

Closing Gaps and Opening Doors:

A Study of the Changing Capacity of the Non-Profit Housing Sector in HRM



Plan6000: Independent Project
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Executive Summary

This research project is for the Plan6000 master's class in the School of Planning at Dalhousie University. Research took place from August until November 2017 in Halifax Regional Municipality (HRM).

After years of limited involvement with policy and administration, housing is back on the federal agenda. The liberal government recently announced it would invest \$30 billion over the next 11 years. Although active in the past, the federal government has played a limited role in housing policy since the mid-1980's. The new national focus on housing is in response to growing concerns echoed across the country to find safe affordable shelter despite a household's income.

Along with other urban centers in Canada, HRM has experienced a recent increase in average rent throughout the city. The most recent housing reports and grey literature claim one in four households struggle to find affordable housing. Since the mid-1970's non-profit housing associations have played a critical role supplying affordable units to low-income families across Canada. However, over time government initiatives and housing policy has moved away from directly supporting these associations and looked to different opportunities to supply affordable units. Non-profit housing associations claim the sector's capacity is declining and most are unable to keep up with financial costs. Over the past two years a number of non-profits in HRM have sold properties or boarded up units as a result of mounting maintenance expenses and unsustainably low rents.

On the eve of the new National Housing Strategy, local governments and stakeholders are considering local housing needs, and whether current models and suppliers are able to keep up with demands. This paper uses qualitative research methods to determine the challenges non-profit housing associations face, and consider policy and program adjustments that could improve support to the sector.

A policy review and eleven semi-structure interviews determined what government support is available for non-profit housing associations, and what limitations face this sector. A policy and interview synthesis then assessed if available government support addresses the identified limitations, and whether there are gaps between policy and practice. Finally, the discussion considers possible adjustments and suggestions to help improve capacity and strengthen non-profit housing associations.

Data obtained from interviews confirmed the rhetoric in grey literature around the declining capacity of non-profit housing associations in HRM. Participants shared specific periods that either prevented or encouraged the operations of non-profits stemming from the 1970's. Four major limitations being financial, internal models, sector relationships, and transitioning policies, were determined from the interviews. After a second evaluation, 19 sub-limitations were identified.

Overall, two federal, five provincial, and three municipal policy and programs were outlined that pertain to affordable housing providers. However, there are limited specific policy or programs for non-profit housing associations themselves.

The policy and interview synthesis determined that current policies and programs only have resources to address financial limitations. Although components of past policies and programs addressed aspects of internal models and sector relationships limitation, currently there are no government resources that pertain to either.

It was found that while non-profit housing providers see themselves as separate from the private market and require subsidy to maintain their operations, policies and programs offer little specialized considerations. Furthermore, non-profit housing associations see themselves as a service provider to households whose needs are not met in either the private or public housing market; however, government policy and programs consider them as landlords in the private market.

The discussion reflects on the research objectives, combining results with relevant literature and government policy and programs. Three considerations are suggested, which stem from the policy and interview synthesis results. Recommendations include developing a comprehensive plan for the non-profit housing sector to be sustainable, tailoring existing policies and programs to meet associations specific needs, and appointing a facilitator position between non-profits and government. The recommendations are general, but have the potential to address multiple sub-limitations if tailored correctly to non-profit housing associations and improve capacity within the sector.

The project concludes reflecting on how the results and findings will influence planning and affordable housing in the future and suggesting further points of research.

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Definitions and Terms

Administrative Order – Tax relief for non-profits: Administered by Halifax Regional Municipality (HRM) to all non-profits in the city. It is granted annually to eight different streams of non-profits.

Affordable Housing Association of Nova Scotia (AHANS): Established as a registered non-profit in 1990. They are directly involved in building affordable housing and in upgrading, protecting and better utilizing the province's existing stock.

Canadian Housing and Mortgage Corporation (CMHC): Established in 1946 as Canada's federal authority on housing to help citizens access a wide range of housing options.

Core Housing Need: Developed by CMHC, a household is in Core need if it does not meet one or more of the adequacy, suitability or affordability standards and spends 30 per cent or more of its before-tax income to access acceptable local housing.

- Acceptable: in condition, size, and affordability.
- Adequate: does not require major repairs.
- Suitable: has enough bedrooms for the size and makeup of resident's households.

Department of Community Services (DCS): Provincial government department responsible for the social and economic well-being for all Nova Scotians. Specific responsibilities include: Child, youth, and family support; Income assistance and employment support; Disability support; and, Research and statistics.

National Housing Strategy (NHS): New federal housing strategy and promise to invest over \$30 billion over the next 11 years in housing throughout the country.

Housing Nova Scotia: Established in 1989 through the Housing Act, it is the provincial government's corporation for design and delivering affordable housing programs. Five housing authorities administer public housing throughout the province.

Housing Partnership Canada (HPC): a peer-based network aimed at supporting the transitional model of social housing in Canada.

Rent Supplement Program: Developed in 1974 by CMHC, the program is administered through the Metropolitan Housing Authority and funded by the federal government.

Rent-Geared-to-Income (RGI): Public or social housing, normally if the household maintainer is unemployed or has a low-income, rent reflects 30 per cent of their before-tax income.

Social Housing Agreement (SHA): Agreements between the federal provincial governments transferring the social housing stock. Funding flows from federal government to provinces who administer and operate the programs.

Operating Agreement: Past programs through the SHA that are tied to non-profits and their mortgages.

Social Housing Assistance Repair Program (SHARP): Current Housing Nova Scotia program to preserve affordable units under the SHA.

1.0 Introduction

Over 80 per cent of Canadian households can find affordable housing in the private market. Although the definition of affordable housing is contested throughout the country, the Canadian Mortgage and Housing Corporation (CMHC) claims affordable housing is shelter that cost no more than 30 per cent of a households before-tax income (CMHC, 2017a). Households who do not own a home and find it difficult to find affordable rental units in the private market rely on some form of subsidized rent. Within the housing continuum government, non-profits, and cooperatives play an essential role providing social housing, which is affordable subsidized units below the average market rent that cannot be found in the private market. However, Canada's subsidized social housing sector is at a critical point of transition. Inconsistent financial funding, declining capacity and expiring programs all threaten the sector's sustainability (AHANS, 2011; HPC, 2015). Non-profits provide various forms of social housing units, which are unique to their mandate and the demographic they strive to serve (CMHC, 2017a). Most non-profit housing associations formed with a social compassion to help vulnerable sectors of the population, such as seniors, minorities, single parents, and immigrants, whose income limits their ability to find safe affordable housing. Units are provided at either a flat below-market rate, or rent-geared-to-income (RGI), so that shelter costs are affordable despite a household's annual income (CMHC, 2011).

The Housing and Homelessness Partnership (HPP): Needs Assessment Report (2015b) found that one in four households struggle to find affordable housing in Halifax Regional Municipality (HRM). Rising shelter costs have widened the gap between market prices and annual income, and increased the number of households needing some form of subsidized housing (HPP, 2015b). Emergency, transitional, and supportive housing address specific service needs within the population, but as rents in the municipality rise, there is a growing demand for non-profit housing associations whose primary mandate is to supply below-market rent (Halifax and Homelessness Partnership, 2015a). In 2011, there were 6,047 non-market units in HRM, however, it was estimated that over 20,030 households earn less than \$29,000 a year, and require some form of subsidized housing (HPP, 2015a).

The Affordable Housing Association of Nova Scotia (AHANS) found the non-profit housing sector in HRM was operating “under considerable pressure with mounting demand ... and who were over-extended and lacking additional capacity” (AHANS, 2011, p.8). This is reaffirmed by articles in the Halifax Chronicle Herald and Halifax Metro claiming non-profit housing associations throughout HRM have been forced to sell property, board up units, or raise rents to keep up with growing financial burdens (Donovan, 2016; AHANS, 2011; Grudic, 2016). Non-profit housing associations are unable to meet the growing external financial costs, meanwhile government subsidies are declining, and there is limited new funding on the horizon. Furthermore, past reports claim the relationship between the non-profit housing sector and government is strained, and that stakeholders operates in silos of one another (AHANS, 2011).

This past April, the federal government announced that their new National Housing Strategy (NHS) would invest \$30 billion in housing through CMHC over 11-years (CMHC, 2017b). The announcement was met with relief and excitement, but it also forced governments and non-profits to reflect on what type of housing is needed locally, what role individual providers should play, and how the national strategy can support them to achieve this goal. After decades of no oversight or due-diligence, the social housing sector in smaller provinces, such as Nova Scotia, may not have the current capacity to efficiently capture and invest the new funding (Housing Partnership of Canada, 2015; Suttor, 2016).

This study asses why amid a growing demand for affordable housing non-profit housing providers are struggling to remain sustainable. The literature review first provides a background of social housing policy in Canada. The transitioning capacity and limitations facing non-profit housing associations at large is discussed, followed by a comparison to providers in HRM. A policy review considers what government support is available to non-profit housing associations. Eleven semi-structured interviews determine whether non-profit unit capacity has declined in HRM, and identify what limitations impact their operations. The results from both are then synthesized to establish if current policy and programs address the limitations and challenges faced by the non-profit sector. The synthesis identifies gaps and barrier between policy and practice, which are addressed in the discussion. Reflecting on the study’s objectives, the discussion links research results with relevant literature and reports. The research concludes by

suggesting general recommendations to strengthen the non-profit housing sector in HRM in preparation for the NHS.

1.1 Objectives

- Develop an inventory of non-profit unit supply and evaluate changes over time;
- Identify limitations that have impacted non-profit's abilities to operate in HRM;
- Determine which policies and programs exist to support non-profits in HRM, and how they address the identified limitations; and,
- Consider recommendations for policy revision to support the non-profit housing sector.

2.0 Literature Review

The five sub-sections below outline the history of social housing between the federal, provincial, and municipal government dating back to the early 1900's. The changing capacity of non-profit housing associations within our communities is discussed. The Non-profit sector is positioned within the social housing continuum, and the specific context for providers in HRM is explored.

2.1 Federal Role in Social Housing

The federal government has played a role in the provision of social housing for generations. The *Dominion Housing Act* (1935), and the *National Housing Act* (NHA) (1938) established a prominent federal role in housing to support returning war veterans. It was not until 1949 that the first public housing program was created, and interest in a social housing model began to take shape. Many provinces, including Nova Scotia, passed legislation to take advantage of this new capital financing (Suttor, 2016). Post-war industrialization, a growing GDP, and increased urbanization led to economic growth throughout the country and increased funding for social programs. This period was also characterized by the demand for better labour standards and an increased awareness of social issues, driving what we know today as the welfare state (Bacher, 1988; Suttor, 2016). Social programs benefited from this economic growth and the federal government played a leading role in addressing issues related to poverty. Political decisions during this time built on public opinion, and many social housing programs were incorporated within campaigns and platforms. Amendments to the NHA in 1964 marked an increase of federal housing funding, predominately the supply of public housing, throughout the country which targeted low-income families (Suttor, 2016).

Province-building in Canada became a popular phenomenon in the 1960's and 1970's. Prior to this time, provinces had little control in the development and implementation of public policy. Province-building served a double purpose for the federal government. It gave mature provinces such as Quebec and Ontario more autonomy, and it attempted to build expertise and sophistication in less developed areas (Leon & Carroll, 2010). Throughout this time regional housing corporations became the norm and funding flowed to them through CMHC. All social housing during this era was built through federal-provincial collaborations and funding.

In the mid-1970's escalating urban issues and the lack of affordable housing, primarily for young

professionals, was a growing concern. The federal government began to encourage a mixed-income model that had become popular in the U.K. and the U.S. (Suttor, 2016). During this time, the federal government once again established itself as a leader in housing, and began to administer programs directly. Their new model shifted away from targeted low-income public housing, and moved towards a mixed-income tenure in collaboration with local community groups. These new initiatives led to the creation of numerous non-profit housing associations and co-operatives (CMHC, 2011; Suttor, 2016). By 1978 the federal government ceased investing in the public housing model altogether and chose to focus its efforts in collaborative partnerships with non-profits and co-ops. Spending programs of that time were assisted homeownership, subsidies to private sector rental development, rent-subsidies, and public land development. These programs were fuelled by Canada's growing economy in the 1970's and 1980's, and partner organizations were designed around annual government subsidy (Suttor, 2016).

By 1985 neoliberal attitudes shifted attention away from the mixed-tenure social housing model to the private market. A declining national economy and turbulent housing market influenced the federal government to cut social spending and pursue a different housing framework (Suttor, 2016). Tax-incentives for private developers encouraged the construction of low-market rental units as a new way of supplying affordable housing (Grant, 1989). This marked the end of expanding federal social programs and began the incremental devolution of social housing to the provinces throughout the mid-1990's (Suttor, 2016; Grant, 1998). Funding and program models reverted to targeted low-income public housing, leaving behind the concept of a mixed-tenure approach and the groups established through it. The federal government no longer had a clear comprehensive plan for housing and most sectors began to operate in isolation from one another. Federal social funding consistently decreased throughout the mid 1980's and 1990's (Suttor, 2016; Grant, 1989).

2.2 The History of Social Housing in Nova Scotia

Housing affordability became a government issue in Nova Scotia in the 1930's during the Great Depression. the *Nova Scotia Housing Act* was passed in 1932, followed by the establishment of the Nova Scotia Housing Commission to provide affordable housing province-wide (Bacher, 1988). With changing federal funding and initiatives, the Commission was revived with a new

mandate in the late 1960's to address the needs of low-income families through public, non-profit and co-operative housing (AHANS, 2011). The *Housing Nova Scotia Act* was passed in the mid-1980's when the federal government began to transfer housing responsibilities to the province (Carroll & Leone, 2010). With it Housing Nova Scotia was created, which envisioned that "all Nova Scotians live in a home that's right for them, at a price they can afford, in a healthy, vibrant, and diverse community" (Housing Nova Scotia, 2017). From 1983 to the present day, Housing Nova Scotia's role of delivering housing shifted multiple times, merging with different departments and being delivered under various mandates. Earlier functions involved developing and overseeing multiple forms of housing to meet diverse needs of the population. However, the focus of Housing Nova Scotia shifted to managing the current public housing stock rather than actively investing and building more (AHANS, 2011).

