".

The real estate boom in Vancouver during the late 1980's does not appear to be solving the housing crisis, but rather contributing to it. The locational advantages of the city (access to facilities, area amenities and other externalities) have led to dramatic urban growth and redevelopment. New construction has a price-leading affect such that it is priced higher than existing units. The most profitable housing is high-cost, which is pricing low- and moderate-income households out of the inner city altogether.

Speculation has encouraged owners to "flip" their properties and the rapid turnover of land has increased prices substantially. When resale is combined with rising interest rates, the cost of refinancing can drive up rents enormously. These costs are passed down to the tenant in the form of higher rents.

When tracing the role of public policy in the regulation of rents and maintaining affordability of the rental stock, there is clear evidence of policy action, inaction and rhetoric. The neo-classical argument against rent controls, which states that they unfairly intervene in market dynamics and regulate the use of private property, is refuted by housing experts. Unfortunately, the history of rent controls in British Columbia is relatively short in the 1980's, only lasting four years until they were phased out completely in 1984.

As an example of policy action, the provincial government deliberately sped up the rate of decontrol by dropping the ceiling for controlled rental units. While rent controls fall within provincial jurisdiction, the City has responded to demands from the local constituency and requested that rent controls be reinstated. Although presented with the rationale for reinstating rent controls, the provincial government has taken the course of policy inaction. Attempts by Vancouver City Council to request the reestablishment of rent controls can be perceived as policy rhetoric. The City appears to be acting on behalf of the public interest, when in fact they have little influence in a policy matter out of their jurisdiction. The province also utilized rhetoric by allowing rent controls to be continued after they came to office in 1976, fearing that they would lose popular support if rent

controls were repealed.

Including war-time regulations and controls in the 1970's and 1980's, rent controls have been implemented in British Columbia for approximately thirty years (Adams et al, 1986:16). Evidence of the cyclical nature of rent controls is a motion passed by Vancouver City Council in January 1989 to request that the province reinstate rent controls in light of the city's 0.5% vacancy rate (Vancouver Sun, January 18, 1989:A3). Primarily because of its adherence to free market principles, the province refuses to implement rent controls in B.C. Although there is little Vancouver City Council can do other than lobby the provincial government to reinstate rent controls, it has played an important role in improving the physical condition of the lodging house stock in the Downtown Eastside. These efforts are examined in the following section.

5.3 Maintenance of the Rental Stock

In a recent issue of Canadian Housing (1987:63-64), Mayor Gordon Campbell commented that the City of Vancouver has implemented two important low-income housing initiatives: the Residential Rehabilitation Assistance Program (RRAP) combined with bylaw enforcement and the Land Acquisition and Leaseback Program. As the latter program leases land to non-profit agencies to construct social housing and it does not contribute to the stock of private rental accommodation, this program will not be discussed. The provincial government does not have any policy in place that specifically deals with

upgrading the stock.

This section examines the use of the RRAP program by the City of Vancouver to upgrade lodging houses in the Downtown Eastside, typically the most run-down housing in the City. Preserving the life of lodging houses increases their livability for tenants. Prolonging the existence of low-income rental housing, particularly the stock of residential hotels and rooming houses which are described as the last bastion of affordable housing, has important ramifications for reducing the number of homeless people.

While the City is involved in preserving and maintaining affordable rental housing through bylaw enforcement and rental RRAP, there are relatively few programs or policies in place at the provincial or municipal level to add to the inventory of private rental housing. A number of federal programs were introduced in the 1970's which offered incentives to developers to build rental housing, but most were phased out by the 1980's. In the summer of 1989, both the provincial government and the City of Vancouver announced a new interest rate assistance plan to encourage the construction of rental housing. Under the Ministry of Social Services and Housing, the province will write down interest rates by 3% for a period of five years after the time a mortgage is assumed on the condition that the rental units remain "affordable" for a period of sixty years. To date, nothing more on this scheme has been announced.