CMHC began the process of negotiating devolution agreements with each individual province in the mid 1990's; Nova Scotia was one of the first to sign in 1997 (Grant, 2016). The Social Housing Agreement (SHA) is set to phase out over three decades. Annually it receives \$57 million from CMHC and \$15 million from the province. All non-profits and co-operatives with units in collaboration with CMHC before the SHA received an operating agreement that packaged the various policies and programs under which they were created. In total, there are 12 programs that encourage private social housing development under the SHA in Nova Scotia, which is set to expire in 2034 (CMHC 2017c). Prior to the SHA, Nova Scotia played a modest role in social housing supply, adapting to the various models and programs of the federal government. Unlike larger provinces who had developed a leading role in providing social housing, Nova Scotia, lacked the capacity to fill the vacant role of the federal government (Grant, 2017).

Throughout this transition, funding, policy, and programs for the private non-market housing sector became increasingly disjointed with little or no coordination between the provincial and municipal levels of government. Non-profits throughout the Province saw a dramatic decrease in their financial and administrative support, and found it increasingly difficult to keep up with daily operations (AHANS, 2011; Carroll & Leone, 2010). Social housing and the departments responsible for administering relevant policies and programs at the provincial level underwent

various mergers. With each transition the mandate and role of government in relation to housing became further diluted with additional public services (AHANS, 2011).

2.3 Social Housing Today in Nova Scotia

Housing is still a provincial mandate and falls within the Department of Community Services (DCS). One of the five provincial interests, which shapes the vision for protecting land and resources for citizens is to provide a wide range of “housing opportunities to meet the needs of all Nova Scotians” (Government of Nova Scotia; Municipal Planning Strategy, 1998). Five housing authorities throughout the province oversee government run public housing that was transferred through the SHA. The Metropolitan Housing Authority is responsible for overseeing the public housing stock in HRM and administering the Rent Supplement Program.

All non-profit and cooperative housing associations throughout the province act independently and compete for the same limited resources in the private market, regardless of their divergent needs (Cantwell & Tomalty, 2004). Many non-profits were established under a federal government presence within social housing and anticipated ongoing subsidy and support. However, as operating agreements begin to expire with no clear SHA replacement, many organizations seriously question their longevity and sustainability (AHANS, 2011).

HRM acknowledges the need for affordable housing options, but has no direct authority over the management or provision of units (Cantwell & Tomalty, 2004). The HRM Charter permits the municipality to enter into an agreement with Housing Nova Scotia or CMHC, but does not have a mandate of its own (Province of Nova Scotia, 2016). Brendan Elliot, senior communications advisor for HRM, plainly stated “the city does not have the mandate to get into the business of social housing; that’s a provincial responsibility. It is not something the Municipality is legally or socially allowed to do” (Webster, 2015). Today non-profits find themselves struggling to fill the growing gap of households between the private rental and government public housing markets. Housing in the province is disjointed with no clear leader or authority overseeing the sector (AHANS, 2011; HPP, 2015a).

2.4 Transitioning Capacity of Non-Profit Housing Associations

Non-profits play a vital role in their communities, yet information on their changing capacity in the housing sector is limited. Literature suggests that fluctuating federal directions and policies, have forced non-profit housing providers throughout Canada, the U.K., Australia, and the United States to adapt to serve community needs (Groenhart & Gurran, 2015; HPC, 2015). Causes for this transitioning role span from inconsistent funding and transitioning governments, to past board management decisions and the current state of the non-profit stock.

Bratt, et al. (1998) argue diminishing and unpredictable funding have had a negative impact on non-profits. “The financial demands for developing and maintaining affordable housing while serving resident groups and neighborhoods in an environmentally sustainable manner” are identified as challenges facing non-profit housing associations (Bratt, 2012 p.449). Non-profits once adapted to the needs of their community to fulfill their mission; today, due to lack of consistent funding, they are forced to emulate a for-profit model and create hybrid organizations. Examples are non-profits managing market rate units on the side, or incorporating some form of commercial space to generate a level of revenue to sustain their primary purpose of serving low-income households (Bratt, 2012; Campbell, Lake & Leviten-Reid, 2012). By emulating a for-profit model, resources are pulled away from social services and the original clientele, jeopardizing their mandate and making them less effective in their community (Campbell, Lake & Leviten-Reid, 2012).

Quarter and Sousa (2004) identify the negative impact that changing government policy has had on the performance of non-profits and how their operations have shifted in Ontario. They argue re-establishing a supportive relationship between government and non-profit providers is critical for a successful affordable housing supply. Supportive programs that work alongside non-profit housing providers are essential for their model, and government should work in collaboration with them (Quarter & Sousa, 2004). Carrol and Jones (2000) reinforced the need for an inter-sector collaborative relationship between non-profits and government. The design of policies and programs should support the objectives of non-profits. The authors broke Canadian housing policy into five phases and characterized the current state of the sector as disconnected between levels of government and non-profits (Carrol & Jones, 2000).

An Australian study considered relationships between government and non-profits. The author concluded that such collaborations make sense as the community goals of non-profits are similar to the objectives of government (Lindquist, 2008). Government can create a favourable environment for non-profits to thrive and reach marginalized sectors of the population that policy alone cannot (Lindquist, 2008). Establishing an appropriate political-relationship and determining the right levels of formalisation and institutionalisation of non-profits will vary. While establishing this relationship is important, the speed at which legislation can be passed or politicians can act may be limited. For this reason, encouraging a communicative relationship early where different stakeholders can learn and collaborate with one another is important. Establishing a learning relationship between government and non-profits could foster innovative, engaging, and collective approaches (Lindquist, 2008).

Non-profits housing associations today also lack technical, administrative and development expertise, further affecting day-to-day operations (Campbell, Lake & Leviten-Reid, 2012; Cantwell & Tomalty, 2004). Today many non-profits are scrambling to account for past poor management decisions and the ramifications on their current stock. Non-profits can barely manage their current built resources, rather than acquiring more. Although published 19 years ago, Bratt et al. (1998) present issues that are still relevant in HRM. Units are being sold to sustain operations rather than non-profits expanding and capitalizing on the private market (AHANS, 2011, Donovan, 2016). Further research is needed to understand what limitations have caused or contributed to this reality, and prevent non-profit housing associations from planning for the future.

The Housing Partnership Canada (HPC) found across the country, threats to the social housing sector, and in particular non-profits are: unsustainable and ongoing government funding; ageing stock; changing demographics; increasingly financially-disadvantaged tenants; and expiring operating agreements (2015). These shifting dynamics have created an unfavourable economic environment for non-profit and co-operative housing providers and new approaches should be encouraged for delivering the same social oriented services (HPC, 2015). The goal for social housing should be a new model that does not depend on ongoing government subsidy where

organizations are independently sustainable (HPC, 2015). It is emphasized that any approach must be tailored to the local economic context and the state of the social housing sector, so solutions will not be the same across the country (HPC, 2015).

The literature discusses growing limitations and barriers that face non-profit housing associations, and the retreating supportive role of federal and provincial governments. The value of a cohesive relationship between government and non-profits is emphasized by Lindquist (2000) and Carrol and Jones (2000), but there is a gap in literature assessing how government can support the transitioning role of non-profit housing associations. There is also a need for recent academic research surrounding the limitations facing non-profit housing associations. Although points from the literature are relevant, some studies are over a decade old. Additional research is needed to understand the current capacity of non-profit housing providers and if limitations have changed. Finally, as the Canadian government re-engages with the social housing sector, it is crucial to have current research across the country that considers how policy and programs can be tailored to support the non-profit housing sector.

2.5 The Nova Scotia and HRM Context

The demand for affordable housing in HRM is well-documented by the Housing and Homelessness Partnership (HHP) (2015b), AHANS (2011), and local grey literature (Donovan, 2016, Grudic, 2016). Non-profit housing association and co-operatives play an essential role addressing the housing demand not met by public housing or the private market (AHANS, 2011). However, the non-profit housing sector in HRM is described as fragmented and working in silos (AHANS, 2011, HHP, 2015). Furthermore, non-profit providers are overextended and ill-equipped to deal with the growing affordable housing demand (AHANS, 2011). With larger non-profits in the municipality selling 15-30 units simply to sustain operations, it is clear critical issues exist for this housing sector (McMillan, 2015; HHP, 2015a). Rising land values in the regional center, which includes the peninsula and south of the circumferential highway in Dartmouth, have impacted once affordable neighbourhoods and limited the capacity of non-profits (Donovan, 2015; Grant, 2017). Although HRM has lower average rents and land costs compared to other metropolitan areas in Canada, shelter costs in the regional center have increased. Specifically, land values in new upcoming traditionally affordable areas have

increased at rates double than that of HRM (Donovan, 2016). In 2015 alone average rent in the north end of Halifax increased from \$967 to \$1,013, or by four per cent for a two-bedroom apartment (Donovan, 2016). This area has garnered a considerable amount of public attention as the neighbourhood contains hundreds of public and non-profit housing units, some of which have been sold in the past year (Donovan, 2016).

Employees in the sector claim dwindling federal and provincial support and oversight act as major barriers to maintaining the current stock (Grudic, 2016). Local literature also discusses the state of non-market units in HRM. Non-profit and public housing properties are reportedly moldy, contain bed bugs and have old infrastructure in need of repair (Donovan, 2016; Grudic, 2016). Maintenance issues such as this reinforce Bratt et al.'s (1998) remark on resources being used to preserve current units rather than re-investing and growing. Furthermore, the inability to maintain and keep units is not only a reflection of existing issues for non-profits providers, but also results in communities and families being separated (Gorman, 2015; Linehan, 2015).

The paradox of non-profits being forced to offload affordable units during a housing crisis is an indication of critical barriers that exist for the non-market housing sector. Studies such as Quarter and Sousa (2004) and Bratt (2012) confirm the influence that government policies, programs, and support can have on non-profits throughout North America; however, no research of this kind has been done in HRM. Past non-profit reports considered the deteriorating capacity of non-profit housing providers identifying limitations that are still relevant in HRM, and justifies the need for further investigation and current research. Literature discusses the impact of government policy and programs on the sustainability of non-profits, but no study specifically considers whether current limitations are addressed by government resources. Furthermore, on the eve of the federal housing strategy, it is important to address gaps in local literature to inform policy makers on the capacity of the non-profit housing sector.

This study considers the support of government policies and programs, and why non-profits are divesting when affordable below-market housing is in demand. Research examines what factors influenced unit capacity in the non-profit housing sector over time, and what limitations exist for providers in HRM today. Gaps between government policies and limitations present for non-

profit housing associations are identified, and the research concludes by suggesting recommendations to strengthen the sector.

Quarter and Sousa (2012) successfully identify gaps and barriers that existed for non-profits by conducting semi-structured interviews with community stakeholders, followed by a policy review, comparing it to the data that was gathered in the first method. Cantwell and Tomalty (2004) used similar methods when considering the effects of municipal land use policy on housing affordability in HRM. Policy analysis, interviews and focus groups compared how municipal land use policy impacted affordability and identified policy limitations. As local literature surrounding the limitations of non-profit housing associations is sparse, data from semi-structures will fill this void. Similar to the above methods, synthesizing results from the policy review and interviews determine if limitations are addressed and identify gaps and barriers to operations within the sector.

3.0 Methods

Studies from the literature review justified the following research methods. Three methods addressed the four research objectives. The research process, and where data was accessed is outlined below.

The study area is HRM geographical boundaries (5,491 square kilometers), with an estimated population of 403,131 persons (Statistics Canada, 2017). The focus are non-profit housing associations whose primary mandate is to provide units to low-income households. All providers rent at a below market rate, the exact formula is either determined by individual operating agreements with Housing Nova Scotia, or their distinct mission statement and mandate. This study has similar research objectives to Quarter and Sousa (2012) and Cantwell and Tomalty (2004), and uses similar methods.

Three methods address the research objectives:

- Semi-structured interviews– determine changes in non-profit housing associations unit supply over time;
- Policy Review – determine existing policies and programs and their function;
- Semi-structured interviews – identify limitations and barriers to operation; and,
- Policy and Interview Synthesis – determine whether government policies and programs address the identified limitations. For any identified gaps and barriers, consider recommendations and revisions for improved policy and program support to the non-profit housing sector.

3.1 Policy Review

I identified and outlined policies and programs that pertain to non-profit housing associations at all levels of government. Policy and programs were accessed from the Halifax Regional Municipal Charter, Housing Nova Scotia, and CMHC websites. The archival department at CMHC provided SHA documents. The purpose and function of policies and programs relevant to the non-profit housing sector was determined. Three tables outline the current policies, programs and tools available to non-profit and affordable housing providers in HRM. A section on the SHA includes policies and programs applicable to units under an operating agreement.

3.2 Interviews

I completed eleven semi-structured interviews with professionals within the non-profit housing sector in HRM. Ethics approval was granted over the summer from Dalhousie University, and interviews began in late August. Participants were determined based on their position in the sector and exposure to working with non-profit housing associations. Preference was given to participants who had worked in the sector for more than five years and who directly dealt with policy and program administration and use. The interviews consisted of 10 to 11 questions and were tailored to specific positions in the sector (government, non-profit). Most interviews were between 45 minutes to an hour, and took place in offices or cafes. Participants were asked their opinions and experiences of working in the non-profit housing sector, and about limitations and barriers present to their operations. Questions focused on day-to-day operations, perceived barriers and limitations, and the impact and accessibility of government resources. If relevant, participants provided unit numbers for their associations and relevant time periods they felt impacted the ability of non-profits to operate. Results units were evaluated over time to address the first research objective. All interviews were recorded, transcribed verbatim, and analyzed to identify limitation themes. A preliminary analysis considered the direct response to one question posed to all participants about limitations within the non-profit housing sector, and established general themes. The second analysis considered the whole interview and broke down the general limitations to establish sub-theme limitations.

I asked participants whether they believed limitations and barriers exist for non-profit housing associations, and if so what they are. Participants often listed two to four issues or barriers they believe face the non-profit housing sector. Responses were evaluated for key themes and common words. Results were aggregated by four identified limitation themes. The four limitations and total values are displayed in Figure 3.

I re-evaluated every interview based on the initial four limitation themes to identify sub-themes. For each limitation four to five corresponding sub-themes were determined. The second evaluation tracked the frequency that each sub-theme was mentioned in all interviews. Every time a sub-theme was mentioned it received one point. A participant's comment could be relevant to more than one sub-limitation in which case it would be counted for both. Once each

interview was re-evaluated, sub-themes were aggregated into the four original limitations. This attributed a new value for each major limitation that differed from the results found in Figure 3. Aggregated sub-theme limitations are found in figure 4, followed by a short discussion of each limitation and its sub-themes.

Limitations and sub-themes identified through the interviews are used for the policy and interview synthesis.

3.3 Policy and Interview Synthesis

I combined findings from the policy review and semi-structure interviews to determine gaps and barriers between limitations facing non-profits and the support provided to them through policies and programs. There is a separate discussion for each major limitation. The evaluation of units over time is incorporated to discuss barriers and limitation that may be associated with past occurrences and initiatives. Synthesizing the results by limitation determined if there were policies and programs to address the limitations and needs of non-profit housing associations. The results provided the basis for the discussion section and informed policy and program recommendations to improve support to the sector.

4.0 Research Results

Results are presented separately for each research method. Interviews determined change in unit capacity and limitations facing the non-profit housing sector, and results are presented in two separate sub-sections. Results from both methods were synthesized and any gaps between the limitations facing non-profits and the available government support were identified. Results for the synthesis are presented by limitation. Gaps determined from the synthesis inform recommendations for the non-profit housing sector to strengthen and build capacity.

4.1 Policy Review

All federal, provincial and municipal policies and programs relevant to non-profits housing associations were reviewed. Existing resources, their purpose, level of support and availability are outlined in Tables 1 through 4. Although it is no longer accessible, the SHA is included in Table 2 as it pertains to units still under agreement.

Table 1: Canadian Mortgage and Housing Corporation

	Purpose	Support	Availability
Seed Funding	Provides financial assistance to help develop new, convert, or maintain existing affordable housing units to remain viable.	Non-repayable contribution of up to \$50,000. Potential funds available in a fully repayable, interest free loan of up to \$200,000.	For early stages of affordable housing project to cover soft costs (preliminary financial feasibility, developing a business plan, project drawings).
Multi-Unit Mortgage Insurance	Mortgage insurance for private market to refinance and receive additional equity for 20% down payment.	Flexibilities can be applied directly to non-profits (net worth, guarantees).	To any private development of 5 units or more.

(Source: Canadian Housing and Mortgage Corporation, 2017b).

Table 1 outlines the two programs are available to all private developers directly from CMHC, however most federal housing funding flows through the province. Seed funding can be accessed by non-profits to assemble a development proposal for new housing or to renovate an existing building. This funding cannot be used for construction or ongoing costs, and must be allocated for upfront pre-construction expenses to determine if a project is financially viable. Both programs offer special rates for affordable housing development in the private market.

Table 2: Social Housing Agreement (SHA): Only available to properties established prior to 1985 through a CMHC program

	Purpose	Support	Availability
Operating Agreements	Provides consistent subsidy attached to the mortgage of non-profit and co-operative units in the Social Housing Portfolio until 3034.	Provides subsidy over three decades and an interest rate at a preferred rate on property.	Was available to all non-profits and co-operatives prior to 1985. Can no longer be accessed.
Social Housing Assistance Repair Program (SHARP)	Helps all co-operative and non-profit units under the SHA make repairs.	Repairs up to \$24,000 per unit to bring them to standard.	\$8 million over three years since 2015. Funds for the program are forgiven over a maximum 10-year period.

(Source: Housing Nova Scotia, 2015; Canadian Housing and Mortgage Corporation, 1997).

Table 2 outlines the SHA that was transferred from the federal government, but can no longer be accessed by new properties or developments. The agreement contains various programs and policies packaged within operating agreements that pertain to non-profits and co-operatives depending on when they were established. Today Housing Nova Scotia within DCS oversees the SHA and the 12 programs bundled within it.

Programs specific to non-profit housing associations are:

- Limited Dividend “Entrepreneur” Program: provided lower than market interest rates on project capital financing for up to 50 years so rental housing projects owned by private landlords could be built and operated at below market rents.
- Non-Profit Low Rental Housing Program: provided lower than market interest rates on project capital financing for up to 50 years, in some cases 10% capital grants.
- Non-Profit “2% Write-Down” Housing Program: provides contribution for up to 35 years to public and private non-profit housing corporations which own and operate rental housing projects, through contributions equivalent to a mortgage interest rate write-down as low as 2% (Social Housing Agreement Fact Sheet, 1997).

Most programs contain a component of ongoing subsidy, normally tied to a unit’s mortgage. Subsidy naturally declines as mortgage payments decrease, and is something non-profits housing associations can financially plan for. SHARP is a new Housing Nova Scotia program established in 2015. The purpose is to assist units under agreement that may be in disrepair get up to code before operating agreements expire.

Table 3: Housing Nova Scotia (DCS): Investment in Affordable Housing Program

	Purpose	Support	Availability
Rental Housing Preservation (RHAPP)	Rehabilitates existing affordable rental housing in areas where there is a need and where housing might be lost.	Up to \$25,000 per unit in up-front capital funding and possibly a \$25,000 rent-supplement per unit over ten years.	For all developers in the private sector. Housing must be offered to low-income tenants and remain affordable for at least 15 years.
New Rental Housing (RHAPP)	Develops new affordable rental units in areas where population is growing or there is a shortage.	Up to \$50,000 per unit in up-front capital funding. A rent subsidy may also be provided for up to 10 years.	For all developers in the private sector. Housing must be offered to low-income tenants and remain affordable for at least 15 years.
Rent Supplement Program	Provides rent-supplements to households who cannot afford market rate rent.	Direct agreement between landlord and Housing NS. Tenant pays 30% of their income, and rent-supplements covers the rest.	The number and type of rent-supplements administered relate to the Housing Authority's capacity and need.

(Source: Housing Nova Scotia, 2017b).

Current programs applicable to non-profit housing association are delivered through the Investment in Affordable Housing Program, outlined in Table 3 (Government of NS, 2017). The only available ongoing financial support is delivered through the Rent Supplement Program, which was established by CMHC in 1973 and is administered by the Metropolitan Housing Authority (CMHC, 2011). The New Rental and Rental Preservation Programs (RHAPP) provide up-front capital injections to preserve or develop new affordable housing. They are available to all private developers, and offer no distinct features for non-profit housing associations. Applicants are required to submit a project proposal with a five-year business plan, but there is no ongoing contribution or monitoring done by Housing Nova Scotia. Funding is decided on a case by case basis and is dictated by available federal and provincial annual funding, split on a 50/50. Both these programs will expire in 2019, and be replaced by the new national strategy.

Table 4: Halifax Regional Municipality: Planning tools in support of affordable housing

	Purpose	Support	Availability
Administrative Order: Tax Relief for Non-Profits	Provides annual tax exemptions to non-profit organizations.	Tax relief incentive at a rate of 25%, 50%, 75%, or 100%.	Awarded annually to all eligible non-profits in HRM.
Expand Money (Grant)	Power to make an annual grant to a non-profit.	Price below market value	Every fiscal year (April 1 st - March 31 st).
Sale or Lease of Municipal Property	May sell or lease property to a non-profit organization for community benefit.	The municipality may donate land to a non-profit at below the market value.	Annual optional donation.

(Source: NS Legislature, 2008; HRM, 2014).

HRM does not have specific policies and programs that pertain to non-profit housing associations, however Table 1 depicts municipal tools that can encourage the development of affordable rental units. Non-profit housing associations are one of eight non-profit streams eligible to apply for tax-reliefs and grants (HRM, 2014). The HRM Charter permits the municipality power to award grants, tax relief rates, and land donations on an annual basis, but it is not guaranteed for the following year (NS Legislature, 2008). The Administrative Order offers four different levels of tax relief from 25 to 100 per cent. Non-profit housing associations are scattered throughout, most receiving upwards of a 50 per cent rate exemption (HRM, 2014).

In June of this year, the direction of the draft Center Plan was approved by the city Council. Housing is one of seven key themes and the goal is to have a “Regional Centre that offers a range of affordable and diverse housing options” (Planning and Development, 2017, p. 49). It claims the municipality will support the development of non-market and affordable housing through new programs such as community land trusts, density bonusing, and incentive zoning. The draft states HRM will encourage the repair and renewal of the existing affordable housing stock by supporting non-profits housing associations and private developers. Specific programs and tools are not yet provided (Planning and development, 2017).

4.2 Interviews

Interview results address two research objectives. The unit numbers over time of four non-profit providers in HRM are evaluated and graphed in Figure 1. Results outline periods of significance for the non-profit housing sector in HRM. Next, interviews determined limitations facing the non-profit housing sector today.

Unit Inventory

Inconsistent reporting and differing records made it difficult to create a consistent detailed inventory over time. Housing associations acquired and developed property at varying periods, functioned under different models and received fluctuating subsidies influencing their ability to expand sustainably. Interviews determined the date and unit numbers when the association was established, their current number, and important periods of either the expansion or depletion of non-profit unit supply.

Significant Periods

1975 – 1985: Expansion of Non-profits

In 1973 CMHC developed the Non-Profit Housing Program to assist non-profits and co-operatives in developing projects and purchasing property (Salah, 2017i; CMHC, 2011). CMHC made capital contributions to non-profits and co-operatives in addition to issuing loans for up to 100 per cent of the agreed cost at preferred rates (Salah, 2017b; CMHC, 2011). Ongoing federal subsidy and support also contributed to the consistent growth of the social housing sector across the country (Suttor, 2016).

1985-1990's: Incremental Withdrawal of the Federal Government

The federal government's role in social housing began to decline in the mid-1980's and responsibilities were transferred to the province. National funding became more conservative and shifted away from ongoing support to upfront capital contributions (Salah, 2017a; CMHC, 2011). This was intended to support non-profits continued growth, but one-off funding made long-term planning difficult for the non-profit housing providers. Their funding model relied on consistent subsidy that was now decreasing (Salah, 2017i; Salah, 2017j).

1996: Amalgamation of Halifax Regional Municipality

The City of Halifax, City of Dartmouth, Town of Bedford, and Municipality of the County of Halifax amalgamated in 1996 to form HRM. Departments merged to form a central governing body for the new municipality and financial resources were integrated into one budget. The City of Halifax had grant money to distribute prior to the amalgamation, and various non-profit groups, including housing, benefitted from unplanned surplus funding. For some, this resulted in isolated purchasing power that allowed them to expand, but was not necessarily something their organizations had sustainably planned for (Salah, 2017i; Salah, 2017j).

1997: Social Housing Agreement

Nova Scotia signed the SHA with CMHC in 1997, which transferred the social housing stock to the province. The federal government chose to withdraw from the social housing market and framed the agreement as an opportunity for provinces to align housing policies with local market demands (Salah, 2017c; Carroll & Leone, 2010). Smaller provinces, such as Nova Scotia, may have lacked the capacity to continue fueling this sector (Salah, 2017b; Carroll & Leone, 2010; Suttor, 2016). Since this time non-profit unit capacity has steadily declined, and new public housing units have not been built since 1993 (Salah, 2017f).

2000's: Homelessness Partnering Strategy (HPS)

The indirect impact of the federal HPS funding was emphasized in five interviews regarding policy direction and subsidy. HPS funding in the early 2000's was a government initiative to support housing non-profit service providers such as emergency shelters and transitional housing (Salah, 2017b; Salah, 2017k). Government policies targeted homelessness and federal grants were available for associated service providers. Although there was an expansion of service-based units, most non-profits housing associations were not eligible for this funding because they did not directly target homelessness (Salah, 2017a; 2017i). This signified another shift in government priorities and limited new resources for non-profit housing providers.