In May 1989, Mayor Campbell announced the creation of a public/private joint venture, the Vancouver Land Corporation (VLC) which would require private investment to build rental housing. The units would be built on city-owned land leased to the corporation for 80 years and would also utilize the provincial interest rate assistance plan. At the time of this writing, the creation of the VLC is highly contentious and it is unknown whether the scheme will be implemented. These two programs represent the only attempt made in the past decade by either level of government to respond to the rental housing crisis. As both programs have only recently been announced, little information is available to evaluate their effectiveness.

A) The RRAP Program

The federal Residential Rehabilitation Assistance Program (RRAP), was introduced in 1974 to assist home owners and landlords to rehabilitate substandard housing in low-income areas. RRAP was implemented in areas specifically designated for improvement by the municipality, which was also responsible for adopting Maintenance and Occupancy Standards. The purpose of the program was to upgrade housing stock to acceptable health and safety standards, to maintain the physical condition and preserve affordability of the urban housing stock. The federal government provided program funding for RRAP, while municipal governments covered administrative costs. RRAP subsidies were targeted to the following five different categories of owner - urban, rental, rural, native and non-profit. The program was discontinued in 1988, although

some RRAP funding has continued into 1989.

Before it was phased out in 1988, the rental RRAP program was used by the City to upgrade the private rental stock of residential hotels and rooming houses. To date, approximately 1200 units (a little more than one-tenth of the stock) has been renovated. Although part of the loan was forgivable, landlords were required to contribute an equal or greater portion to the total cost of rehabilitation. Upon acceptance of RRAP funding, owners were compelled to limit rent increases for the life of the forgivable loan, which was set between five and fifteen years.

B) The Use of Rental RRAP to Upgrade Lodging Houses

In 1975, the City rezoned the Downtown Eastside/Oppenheimer area to CD-1, designating the area for RRAP funding. Rental RRAP initially applied only to self-contained rental units. It was not until 1979, after lobbying by the City and community groups, that the federal government extended the program to include residential hotels and rooming houses. Some areas of the city with a significant stock of hotels and rooming houses, such as Downtown South, were not designated as improvement areas. Consequently, many landlords were not able to access RRAP funding.

The Downtown Housing Improvement Program, which was implemented between 1981 and 1985, was a comprehensive program of inspection and bylaw enforcement done in conjunction with RRAP upgrading (Howard, 1984:4). RRAP funding was in place to encourage owners to maintain their lodging houses, or else they would be closed down in accordance with health and safety bylaws. RRAP funds were used to improve electrical and heating systems, plumbing, fireproofing, lighting, roofing, pest control and dry walling.

By May 1982, all lodging houses units in the Downtown Eastside had been inspected by the staff of the Social Planning and Permits and Licensing Departments of the City or by RRAP officials. In addition, staff of the Social Planning Department conducted a series of lodging houses surveys in the 1980's. These reports documented the loss of stock, conducted social profiles of hotel residents and reported on tenant satisfaction. It has been difficult to accurately trace the loss of residential hotels and rooming houses in the 1980's because the reports use different definitions of the Downtown Eastside study area. While the lodging house surveys are comprehensive and informative, their findings have not been utilized to formulate housing policy.

Between 1981 and 1988, approximately 28 lodging houses were renovated in the Downtown Eastside under the rental RRAP program. The federal government committed a total of \$4,768,152 for rehabilitating private rental housing in the area. This figure may be somewhat inflated, as some owners did cancel plans to upgrade. Although the purpose of RRAP was to maintain affordable rents in the inner city, there

was concern that hotel residents were being displaced from renovated units. CMHC has not monitored rent increases to ensure that they met RRAP requirements. One report found that landlords were evading RRAP rent ceilings largely because of this (Study Team Report, 1986:76).