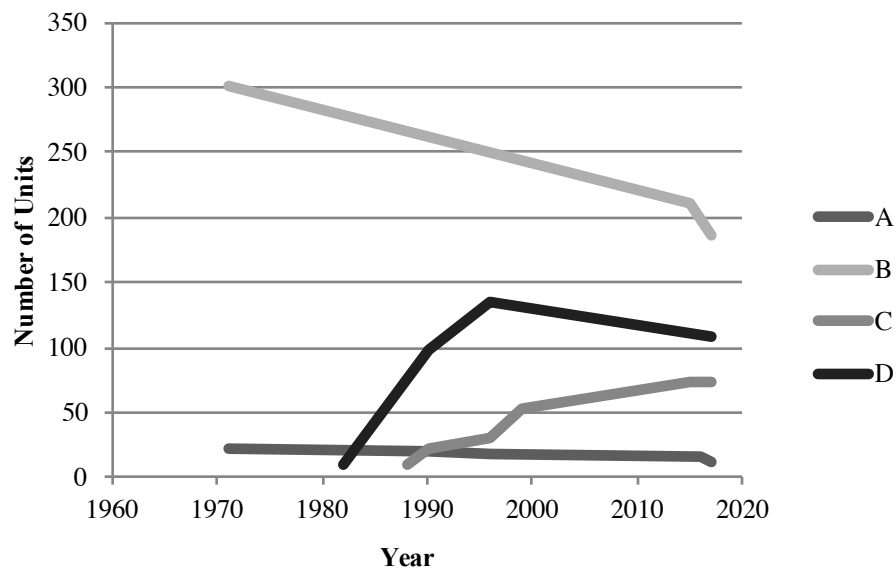
2014: Investment in Affordable Housing Program

The Affordable Housing Trust and Agreement Investment in Affordable Housing Program ended in 2014. There was incremental re-engagement by the federal government, but policy and

programs focused on providing affordable housing through the private market, rather than the expansion of the non-profit and public housing sectors (Salah, 2017a; AHANS, 2011). Programs were geared towards affordable housing providers in the private market rather than non-profit housing associations (Salah, 2017d).

Figure 1 illustrates four different non-profit housing providers (A – D) and their change in units over time from establishment to 2017.

Figure 1: Change in units by non-profit providers (A –D) from 1971 to 2017



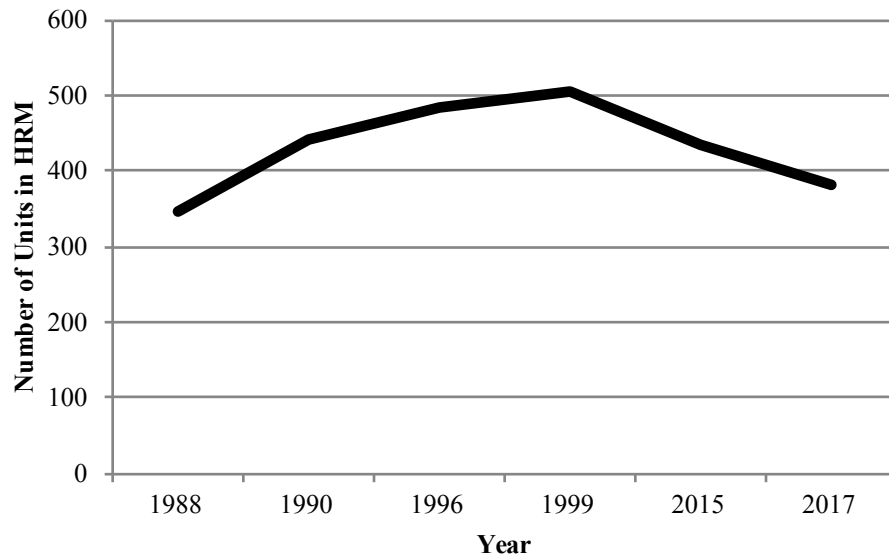
(Source: Salah, 2017a-k).

Providers A and B were established in 1971 with units that have since declined in numbers. This could be a result of a large initial capital contribution to acquire and develop units, which they were unable to sustain (Salah, 2017e). One participant indicated that some units were lost to a Rent-to-Own Program administered through CMHC (2017j). Provider C's units grew steadily in number since their establishment in 1988, but plateaued in the early 2000's. Provider C did benefit from HPS funding which resulted in two large property buys. However, grants and funding were sporadic, rather than scheduled, and lacked a sustainable long-term budget plan (Salah, 2017i). Provider D is the only non-profit provider whose unit numbers have both increased and decreased since their establishment. Unit numbers peaked around 1996, and then

began to decline.

The curve in Figure 2 depicts aggregated unit growth for all providers in HRM until 1999-2000, followed by a steady decline. Although one respondent indicated they did receive funding from HPS, most non-service non-profit housing associations were not eligible. As federal funding became increasingly targeted to services and past subsidies declined, unit numbers decreased. The literature confirms there is a correlation between government funding priorities and non-profit unit numbers, however there are other variables, such as external costs, financial planning, and the non-profit model itself to consider (HPC, 2015; Bratt, 2012).

Figure 2: Total change in units in HRM from 1971-2017



(Source: Salah, 2017a-k).

Evaluation Over Time

Total unit numbers in HRM have increased overall from 345 to 382, but currently unit capacity is declining. Most participant expressed uncertainty of what is to come post-operating agreements for non-profits and their stock. Although most participants expressed optimism around the coming NHS, the federal government has not released specific objectives and policies (Salah, 2017c). Without knowing the governments intentions and direction, the ability for local departments and stakeholders to make any comprehensive plans for the non-profit housing sector is limited (Salah, 2017f; Salah, 2017c).

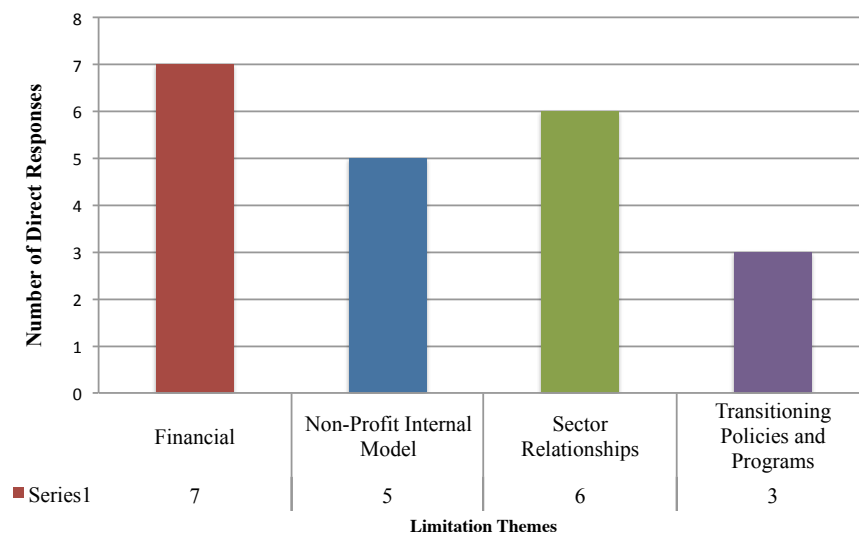
Declining units mean fewer dwellings for low-income households who rely on below market rents. Meanwhile waiting lists for social housing providers all around HRM are growing. In 2015 there were over 2,200 applicants on the public housing waiting list alone, and two of the largest non-profits housing associations said they had closed their waitlists for the time being (Salah, 2017d; Salah, 2017j). Furthermore, this data does not capture the number of units that are “offline”, which refers to units that are not up to code and cannot be rented. This is a growing trend in Halifax that has gained public attention where non-profits are eventually forced to sell units they were unable to maintain (Donovan, 2016; Salah, 2017a; Salah, 2017i). Although referenced in different interviews, offline data is difficult to collect as it is always changing.

Limitations Facing the Sector

Once transcribed, data collected from interviews identified limitations that non-profit housing association face in HRM. Interviews were considered two different ways to determine general limitations and corresponding sub-themes.

All Participant were asked if they thought limitations are present for the operations of the non-profit housing sector, and how they affected providers (For a complete list of questions, see Appendix A). Answers to this question were clear and direct. Most participants outlined two to three limitations that they felt most impacted the non-profit housing sector in HRM. As some participants gave more than one answer, the total number of limitations is larger than the number of participants. The top limitations identified from this question are presented in Figure 3.

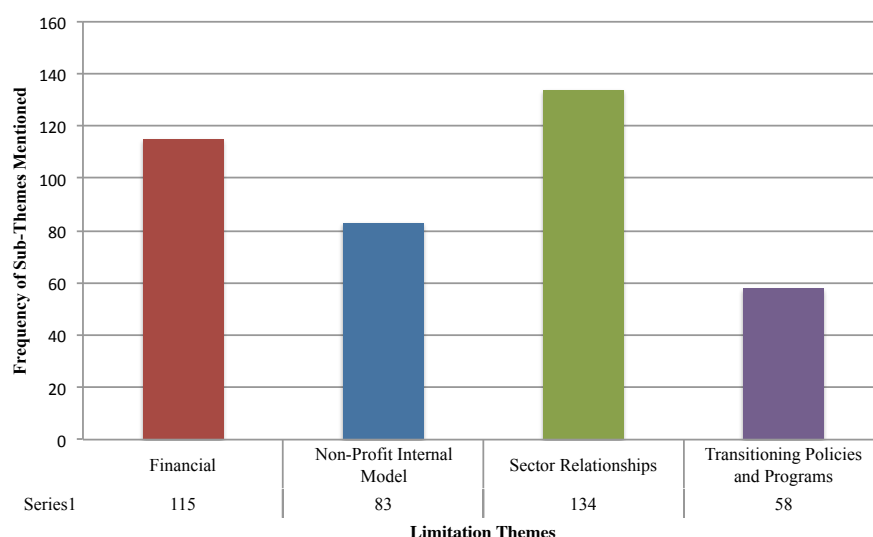
Figure 3: Aggregated direct responses to if limitations exist for non-profit housing associations



Financial limitations were the most commonly referenced by participants, which referred to a lack of savings, limited or declining subsidy, or the financing model of the non-profit housing sector. Any comment referring to a non-profit's stock and the cost of maintenance and repairs was considered a financial limitation. Transitioning policies and programs were mentioned less frequently in direct participant responses, however this limitation was apparent in the second evaluation of the entire interview outlined below. The four limitations established from direct responses, were used in the second evaluation to determine detailed sub-themes. A list of sub-themes and their descriptions can be found in Appendix B.

Interviews were re-evaluated to determine the frequency each sub-theme limitation was mentioned by participants. Every time a sub-theme was mentioned it would receive a value of one. Sub-theme responses for all interviews were aggregated to attribute new values for each limitation. Figure 4 shows the new aggregated total of each limitation based on the frequency sub-themes were mentioned in all interviews.

Figure 4: Frequency of sub-theme limitations



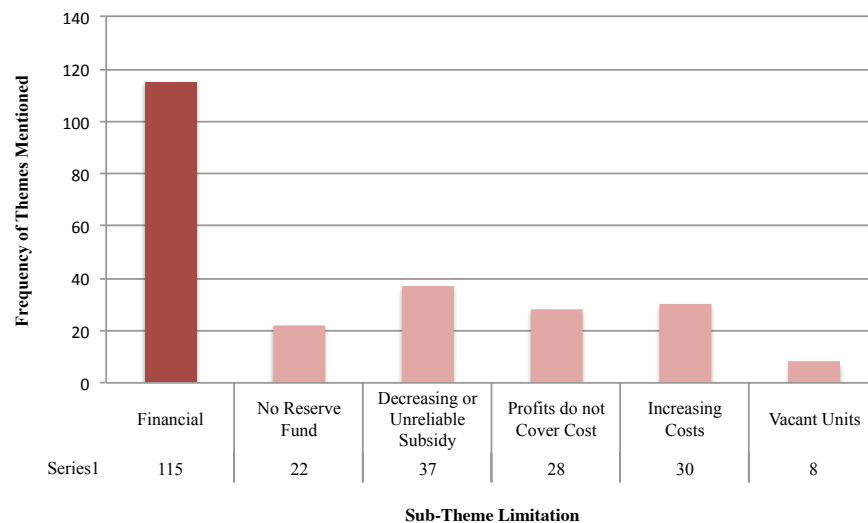
Values for this graph are higher, as entire interviews are considered rather than just a single question. Re-evaluating interviews in this way determined the frequency specific sub-limitations were mentioned. Often participants would return to a specific topic or example they felt strongly about, and refer to it throughout the interview. Although in some cases results varied from those found in Figure 3, re-evaluating the interviews unveiled underlying sub-themes and a detailed understanding of each limitation that was not initially provided in Figure 3.

The largest change between Figure 3 and 4 is the switch between financial and sector relationship themes as the top limitation. Financial causes were referenced the most in direct responses, but most participants referred to sector relationship sub-limitations more frequently throughout their interview. It could signify that financial issues are the most apparent and pressing limitations, but sector relationships could be deeply-rooted and engrained within the sector. Addressing sector relationship limitations could have a positive impact on financial issues or result in more efficient allocation of resources. Figures 5 through 8 break down each limitation by their sub-themes for all interviews.

Figure 5 displays the aggregated total of the five financial sub-limitations for all eleven interviews. The total for each sub-theme represents the number of times it was mentioned in all

interviews.

Figure 5: Sub-Themes of Financial Limitations



Participants mentioned decreasing or unreliable government subsidy the most frequently of all financial limitations. This referred to both present and past programs. Second was increasing costs for non-profits, which included any costs associated with their stock in need of repairs. Other examples of rising costs are oil and electricity bills, new retrofitting requirements from building inspections, and rising land values. Profits not covering costs is the third most frequently mentioned. This was a result of non-profits not raising rents, despite needing the revenue, because it is against their mandate or mission, their board would not approve it, or their tenants could not afford it. This limitation stems from a non-profits internal model, their mission, and how they operate. A non-profit's mandate is to serve low-income households, they cannot raise rents because incomes have not increased, and thus they have little to no savings to draw from for raising costs and maintenance today. As one participant explained,

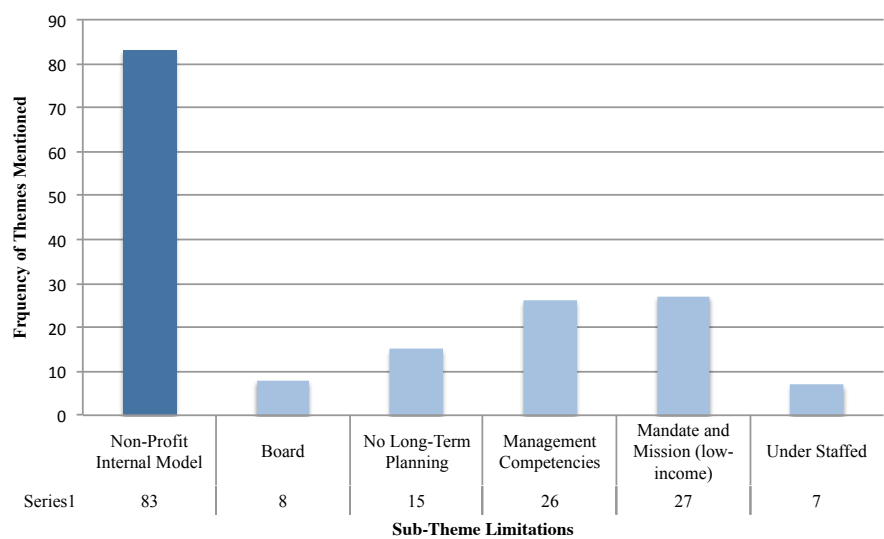
A lot of non-profit housing was promoted and sold as cheap rentals, and many non-profits saw their mission as to rent to low-income households, and low-income households could not pay enough rent to support increasing costs and a replacement reserve. (Salah, 2017b)

To accomplish their mandate a non-profits model is structured on government subsidy to remain sustainable, but that may be unrealistic today. The fourth most frequently mentioned sub-theme

was having no reserve fund, indicating the inability of most non-profit housing associations to save money for larger costs and future-expenses that are quickly approaching, if not already here.

Figure 6 displays the aggregated total of the five internal non-profit model sub-limitations for all eleven interviews. The total for each sub-theme represents the number of times it was mentioned in all interviews.

Figure 6: Sub-Themes of Internal Non-Profit Model Limitations



A non-profit’s mandate or mission was the most common internal model sub-theme mentioned throughout the interviews as shown in Figure 6. Non-profit housing associations within the scope of this research supply shelter to low-income households and families. Although they may provide additional support, they are not considered a primary service provider such as emergency or transitional housing ¹. Most if not all emerged from a social perspective to supply a need for units at below market rent that was not being met by the public or private housing market. One participant explained the evolution of some non-profit housing providers,

The expertise was more on the social human side and capacity, so more social work and not necessarily the in-

¹ This does not speak for all non-profits who participated in this research, who would see themselves first and foremost as service providers, however they own a substantial amount of properties around the city. Although they do provide invaluable services, they were included in the scope of this study due to how many properties they own and their traditional role of operating units.

house development and expansion, but it was just a necessity because nobody else at that time was able to provide the housing needed, so they fell into being a developer and property manager when that was not their original intent. (Salah, 2017a)

Many non-profit housing providers lack practical competencies necessary to remain sustainable, such as property management, development and financial expertise (Salah, 2017c; Salah, 2017b). This leads directly into the second sub-theme, management competencies. It refers to a disconnect between management's abilities and the practical skills required to operate properties. As one participant explained,

There is no right or wrong approach, a social background rather than property management is just looking at it from a different perspective; but that may not be relevant for keeping the association sustainable in the long run. (Salah, 2017c)

A non-profit's mandate and target clientele impact the financial sustainability of their model and their ability to remain viable in the private market once their subsidy ends. If a non-profit feels they cannot raise rents because of their tenants cannot afford it, then they will need to find some other form of financial revenue. As one participant articulated,

A challenge is getting a non-profit to think with a more business-like mentality, because at the end of the day, non-profit or not, need to be financially viable, and in order to do that you need to operate like a business. (Salah, 2017c)

Today's limitations may stem from past board decisions, or their lack of a long-term plan. Participants expressed that their lack of planning could be from an assumption that non-profits would always receive some form of government subsidy, or individuals in the board lost interest in the non-profit over time (Salah, 2017c; Salah, 2017d).

Figure 7 displays the aggregated total of the five sector relationship sub-limitations for all eleven interviews.

Figure 7: Sub-Themes of Sector Relationship Limitations

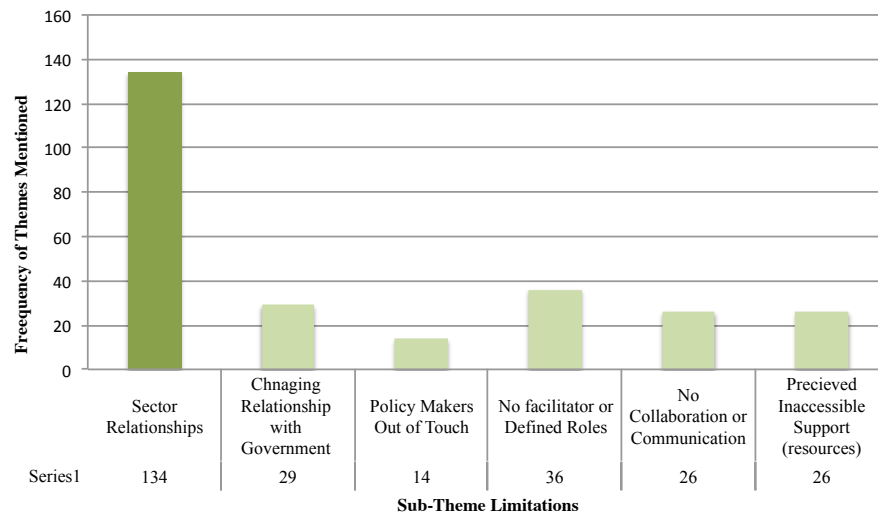
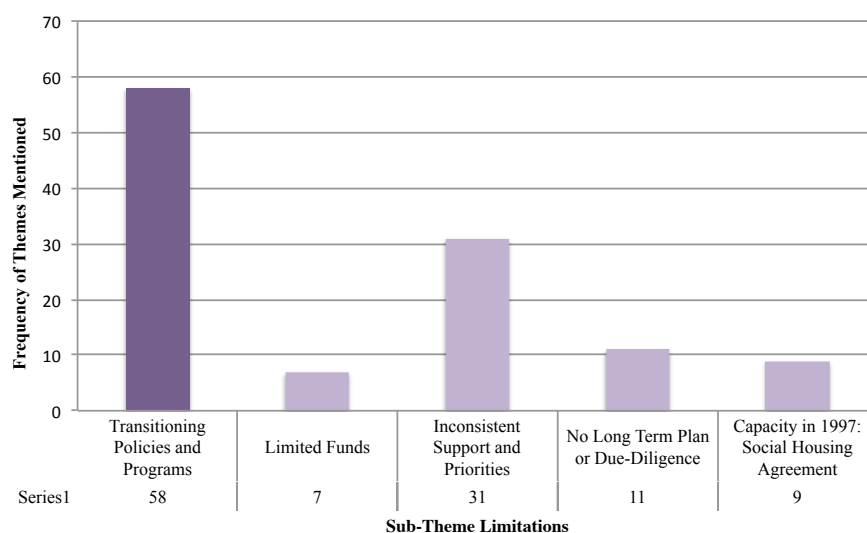


Figure 7 depicts sub-themes within sector relationships, which were all mentioned at similar rates. The most frequently mentioned sub-theme was a lack of facilitator or defined roles in the sector, “someone running the show” for social housing (Salah, 2017e). Participants indicated the social housing sector functioned in silos, and the future role of non-profit housing providers was unclear. There are mixed sentiments around who should fill the facilitator position. Some thought the natural solution would be Housing Nova Scotia creating a facilitator position between the government, non-profits, and co-operatives. AHANS and the United Way of Halifax were also suggested as possible candidates. Others believed it would need to fall to a new neutral body. A changing relationship with government was the second most frequently occurring sub-theme, and it typically referred to a deteriorating or retreating rapport among stakeholders in the sector. Some participants indicated dynamics with government had changed over time and had negatively impacted a non-profit's ability to remain sustainable, capture new funding, and expand. The lack of collaboration or communication among stakeholders within the sector was referenced by multiple participants and reinforced findings from AHANS indicating some relationship-oriented limitations and barriers are not new within the sector (2011). Perceived inaccessible support and resources was also a common topic among participants; non-profit

providers were either unaware of or did not know how to access support. This indicates a disconnect in the sector, which has led to several missed opportunities or exclusionary attitudes (Salah, 2017d; Salah, 2017i).

Figure 8 displays the aggregated total of the five transitioning policy and program sub-limitations for all eleven interviews.

Figure 8: Sub-Themes of Transitioning Policies and Programs Limitation



The most common sub-theme within transitioning policy and programs in Figure 8 is inconsistent support and priorities over time. This referred to changing governments and their approach towards providing social and affordable housing, which was illustrated in the background literature review. This inconsistency made it difficult for non-profits to create long-term plans because fluctuating national funding impacts what Housing Nova Scotia receives annually. Participants indicated how levels of government choose to address the demand for affordable housing is important (Salah, 2017i; Salah, 2017d). Many participants felt government was shifting away from the traditional non-profit model to new partnerships and tools to encourage the development of units in the private market (Salah, 2017e; Salah, 2017j). This shift is reinforced in the policy review, as specific policies or programs for non-profits no longer exist. Density bonusing and inclusionary zoning programs were mentioned as new municipal tools to encourage affordable housing that non-profits do not feel they can use. One participant explained their perception of government's new direction,

They are trying new things with the city, density bonusing and stuff, but you have got organizations [non-profits] that were set up by the province and cities 35 years ago as the way to develop these programs, this was your [government] mechanism to grow and add affordable housing, was through these organizations, and it feels like they have left us to do our own thing, and now they are going in a different direction. (Salah, 2017d)

Additional Results

Participants were asked if they believed support to the non-profits sector could be improved, and if so in what way. Similar to the first evaluation of the question concerning limitations, most participants had direct answers and often listed specific policy adjustments, as well as new ideas altogether that could strengthen capacity in the non-profit housing sector. Nine out of the eleven participants referred to some form of improved funding opportunities. Over half thought the sector lacked oversight and a general direction or vision to work towards. One participant questioned the state of the entire affordable housing sector in HRM,

We have a homelessness problem here, we have an affordable housing problem here, we have to ask ourselves the question why are there 2000 odd units [in the private market] unutilized because they are in disrepair, how did it get there? You have to ask who is running the show that led to that? Why is it they are not making coherent decisions to reverse the situation? (Salah, 2017e)

Every participant touched on the need to re-evaluate the non-profit housing model and align it with the future directions and policies of the province and HRM. Once a comprehensive plan for housing is established, new and existing policy and programs could be tailored to support the non-profit housing sector. Less clear was what this comprehensive plan would look like, and if the non-profit model was worth re-investing in as is.

4.3 Policy and Interview Synthesis

The final research method identifies gaps and barriers between levels of government support and limitations facing non-profits by comparing results from the policy review and interviews.

Results are presented by major limitation. Gaps between limitations and available policy and program support provide the basis for policy recommendations and further investigation in the discussion.

Financial

While CMHC and the municipality can support non-profits, Housing Nova Scotia is the primary partner. A table matching available policies and programs with sub-limitations can be found in Appendix C. Inconsistent and unreliable funding is the only limitation that does not have an available corresponding program or policy, yet it was the most frequently mentioned sub-theme. The only consistent funding flows through operating agreements under the SHA, but there is no replacement for it as of now. Both CMHC programs are applicable to non-profit housing associations and offer specialized rates, but participants could not recall an example of a provider taking advantage of it in HRM (Salah, 2017c). This could be a result of non-profit housing associations being unaware of the specialized rates and opportunities. Current provincial programs also apply to all private developers including non-profits and co-operatives, making the pool of applicants bigger for limited funds (Salah, 2017f).

Generally, participants found policies confusing, unreliable, and it was uncertain who questions should be directed to for clarity. Such comments link to sub-themes under sector relationships, such as perceived inaccessible support, no facilitator or defined roles, and no collaboration and communication. This represents a disconnect between policy and practice, and limits the capacity of non-profit housing associations. Furthermore, participants expressed that non-profit employees may not have the time to navigate confusing policy and programs, resulting in missed opportunities (Salah, 2017a; Salah, 2017i). While trying to access SHARP,

It has been very odd. I had difficulties accessing it. A couple of years ago we received money, now I have applied for it again, and that application has been in process for almost a year and I still don't have an answer. They have

not said no, just that it is in process. So having a better program like that would be helpful. (Salah, 2017j)

SHARP under the SHA, and RHAPP both provide funds for maintenance and repair costs, yet providers were either unaware of it or had not received the funding. Some participants felt it was governments responsibility to make providers aware of what was available to them, whereas others disagreed (Salah, 2017j; Salah, 2017d). Other participants explained non-profits are their own organizations, and it is their responsibility to apply for the various funding opportunities as any other private developers (Salah, 2017f; Salah, 2017c).

This is a disconnect between the perceived roles and responsibilities within the sector impacting how policies and programs are accessed. Additional disconnects between policy and financial limitations include:

- Participants could not receive a higher level of tax-relief from the HRM Administrative Order, or a response as to why they were not eligible.
- Applications and requests from non-profits to the province have been in process for over a year with no communication or update.
- Most programs through CMHC and Housing Nova Scotia offer funding for up-front construction soft-costs, which non-profits do not feel they can use.
- All HRM funding operates on an annual timeline designated by the HRM Charter, which limits non-profit's ability to claim these funds against their mortgage.
- All programs offer temporary funding or relief for a specific project, but none offer a long-term solution to support non-profits.