Residents of single room occupancy hotels and rooming houses have generally benefited from the rental RRAP program. Living conditions and health and safety standards have been greatly improved. A survey of 23 Downtown Eastside residential hotels in 1978 discovered almost ten thousand bylaw violations, revealing that thousands of residents lived in housing that was below minimum standards of safety and human decency (City of Vancouver, Social Planning Department, 1978:79,85). Since the survey was released, the City embarked on a campaign to install sprinklers in lodging house units, greatly reducing the number of deaths attributed to fires. Plumbing, sprinkler systems, electrical, heating and other structural improvements have improved the quality of the stock. These actions have also preserved the life expectancy of affordable housing in the area, delaying the possibility of demolition. Maintenance of the housing stock relies heavily on the management style of the owner, tenant care as well as continued inspection and bylaw enforcement by City officials.

Rental RRAP has generally been an effective program in maintaining and preserving affordable rental housing for low-income residents. Prior to 1984, rents of upgraded lodging houses remained reasonable because of rent controls. Since that time, rents have hovered around the maximum limit of the GAIN shelter allowance, which has (in

a perverse way) kept rents in the area fairly stable.

Although the use of RRAP program funding has assisted in preserving and maintaining the physical condition of private rental accommodation, there is some question whether the City would have been involved in hotel maintenance if federal funding had not been available. The City's role has been to administer the program, which has meant establishing and staffing a small RRAP site office at relatively little expense. The City has also provided small yearly grants to the Downtown Eastside Residents Association (DERA), a community group that has lobbied for social housing and security of tenure rights for area residents. It has been largely through the efforts of community groups such as DERA, that the City has become aware of the valuable contribution of hotels and rooming houses to the city's rental stock. DERA continues to work to improve tenants' rights and the living conditions of hotel residents in the Downtown Eastside.

The City has been involved in maintaining the rental housing stock of residential hotels and rooming houses in the Downtown Eastside essentially by utilizing the federal rental RRAP program and strengthening its bylaw enforcement. One could argue that in the former case, the City relies on outside funding while remaining relatively uninvolved in protecting low-income rental housing. In this regard, the City has demonstrated rather limited policy action. One could also argue that bylaw enforcement is simply the City's normal function and for that reason cannot be considered a policy response, reflecting policy rhetoric. However, it is the provincial government which has

jurisdiction over financial resources and housing matters. With respect to maintaining the physical condition of the residential hotels and other low-income housing stock, the provincial role has decidedly been policy inaction.

The findings presented in this section with respect to security of tenure, affordability and preserving the rental housing stock demonstrate that public policy actions, inactions and rhetoric at both the provincial and municipal levels of government have contributed to the affordable housing crisis in Vancouver.

Faced with what is widely recognized as a severe housing crisis, government response has been one of studied neglect. Inaction has been coupled with the undoing of past actions (Hopper and Hamberg, 1986:30).

Chapter Six

Summary and Conclusions

Homelessness is at the root of almost every urban affliction we suffer; joblessness, malnutrition, substance abuse, violent crime, illiteracy. People are remarkably self-sufficient when they get a roof over their heads, but without stable housing, they just can't function. All the money that governments spend on health, job training, crime prevention and economic development is wasted if we can't house people. Which makes the provision of housing the bedrock of any social or economic policy (Olive, 1988:7).

Homelessness on the scale now occurring in Canadian cities reveals serious deficiencies in society's mechanisms to allocate resources and meet basic human needs. Paramount among these deficiencies is the failure to provide sufficient affordable housing. Policy-makers are faced with the reality that poverty has taken on the distinct form of homelessness in the 1980's. This thesis set out to reveal that public policy, instead of ameliorating the problem, has contributed to homelessness. This chapter provides a brief summary of the thesis and addresses the four research questions posed in the first chapter. It then draws some general conclusions about the nature of government action, inaction and rhetoric with respect to security of tenure, affordability and adequacy of the rental housing stock.

This thesis has raised a number of questions regarding the direction of housing policy at the municipal and provincial levels. It provides an analysis of policy and not for policy, in that it improves understanding of the policy process but does not attempt to prescribe specific policy direction. By identifying and analysing broader trends, this study provides a framework for further research into specific policies to alleviate homelessness. In particular, further research is urgently required to determine housing needs and policy responses for deinstitutionalized and "hard to house" homeless individuals.

Chapter two examines three theoretical concepts that are central to this investigation: theories of poverty, competing political economic philosophies, and the role of public policy. The various explanations of poverty imply that specific policy responses are rooted in competing ideologies. They also point out that housing policy is rooted in two opposing views; neo-classical economics and the broader social democratic perspective. These ideologies are espoused by British Columbia's Social Credit and New Democratic Parties respectively.

Chapter three provides a discussion of the nature and extent of homelessness in Canada as background for the examination of policy responses to homelessness in chapter five. Homelessness is the outcome of increasing social and economic inequities which ultimately affect the most vulnerable members of society. The 1980's first experienced an economic boom, then a recession mid-decade and another boom at the end of the decade. Even with economic recovery, the number of homeless people

continues to grow, indicating the complex and structural nature of the problem. The most striking thing is not a drastic lowering of living standards generally, but the growing polarization of these standards. Evidence is provided in chapter three to support the finding that economic recovery is primarily benefiting people in upper socio-economic stratas, while the "trickling down" of resources to people at the bottom is not occurring.

This study supports the broader definition of homelessness as being a continuum from absolute shelterlessness to living in substandard housing or living arrangements. This definition points to a wider scope for policy response than simply "putting a roof over one's head." A review of literature on homelessness reveals that not only are homeless people increasing in numbers, but that their composition is increasingly diverse. The overview of homelessness in chapter three reveals that there are four main causes of homelessness in the 1980's. These are increasing poverty and steadily widening income differentials, social welfare restraint, deinstitutionalization, and depletion of low-income rental housing.

The inability to secure decent and affordable housing is frequently cited as the primary reason explaining why people become homeless. For this reason, the study focuses on the lack of affordable housing as being the driving dynamic behind contemporary homelessness in Canada. To have a private residence is considered both necessary and normal in our society. People who are typically at the margin of society, such as single mothers, the elderly, natives, the handicapped, disaffiliated youth,

and the working poor, are most affected by the current rental housing crunch. Chapter four examines the private rental housing situation in Vancouver, B.C. It finds that the private sector is not able to provide housing that the average renter can afford; new private rental starts usually rent at the high end of market.

Compounding problems of affordability have been the loss of rental stock at the bottom end of the market largely due to gentrification and inner city restructuring. Residential hotels and rooming houses are being demolished because they are situated on valuable inner-city land which could be put to higher economic use. Secondary suites are being closed down on a neighbourhood basis and will selectively be phased out over the next ten years or so. Increasing numbers of purpose-built apartments are being converted to condominium tenure. With drastically low vacancy rates, increasing demand and little new rental construction, more people are competing for a dwindling supply of low-income housing.

Chapter five explores ways in which public policy decision-making is manifested in three areas of housing policy -- security of tenure, affordability and adequacy -- and assesses the impact of these policy decisions on homelessness. While governments are generally perceived as acting benevolently, this study finds that policy actions and inactions in these three areas have instead contributed to homelessness. Policy decisions adopted at the provincial level by the Social Credit government and at the municipal level by Vancouver City Council are strongly influenced by free market philosophies. This tradition believes in the ability of the private sector to deliver

housing with a minimum of direct government intervention, except where such intervention assists the functioning of the private market (Grieve, 1985:152).

Adherents of this approach consider housing to be a market commodity which is dictated by the principles of supply and demand. Because problems are perceived to be rooted in the individual, homelessness is defined in narrow terms by conservative adherents and consequently temporary solutions, such as emergency shelters, are sought.