Internal Model

The mandate and mission of most non-profits confine them to below-market rents with limited upward flexibility. Two major financial limitations, the fact that profits do not cover costs and that there are no reserve funds, stem from an unsustainable model that does not generate enough revenue. Some participants think this is the underlying cause of today's financial troubles, and non-profit housing associations biggest limitation of all,

If we generalize, I would say the biggest limitation for

non-profit housing associations is that they see themselves as a source of low rent for low-income people, and they can be, but not to the extent that many of them have tried to operate at. (Salah, 2017b)

SHARP is the only program that contains a property management component that may encourage a non-profit to incorporate new development competencies, such as financial planning (Salah, 2017g). This component is not guaranteed, but if a non-profit applies for SHARP funding and requests oversight from the province, it may be granted. RHAPP, requires landlords to submit a 5-year financial and development plan with their application, but once approved there is no ongoing oversight or partnership with the province (Salah, 2017g). Some non-profit housing providers said they would welcome a level of education and oversight from the province, but programs that incorporated such components no longer exist (Salah, 2017j).

Hypothetically Seed funding could encourage a partnership between a non-profit housing association and private developer, but this has never occurred in HRM. However, there have been examples of successful partnerships under this program elsewhere in Canada (Salah, 2017c). Density bonusing administered through the municipality is another partnering opportunity. The program is permitted in the regional center, and the planning department is seeking the power to extend it throughout the municipality (Salah, 2017h). Private developers have partnered with non-profits to oversee affordable units built through similar programs elsewhere in Canada, but nothing in the current municipal legislation encourages a collaboration in HRM (Salah, 2017h).

Sector Relationships

The frequency with which participants mentioned the need of a facilitator and defined roles within the sector highlights the desire for these issues to be addressed. Today, government considers non-profit housing associations as independent landlords in the private sector (Salah, 2017c; Salah, 2017f). For this reason, government programs can not force or influence non-profits to operate in a certain way, and it is the responsibility of individual organizations to manage in the private market. “They can’t be forced to [manage their properties a certain way], they are their own private organization and they have their own board who make those decisions” (Salah, 2017g).

Housing Nova Scotia has limited tools to dictate how non-profit housing associations operate. Ideally providers should be able to function on their own (Salah, 2017g). Contrarily, other respondents suggested Housing Nova Scotia and CMHC should play a big-brother role in overseeing non-profits; these associations are extensions of the government, and they should treat them as so (Salah, 2017d). One participant felt the current government approach to dealings with non-profit housing associations was not in line with sector needs,

They [government] should be talking to you, assisting you about how you should be running your organization. The funding they deliver should be overseen. They (non-profits) know what is needed in their community yes, but government should also be actively involved, checking in, asking how they are doing, what is needed, what they are working towards, but they are not showing up. Unless non-profits call government five to six times they don't hear from them [government]. (Salah, 2017j)

Transitioning Policies and Programs

No current policy or program can address the sub-themes under transitioning policies and programs. The Investment in Affordable Housing programs expires in 2019, and marks the transition to yet another policy and its derived programs. The eradication of sub-themes such as inconsistent support, inability to make a long-term plan, and declining capacity since 1997, can only be addressed with the implementation of the upcoming NHS. This will depend on whether programs are tailored to the needs of non-profit housing associations and if a long-term plan is developed for the social housing sector in HRM. Outcomes and objectives of the strategy will be dictated by the federal government, but provinces will likely have authority in how programs are administered, funding is distributed, and partnerships are created (Salah, 2017f; Salah, 2017c). The impact of this strategy will only be felt in years to come, and is dependent on how programs and tools are designed to support the social housing sector. One participant conveyed the importance of learning from past mistakes to move forward and strengthen the sector,

We have to be learning from the past to know new money does not mean that everybody just jumps at it, this time if there is an infusion it has to be planned carefully, that there will be right away a plan for the future... At the National level, it is crucial we get a long-term strategy

that does not happen on an annual basis, we hope it will be a long-term strategy and funding, and an organization knows that every year they will be sustained. (Salah, 2017a)

The capacity of non-profit housing associations is declining, and has been since the beginning of the 21st century. Limitations present for non-profit housing associations are both within the organizations themselves and the sector at large. Although government policy does exist to encourage affordable housing, non-profit housing associations no longer receive distinguished funding and support. The policy and interview synthesis demonstrates a gap between how non-profits desire to operate based on their internal model and mandate, and the support current policies and programs provide. Most internal model and relationship sector limitations can be addressed by re-evaluating positions and roles within the sector and bridging current disconnects identified above. Both financial and transitioning policy limitations will depend on the NHS and how it impacts the non-profit housing sector.

5.0 Discussion

The discussion reflects on the research objectives using the results from each method. Each subsection draws from sources introduced in the literature review and additional government policies. Research results are the preliminary data considered to address the objectives, and additional sources are incorporated for further insight to the HRM context.

5.1: How has unit capacity changed over time in HRM?

The research assumed the number of units provided by non-profit housing associations had declined. This was informed by local grey literature, reports cited in the literature review, and conversations. Overall unit numbers have increased, but the research results confirm a current state of decline. Various factors described in the interviews influenced this fluctuation. It signifies that unless current limitations are addressed this trend of declining unit capacity could continue. The interviews highlighted that the solution will not solely be found in revamped policies and new programs. Major limitations included dynamics between stakeholders, and the internal structure of non-profits as well. Approaches could consider a comprehensive collaborative effort from various partners to address non-financial limitations. To elaborate further on the perception of declining capacity in the non-profit housing sector, participants described the capacity of the non-profit housing sector in HRM in relation to the affordable housing demand. Re-occurring responses were terrible, a fair amount of work needs to be done, and disconnected (Salah, 2017a-k).

Many within the sector feel the future is uncertain and that their housing stock is not seen as an asset by government (Salah, 2017i; Salah, 2017j). One respondent described government looking at non-profit providers as “leeches on the system”, and they would be glad if non-profits were gone (Salah, 2017i). The policy and interview synthesis results found a disconnect within the sector between stakeholders, policies, and non-profit needs. Identified limitations touch on a number of variables and factors that if addressed could strengthen this sector and reverse the declining capacity.

The housing policy background demonstrates a history of changing political interests and inconsistent funding (Suttor, 2016; Grant, 1998). The Non-Profit Housing Program, along with supportive initiatives like the Rent-Supplement Program in the mid 1970’s, encouraged the

establishment and expansion of community led development groups around the country (CMHC, 2011). However, in the late 1980's the national economy was no longer expanding as it had in previous decades. The federal government shifted its focus to the private market to develop new affordable units, by offering tax incentives, and decreased consistent funding to non-profit housing associations and co-operatives (Suttor, 2016). The evaluation of units over time demonstrates there is no specific period, department, or decision that caused fluctuating capacity and decreasing numbers. It was the result of a multiple factors, including a lack of due-diligence and long-term planning by multiple stakeholders resulting in disjointed policies and reactive programs (AHANS, 2011; Grant, 1989).

The forthcoming NHS is an opportunity to capture new funding and resources to build capacity within the sector, but careful reflection and consideration is needed. One participant said, "it would be shameful to reinvest in the same old model" knowing how the non-profit sector is functioning today (Salah, 2017a). Nation-wide, non-profit housing associations are evolving to include entrepreneurial commercial activities to keep up with rising operational costs, grow to a sustainable size, and increase their supply of affordable units (Black, 2012; HPC, 2015). The social housing sector could use the new national strategy and the federal government commitment as an opportunity to address local limitations and barriers. The NHS represents a refresh button for the social housing sector in HRM to learn from past oversights and inefficiencies and move forward together.

5.2: How do current policies and programs address non-profit housing associations.

Today, there are five policies and programs between the federal and provincial government (not including the SHA), and three municipal planning tools that pertain to non-profit housing associations in HRM. There is available up-front financial support, but few policies and programs today foster a relationship between government and non-profits and provide ongoing subsidy. Furthermore, unlike those in the 1970's and early 1980's, policies and programs no longer differentiate between non-profits, and group them with the private sector developers. If non-profit housing associations has properly prepared to be in the private market this could be an

excellent opportunity,

They [non-profits] are in the private housing market without receiving federal subsidy, and that can be, if you positioned yourself well for the past 30 years, that can be a great advantage. If you haven't, and you have had some bad luck along the way and your roof caved in or something, that can be a problem. (Salah, 2017c)

Today, most non-profit housing association operate under a model and mission that undercuts their ability to capitalize as a regular private developer would. Although government policy has been transitioning away from the non-profit affordable housing model, many non-profits are only beginning to feel the true ramifications and disconnect as their subsidies dwindle and agreements end. One participant explained the logic behind declining government subsidy, and that this not necessarily a quick withdrawal, but a planned government exit,

Each non-profit would have had an operating agreement which would have most likely provided a subsidy for any losses between revenue and expenses, and they could have also had a mortgage, so CMHC was the holder of the mortgage, and they [CMHC] did direct lending, so gradually over the years those operating agreements started to expire. So when a lot of people say government is getting out of housing that is what they are referring to, but it was really just the natural expiration of these agreements. (Salah, 2017c)

Theoretically, non-profit providers would use their subsidy to mature and prepare themselves to operate without government. Now that the SHA is coming to an end, today's programs and policies no longer support the model of subsidy dependency. Unfortunately, this period of growth and capacity building did not take place as planned, and some non-profit providers in HRM do not feel equipped to operate without subsidy. Some within the non-profit housing sector think the new direction for affordable housing supply has not been clearly communicated, which has left older associations on the peripheral,

They have all this funding, and they started these organizations decades ago, either put an end to it, reorganize them into a different format or something, but

they should be funnelling resources back into these organizations that were originally set up by the federal, provincial and municipal government. If they have changed their mandate or direction, then they need to let people know and restructure their approach and communicate that to everyone involved. (Salah, 2017d)

Current policies and programs treat non-profits similarly to a private developer, but interviews suggest the providers do not see themselves as such. Interviews and the transitioning of funding models indicate there could have been an assumption in the past that non-profit housing associations would grow their capacity to become sustainable entities,

So while they are losing operating subsidy, the mortgage payments are also gone. The intent when those programs were designed and first began was 'okay we will subsidize your loses basically, but when the mortgage is over, the payment is done' ... So when operating agreements end, for those that are in good shape, it opens so many different doors, and they can go get refinancing, at that point they are on their own. (Salah, 2017c)

Although this may have been the intention of government, many within the non-profit housing sector do not feel this was communicated. Furthermore, there are multiple variables as to why this process of maturity among some non-profit housing associations did not take place. Causes could include dwindling government support, a lack of foresight and planning by the internal management and boards, or changing municipal economies. Moving forward, policy makers and stakeholders within the sector could consider what type of support non-profits need in today's context to become sustainable, and how new initiatives under the NHS can encourage them. To do this, it will be important to consider what factors limit non-profit associations to operate.

5.3 What Limitations exist for the non-profit housing sector

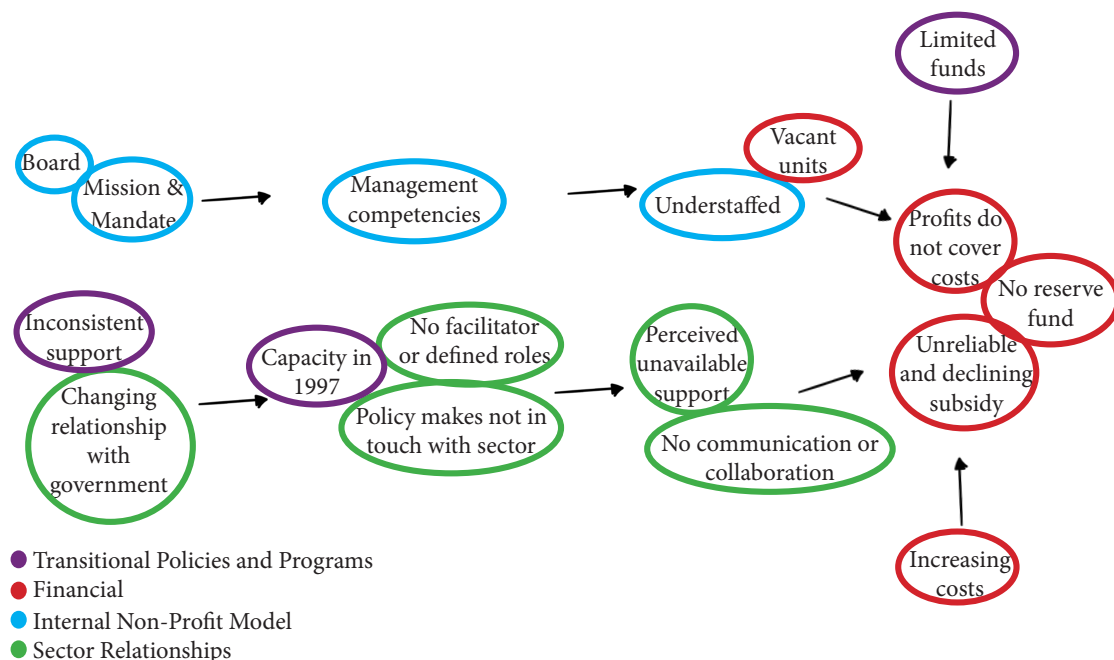
Evolving and Emerging Sub-Themes

Four limitations and five corresponding sub-themes face non-profit housing associations.

Interviews indicate sub-themes stretch over time rather than being a direct result of today's policies and programs, some being the cause of one another. Many of the limitations, barriers,

and general discussions drew from different time periods, and revealed interconnected sub-themes. Figure 9 illustrates the relationship among sub-limitations, and demonstrates many of today's most prominent non-profit issues seen in grey literature surrounding financial concerns and physical stock, could be a result of past decisions and models. It reinforces the notion that there is no one decision or department that is accountable, and today's non-profit housing context is the result of multiple variables that were possible because there was no oversight.

Figure 9: Evolution of Sub-Limitations



Most financial sub-themes are current limitations that recently originated for non-profit housing providers. However, they are all associated with either an internal model or sectoral relationship sub-theme that has been present for decades. This is important when planning future programs and policies, and reflecting on the current model of non-profit housing providers. Policy makers and stakeholders could consider asking what limitations can be addressed locally now, versus what will hinge on the NHS.

Expiring operating agreements were mentioned in every interview regarding the uncertainty for the non-profit housing sector. Moving forward, participants indicated it is important to reflect on what aspects of this model have not worked as intended, what role the non-profit sector will play in providing social housing, and what resources are needed for it to be sustained. No long-term

planning by either the government or non-profit housing associations themselves, were identified limitations (Salah, 2017a; Salah, 2017b; Salah, 2017j; AHANS, 2011).

The Non-Profit Housing Model

Conversation surrounding a new non-profit housing models is not unique to HRM, and is taking place on both the national and international stage (HPC, 2015; Black 2012). Private sector partnerships could contribute both expertise in property management and value in growing to a financially viable scale (Black, 2012). The private sector has a wealth of information in developing, financing, and operating affordable rental housing while making a profit (Black, 2012). Moreover, private developers bring discipline in process in operating budgets and planning for maintenance and repairs, a skill many non-profits in HRM are just beginning to incorporate, and suffering from the past lack thereof (Salah, 2017d; Salah, 2017f). Partnerships in Ontario have used a “turnkey” approach where private developers take care of the pre-development operations, turning affordable units over to the non-profit provider once construction is complete. The private developer benefits from reduced construction fees and affordable housing incentives from government, and the non-profit gains the development and general know-how expertise. New properties get off the ground in the most cost-effective way, and developers help with ongoing property management, allowing non-profits to concentrate on clients (Black, 2012). The potential for non-profits to partner with private developers was captured by a participant,

Developers are the ones with the know-how and the capacity to actually get the unit built at the end of the day because they have done it before and they are experienced and normally have some money, capacity, and vision. They just know how to check all the boxes, whereas some non-profits do not. Non-profits who cannot check all those boxes are often encouraged to connect with developers and builders and at the end of the day benefit from what they can do. We just have not seen that happen much in HRM yet (Salah, 2017c).

Another participant touched on the difficulty for non-profit housing association to get funding in today’s economic context on their own,

If I wanted to start a non-profit organization and build 50 units I don't know where I would get financing for that. I wouldn't get money to build it, because someone is going to say in order to do that you would need \$1,000 rent a month to pay for the property and taxes. So you could be a non-profit, but how are you going to get paid as the owner? How are you going to cover maintains costs and save money to upgrade? I don't think the non-profit piece is nearly big enough in HRM and it is very challenging for someone to get into that business. I mean they are private landlords, but they aren't making a profit, so they are a co-op in a sense, a group of people who got together and got funding to cover the costs, and have vested living in the development. You know that concept is good, but not sustainable. (Salah, 2017h).

Studies focusing around the financing models of non-profits found that in order to become sustainable, non-profits must build to a scale large enough that revenue covers their own expenses (HPC, 2015 Black, 2012). To jump start building unit capacity, municipalities have created policies that encourage private developers to sell their existing affordable stock to non-profits. This eliminates the construction and development phase, and allows non-profits housing associations to quickly acquire capacity (Black, 2012). Furthermore, it helps ensure a cities affordable housing stock is preserved rather than at risk for redevelopment. For this to work non-profit housing associations themselves must have the competencies and skills required to manage a unit influx. Governments work closely with larger non-profit housing associations at the beginning to guarantee they are prepared and supported to operate the new units (HPC, 2015). The Capital Region Housing Corporation (CRHC) in Edmonton Alberta is a relatively new entity which originated from multiple smaller non-profits coming together and consolidating their assets to build capacity (HPC, 2015). Once formed, CRHC acquired public housing units from the local housing authority. A predetermined unit number is transferred to CRHC annually to ensure their organization can sustainably maintain the new properties (HPC, 2015). The opportunity for non-profit housing association to acquire affordable units from private developers is reinforced by a recent study by Grant Wanzel which found that unlike other municipalities in Canada, HRM still has a decent stock of affordable units (2017). Although demand has exceeded our supply policies should focus on preserving affordable units around the municipality in addition to developing new ones (Wanzel, 2017). Encouraging non-profit

housing associations to acquire units could not only help build unit capacity, but also preserve the existing affordable stock in HRM.

Before re-investing in the current non-profit model, stakeholders and policy makers should question what aspects are unsustainable. As discussed above there are new innovative approaches to collaborate with non-profits to meet the housing needs of low-income households, but new approaches should be tailored to what our economy and government can support.

Nova Scotia's Money Issue

There are also external limitations that have impacted the non-profit housing sector. In the past decade, the regional center has experienced high rates of development. New services, buildings, and commercial centers impact surrounding land values and it is difficult for non-profits in certain areas of the city to keep up with rising costs (Grudic, 2016). Additionally, the price of electricity, oil, and external materials continue to increase. As external costs continue to rise, non-profits rely on rent revenue that has barely increased in 20 years (Salah, 2017j; Salah, 2017d; Salah, 2017a).

An easy and immediate solution would be to allocate more money to social housing, through new tailored programs that specifically address financial limitations. This could be done for either the short term, and partnered with programs that help non-profits build to scale and develop a sustainable funding model, or for the long term should government choose they can maintain a dependant subsidy for non-profits. However, limited funds—referring to the provincial budget—was an identified sub-limitation and refers to a declining financial budget. Nova Scotia is an indebted province, and the employees at Housing Nova Scotia, like any other provincial government department, are forced to manage with tight finances. One participant captured their reality, “the other part is that they [government] do not have unlimited funds, they cannot give to everyone that would necessarily apply [to housing programs], and they unfortunately cannot do everything that is asked of them” (Salah, 2017f). Another participant explained the financial situation further,

There is no extra money. There is money coming through the SHA and that's it, there is no extra money to draw on to go

outside of that. The government they have their own fiscal challenges, and at the end of the day that impacts what is available to non-profit providers on the ground” (Salad, 2017c)

In 2016 Nova Scotia reported \$15.7 billion in outstanding debt (Press, 2017). There is little money from budget to budget, leaving the province dependant on federal funding decisions for social housing. For example, in the last federal election the Liberal party announced a \$3 million-dollar contribution to the Social Infrastructure Fund, which the provincial government allocated to the rent supplement program (Press, 2017). In past years the federal government has also cut back on social expenditures, resulting in provincial reductions (CMHC, 2017a, Press, 2017).

As explained above, the only consistent predetermined funding for non-profits and social housing comes through the SHA. However, one participant questioned where exactly the money was being spent, and whether the full contribution reached the providers. This would not be a decision of Housing Nova Scotia, but a choice made at a higher level of provincial government to not spend all the SHA funding and maintain some at the provincial treasury board,

The first, the province, if they don't do anything else, they should commit all the money that comes from the federal government for these programs to these programs. There is no financial hit from the province right, this is federal money for non-profits projects that were delivered by the federal government that the province now has responsibility for. This is under the Social Housing Agreement. So the first commitment should be to take all the money into the program for the program, that would be the first commitment. (Salah, 2017b)

Table 5 show balances from the 2012 and 2017 consolidated financial statements (the full statement can be found in Appendix D). Annual federal money for social housing under the SHA comes into the provincial treasury board, but is deferred. It fluctuates from year to year, but has incrementally built up to a large deferred amount that is intended for the social housing stock in

Nova Scotia. There may be a plan for this funding, but the purpose for its deferral is unclear ². The SHA states funding delivered through this program is to “provide stability and predictability to the provision of social housing programs and their administration in Nova Scotia in future years. Federal funds allocated under the new arrangements are to be used solely for housing purposes. They cannot be used to support other provincial priorities” (CMHC, 1997, p.2).

Table 5: Nova Scotia Housing Development Corporation: Consolidated financial statement (in the thousands of dollars).

	2017	2016	2012	2011	2010
Fund for future social housing expenditure	\$38,292,000	\$49,882,000	\$58,603,378	\$63,834,634	\$56,619,058
Deferred federal contribution	\$38,292,000	\$49,882,000	\$58,602,378	\$63,834,634	\$56,619,058

(Housing Nova Scotia, 2017; Nova Scotia Housing Development Corporation, 2012)

The money must be allocated to the social housing stock before the program expires in 2034, and a comprehensive plan could be developed non-profits unit still under the SHA. Policy makers could consider adding components to SHARP, or developing a new funding approach geared towards specific limitations. Lack of sustainable and reliable subsidy was the most referenced financial sub-limitation in the interviews. This deferred fund would not solve all the financial limitations identified in this study, but it could be allocated towards a planned financial injection into the social housing sector to address some immediate concerns facing providers. The participant also emphasized the importance of transparency and communication among departments and stakeholders, which is crucial for cohesive sector relations (Salah, 2017b). Working in the social housing sector, the participant believed it should be known where SHA federal funds were being allocated at the provincial level without having to request a FOIPOP (Salah, 2017b). This is a valid point on its own, and it also underlines limitations such as lack of communication and collaboration, a changing relationship with government, and perceived unavailable support. It suggests a social disconnect within the sector that would not necessarily

² A Freedom of Information and Protection of Privacy (FOIPOP) claim to the provincial government is required to attain further information regarding the allocation of this funding. There was not enough time in the scope of the project once this interview was completed to make the request.

require financial resources, but could result in efficient resources allocation and more sector partnerships to address limitations.

A Double-Sided Problem

The non-profit housing model is a double-sided issue. Yes, supportive policies and programs are important on the supply side, but that must be complimented by sustainable tenant incomes. If households are not earning a basic income that can pay modest shelter costs and allow non-profits to raise rents to cover expenses, then the model is not viable,

There are two sides of it, so when we talk about affordable housing, there have to be programs and policies in place that facilitate the development and supply side to ensure enough housing is being built that is available at reasonable prices to all income brackets. And then there is the income side, so the main variable in the affordable housing equation is income, when you have a lot of poor people, which we do, that creates many of the challenges we are seeing. So in an ideal world we would have programs that help address both sides.
(Salah, 2017c)

The Liberal government recently altered the income assistance (IA) program in Canada (Liberal, 2017). After the first increase in 20 years, the current shelter component now ranges from \$275-\$550 a month, but is still criticised for being too low to realistically find shelter in the private market (Burke, 2016). Thus, non-profits are forced to maintain low rents, while external costs grow because tenants on IA cannot afford higher rent. Unless incomes rise, any increase in rents would take away from household essentials such as food. As a participant explained,

The other thing is that people look at our operating model that depended on rent moneys, and when we started in 1990 we didn't ever think that we would essentially be receiving the same rent money that we were getting in 1990 in 2017. They just don't raise assistance ... raising rents has been discussed, but everyone would be really reluctant to start taking people's food money. (Salah, 2017i)

The shelter component of IA is still far below average market rent, and non-profit providers cannot break even with market costs without becoming unaffordable to many tenants (Burke,

2016). By not increasing IA, and still expecting non-profit housing providers to continue to meet the demand for below-market units that public housing cannot, disconnected government policy is driving organizations into a downward spiral (Salah, 2017b). On the one hand non-profits are doing a service to government by addressing the shelter need for low-income households, but then policy is not providing support on the income side for this to be viable (Salah, 2017i). The inability for non-profit housing associations to raise rents when land values and external costs are increasing all around them is unrealistic (Salah, 2017d; Salah, 2017e; Salah, 2017j). One participant discussed IA further,

If you talk to anybody, they would know I cannot rent anywhere, there is nothing I can rent for \$535, and if I get \$275, which some people do get, then I am really in trouble. They do not reflect the reality of current shelter costs. Is it okay if you live in public housing and that is all you can afford, because they [government] take that all the time, but that is its own entity. This is public program offered to help people in the private market, non-profits include and it is not enough for that. (Salah, 2017h)

Flat IA levels destabilize the revenue of non-profit housing providers preventing them from adapting to the changing environments. Bratt (1998), found similar drawbacks with social programs in the US, where stagnant or even cutbacks to Social Security and Medicare, forced non-profit housing providers to go above and beyond to support affected households. Furthermore, providers were forced to develop social services and supports they did not have originally to bridge the gap of declining subsidy, either by decreasing or accepting late rent, offering transit, and providing social support (1998). In HRM this is exacerbated by the fact that non-profit housing providers are already overstretched and strained to meet rising demand, while their capacity to do so is declining (AHANS, 2011, HHP, 2015a).

National Housing Strategy (NHS)

The NHS was mentioned in every interview with optimism. This is the first time in over two decades the federal government will take a leading role in the administering of housing policy. They promise to prioritize the development and preservation of affordable housing throughout the country. No specific priorities, policies or programs have been unveiled, and the rollout plan

is still unclear. One participant surmised “I suspect the federal government will want to have over-arching outcomes and objectives they want the provinces to consider, but I suspect there will be a lot of flexibility attached to the programs and roll-out” (Salah, 2017g). In 1997 the SHA was presented as a chance for provinces to build internal capacity, but Nova Scotia may not have been in the position to take full advantage of the opportunity. Learning from past limitations and lessons, the NHS is an opportunity to reposition the social housing sector to efficiently use new funding and federal support. This could involve a re-evaluation of the sector in terms of the identified limitations, creating a clear vision for the social housing sector, and determining specific stakeholder roles. In the U.K. and Australia, governments have financially invested in non-profits, building them to scale and transferring them the entire public housing stock. Non-profit housing associations in some countries operate thousands of units, are financially sustainable, and function like a business (HPC, 2015). The non-profit sector in HRM is not at that point, but non-profit housing associations are hopeful for the future and are eager to play a larger role than they have in the past (Salah, 2017d; Salah, 2017e). To grow and support the non-profit housing sector recommendations could be considered to target current limitations and build capacity.