The free market approach...does not address the roots of the housing problem and may even exacerbate it. To place highest priority on sheltering the homeless is to treat the problem after it has already occurred, to put in place a social safety net that can catch people after they have fallen between the cracks. Shelterization is a shortsighted and expensive policy approach (Swanstrom, 1989:102).

Political ideologies upon which public policy decisions are based have had a profound impact on housing markets. This study finds that the ideological perspective of the Social Credit Party is not directly or actively committed to the provision of low-income housing and ameliorating homelessness. The provincial government largely relies on the private market to construct housing at the upper end of the market expecting that it will eventually filter to the poor. The New Democratic Party, however, believing in values of social justice and equality is committed to the provision of low-income housing and assisting the homeless. Policy responses emanating from the dominant political approaches -- policy action, inaction and rhetoric -- are utilized in this study to evaluate the impact of policy decisions on homelessness.

Rental housing problems are reaching crisis proportions as the decade closes, demanding that governments take action to achieve a more equitable distribution of the wealth in our society. Socio-economic and political problems created by market forces require some form of intervention to ameliorate the worst conditions caused by unfettered growth and uneven development. Housing should be created for the affluent as well as the less affluent, particularly when the trickle down theory is proven to be an ineffective supplier of low-income housing.

Governments are not neutral and consequently do have a role to play in ameliorating homelessness in Canada. Security of tenure provisions, for example, can protect tenants from eviction with undue cause. However, government policy decisions in the 1980's have eroded tenants' rights and made tenure increasingly insecure. The provincial government, which subsidises other commodities when they are not performing well in the market by establishing marketing boards, continually refuses to enact rent controls to regulate the cost of housing at a time when the rental market is not working. Governments must rigorously intervene in the private market to provide rental housing. They must establish fair and balanced regulations to ensure that the benefits of structural change are not reaped by a few and that there is an equitable distribution of basic needs.

Housing policy in British Columbia falls primarily under the jurisdiction of the provincial government, while municipal activities are limited to provisions of the Vancouver Charter. Provincial governments are responsible for establishing and

regulating important rules with respect to tax structure, property ownership, and financing and mortgaging. Because they are responsible for setting these rules for private enterprise, it is provincial governments which have an increased role to play in assisting the homeless.

In a comparative study of residential hotels in Toronto and Vancouver, Mompel (1989:163) concludes that relatively little is being attempted in Vancouver to protect the low end of market rental housing in comparison to Toronto. The local and provincial governments in Ontario have at least shown an awareness of the homelessness problem and a commitment to its alleviation. These changes will not solve or eliminate homelessness, but may ameliorate conditions until a comprehensive scheme is in place. Before large scale change occurs, there are a number of actions governments can take to assist low-income housing and attend to homelessness. These range from gradual and small scale changes within the existing framework, such as bylaw enforcement and zoning changes, various regulatory measures, subsidies to construct rental housing and public/private joint ventures to broad and fundamental change in the housing markets.

Some academics express an opposite view, contending that incremental change to the housing system will only serve to exacerbate problems in housing markets. They argue that measures such as rent controls and security of tenure legislation have limited benefits because they accept the profit nature of housing. Adherents claim that access to decent affordable housing can only occur when private investment in housing is substituted by public ownership, and that any significant reforms must involve the

decommodification of housing. Because housing policies are considered to be part of the problem, they need to be dismantled and radically reformed.

The primary obstacles to solving the homeless problem are rooted in politics, however, not policy analysis. Instead of helping those who need it the most, many policies protect the privileged position of entrenched housing interests. The fragmented nature of the state allows easy access by interest groups that capture state power for their own advantage. The result is a rigidified housing system that is incapable of meeting the needs of the politically powerless. We know what needs to be done; what is lacking is the political will to do it (Swanstrom. 1989:104-105).

The evidence and analysis presented in this thesis should make a contribution to this debate.

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