5.4 What adjustments can be made to improve support?

Participants suggested adjustments they believed could be made to the current support non-profit housing associations receive. Drawing from their opinions and addressing the gaps determined in the policy and interview synthesis, three recommendations could be considered for the non-profit housing sector. Although increased subsidy and funding to social housing was mentioned countless times, Housing Nova Scotia and the provincial government have limited financial resources. Until the NHS is unveiled, provincial governments are unaware of what financial flexibility or opportunity they will receive and must operate with the current resources available. For that matter, considered recommendations focus on what can be done today in the HRM non-profit housing sector.

1. Consider a new non-profit housing association model in relation to the HRM context. What adjustments could be considered for the current model to build capacity among non-profit housing associations?

Every interview touched on a new model for non-profit housing providers. Whether it was something individual organizations were working towards, or a shift that should be orchestrated by government for the entire sector. As one participant explained,

On the micro level non-profit housing providers, there will be new structures, perhaps mergers, what that can look like, we can really make a stronger sector. So, it is not about release a new funding program, everyone applies, same old same old ... Viewing the portfolio on a bigger level. Even on the national level they are thinking of doing this and considering the stock in such a way and then approaching banks and innovative financiers and developer. (Salah, 2017a)

Literature confirms that non-profits nationally and internationally are shifting to new financing models and working with government to build unit capacity and address local needs. The non-profit housing sector along with government in HRM could consider developing a model that reflects the local market context. Furthermore, any new model must consider what our economy and government can support and how non-profits will remain sustainable.

Once determined, existing policies and programs should be re-evaluated to ensure they are supporting the non-profit housing sector in the most efficient way possible. Government could consider how policy and programs are complimenting each other and working efficiently to address the current gaps identified in the policy and interview synthesis.

2. Re-evaluate relevant policy and programs to develop a complimentary and comprehensive plan for the sector. Ensure current resources are being allocated efficiently to best achieve the provincial plan and support the role of non-profits.

As stated above, the supply of affordable housing is a double-sided issue. HRM needs enough affordable units to meet the demand, but landlords must be able to charge a sustainable rent that will cover the costs to maintain the property. Currently households who earn an annual income under \$29,999 or are on IA cannot afford a sustainable rent for landlords (Grant, 2017). Landlords who are not receiving additional revenue from market price units, a

commercial space, or government subsidy are not earning enough to sustain their operations (Salah, 2017d). Non-profits should be revaluated on a case by case basis and existing programs would be tailored to create a sustainable individualized model for each associations (Salah, 2017b). HRM has limited non-profit housing association, and strategically allocating IA, rent-supplements, RHAPP, and SHARP funding would not be taxing for government or stakeholders (Salah, 2017b). Non-profits can provide below market rent units, so long as they develop a financial model that is sustainable, and existing policies and programs work in unison.

The other thing would be to, on a case by case basis, convert all subsidy into a rent-subsidy model where instead of general subsidies, you target households and the subsidies based on rent and you with the province work out what does this look like to be sustainable. For each individual provider: how many units do they have, what are their costs, how many below market units can they have and how many rent-supplements do they need to maintain their operations and be able to grow? (Salah, 2017b)

Re-evaluating policies and programs could improve how efficiently resources are allocated and determine to what extent government can support non-profit housing associations through policies and programs. Non-profit housing association assisted by government can determine a funding model that will allow them to remain sustainable.

Finally, a facilitator position or body could be created to improve and sustain relationships and communication within the sector. Stakeholders should carefully consider who could fill this role and what the job description would be.

3. A facilitator to coordinate government policies and programs from all three levels with the diverse needs of non-profit housing associations.

The confusion and frustration felt navigating policies and programs between the federal and provincial government was articulated by many participants. Those in the sector expressed they did not have the time or knowledge to properly apply to what was available. One

participant used the current RHAPP program as an example,

In two sentences, explain the affordable housing program to me as a developer or operator of a non-profit. I have had wonderful meetings, but I still don't understand it, I don't understand the formula. And they tell me there are many formulas out there, Ottawa may do one thing, the province another, so there is a new fund that may be created but you only have a certain amount of time to use it, and if you don't use it you lose it. If you lose it they can put it over here... (Salah, 2017c)

Similarly, another participant spoke about roles within the sector and the lack of clarity,

I don't think it is anyone's specific job description to oversee non-profits, because if you have ownership then it is your baby, you would build a relationship, you would know the board, the members, their tone, the staff, you would know what their limitations are, what their goals are, that would go a long way. (Salah, 2017d).

Sector relationships was the most frequently mentioned limitation in all the interviews.

Establishing a facilitator position would guide non-profits housing associations through the government system, strengthen existing relationships, and likely foster new collaborations and windows for communication.

Although general, these recommendations could create a more cohesive non-profit housing sector in HRM. If recommendations are considered from the perspective of all stakeholders, specific solutions and policy and program adjustments will likely address a wider array of limitations. Although financial resources are scarce, a collaborative re-evaluation could encourage innovative public-private partnerships and efficient resource allocation.

6.0 Conclusion

The capacity of non-profit housing is currently declining, however, the limitations and barriers are not new. Financial limitations are the most pressing, but they stem from years of changing relationships, unsustainable models, and varying government priorities. The research identified four major limitations and corresponding sub-themes that face non-profit in HRM. Policies and programs are available, but gaps and barriers exist between what government resources provide, and what non-profits may need.

The NHS, along with stakeholder and public interest suggests changes within the sector are needed and the current non-profit model could be re-evaluation. These findings contribute to the initial research needed to understand what currently impacts non-profit housing associations in HRM and they could be used to inform specific policy adjustments. Results indicate there are gaps between policy and practice, and that government resources may not be functioning as intended. Gaps identified in this research could be significant when planning policies and programs for both the short term and long term. It is important to understand what the current limitations are and how they may have originated for them to properly be addressed in the future.

The current Housing Nova Scotia policies and programs expire in 2019, and future planning hinges on components and objectives of NHS. Although such uncertainty makes it difficult to develop a comprehensive plan for the non-profit and social housing sector, the provincial government, along with the municipality and stakeholders could consider:

- Creating a comprehensive budget for the deferred federal social housing funding;
- Raising the shelter component of income assistance;
- Determining and designate a facilitator position between government and the non-profit housing sector;
- Creating a detailed inventory of social housing stock and its physical condition for HRM and the province to support non-profit housing associations with repair and maintenance using SHARP and RHAPP programs; and,
- Identifying how specific Centre Plan and municipal policies will be implemented to support non-profit housing preservation so that the organizations themselves can prepare for them.

The research results also reinforced a shift in the non-profit housing sector happening across the country. Regions, depending on demand and the capacity of the non-profit housing sector are transitioning to new models and partnerships to adapt to changing market demands (HPC, 2015). The suggested recommendations encourage government, non-profit housing associations, and stakeholders to consider re-evaluating the current model and role of non-profits in providing affordable housing in HRM. Different approaches could be considered to build unit capacity within the sector so that non-profit housing associations can continue to provide shelter to low-income households. Examples could include:

- Encourage mixed tenure approach: establish a sustainable mix of below and at market rate units for each non-profit, paired with supportive programs.
- Establish competencies: Incorporate necessary development and financial competencies through education components within government programs.
- Distinguish non-profits from private market: until sustainable, create policies and programs that meet the specific needs of non-profit housing associations.
- Encourage new partnerships: encourage collaborations between non-profits and private developers using existing and future programs.

Justin Trudeau recently stated housing is a human right and that “everyone deserves a safe affordable place to call home (Tasker, 2017, p.1). At the federal, provincial, and municipal levels of government affordable housing supply is a stated priority. Policy makers could reflect on how current legislation and programs are supporting all affordable housing providers, and whether there is equal opportunity for non-profit housing associations and their tenants. A household’s income should not limit their opportunity to find affordable housing and enjoy the same privileges as the rest of the population. Each lost unit is a financial setback for the association themselves, but it also represents an evicted household. Non-profit housing associations play an essential role addressing the gap between what the private market offers and the capacity of public housing. If the policies and programs are not properly supporting and assisting the non-profit housing sector, neither are the hundreds of households who call their unit’s home. Although financial resources in the province are limited, policy makers and stakeholders could consider how adjusting our current resource can deliver better support to non-profit housing associations and the tenants they strive to serve.

6.1 Opportunities for Future Research

The research scope was limited to non-profit housing associations whose primary mandate was to supply rental units to low-income households in HRM. However, the non-profit sector at larger is comprised of various service-oriented associations and co-operatives who play an equally important role providing affordable units. Further research could consider if either of these sectors face similar limitations to the results in this study.

A study limitation was the uncertainty of the NHS and what it will mean for the non-profit housing sector in HRM. Although many participants anticipated the strategy and spoke positively about future opportunities, it is impossible to know how it will impact HRM. Once the federal government begins to unveil funding schedules, policy objectives, and program designs, research could consider the direct implication on the non-profit housing sector in HRM.

The discussion touched on different strategies both nationally and internationally that non-profit housing associations and government are exploring in their local contexts. Although further investigation was out of the scope of this research project, other studies could consider the feasibility of specific strategies being adapted in HRM.

Finally, research results and discussion touched on the opportunity of non-profit housing associations partnering with private developers to provide affordable housing. Although the literature review briefly touched on it, and some participants alluded to successful examples in other cities, further research could explore the feasibility of such relationships in HRM. Furthermore, considering the priority of housing in the new Draft Centre Plan, and specifically affordable non-market housing, innovative partnerships within the regional center would be a timely contribution to local literature (HRM, 2016).

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Appendix A

Interview Questions: Non-profit housing provider's representatives

1. Your non-profit has been in existence since _____, how long have you been in this position.
2. What housing non-profit associations does your non-profit work in collaboration with?
3. In your own words please describe how units under these housing non-profits are operated?

Prompt: Such as onsite staff, one central office, tenant supervision, etc.

4. What do you believe are the most important variables taken into consideration when housing non-profit decides to buy/sell new units?
5. Do you believe there has been a shift in the operation of housing non-profit associations and the way it functions throughout the time you have been working here, and if so in what way?

Prompt: Who they serve, their budget and model, supply vs. demand

6. How would you describe the capacity of the non-profit housing sector in Halifax in relation to the affordable housing demand?

Prompt: Number of units, support, ability to operate at full potential

7. Are there any factors or changes in the HRM that have influenced the way non-profits operate?

Prompt: Specific change in policy, programs, tools

8. Articles in The Coast, The Metro, and The Chronicle Herald have reported that non-profits throughout the city have sold units to continue operating. Do you believe this is an accurate representation of realities faced by housing non-profit associations? If yes, what do you believe has led to this state?
9. As someone who work in the non-profit sector, would you say that you understand the government policies, programs and tools that apply to your non-profit?

Prompt: General knowledge about them, who they are available to, how they work

10. In your opinion, are there limitations that exist for the non-profit housing sector? If so, would you say these limitations are relatively new, or have they been present for a while?

11. Do you believe improvements could be made to the current level of support for housing non-profits. If yes what would they be?

Interview Questions: Government representatives

1. What are your roles and responsibilities in relation to the non-profit housing sector in HRM?
2. In your own words please describe how policies such as XX (non-profit Tax Relief AO/ Rental Housing Preservation Program/ New Rental Housing Program –dependent on participant) support non-profits in sustaining their units?
Prompt: funding for new units, funding for renovations, supplements for low-income tenants
3. Do policies or programs administered through government consider or monitor how non-profits are operating their units (annual budgets, locations, conditions)?
4. Have housing policies and programs relevant to non-profits changed in your time working for government? If so, in what way?
Prompt: Who they serve, the way they are administered, desired outcomes?
5. How would you describe the capacity of the non-profit housing sector in Halifax in relation to the affordable housing demand?
Prompt: Number of units, support, ability to operate at full potential
6. Are there any factors or changes in the HRM that have influenced the way non-profits operate?
Prompt: Specific change in policy, programs, tools
7. Articles in The Coast, The Metro, and The Chronicle Herald have reported that non-profits throughout the city have sold units to continue operating. Do you believe this is an accurate representation of realities faced by housing non-profit associations? If yes, what do you believe has led to this state?
8. As someone who works in government, would you say that policy makers and non-profit housing associations understand the challenges they each face in supporting housing for low-income households?
Prompt: General knowledge about them, who they are available to, how they work

9. In your opinion, are there limitations for the operation of the non-profit housing sector?
Would you say these limitations are new, or have they been present for a while?
10. Do you believe changes could be made to the types of support (e.g. funding, programs) non-profit housing associations receive? If yes what would they be?

Appendix B

Financial

- No Reserve Funds – No reserve funds to draw on for major costs in the future.
- Decreasing or Unreliable Subsidy – Subsidy for non-profits had either decreased or was not annually guaranteed (not consistent).
- Profits do Not Cover Costs – Current revenue from rents alone do not cover monthly and annual bills.
- Increasing Costs (Maintenance, Bills, Taxes) – Oil, electricity, taxes, maintenance and repairs.
- Vacant (inhabitable) Units – Due to disrepair and conditions that are not up to code, units that cannot be rented and represent lost revenue.

Non-Profit Internal Model

- Board – Ageing, dis-engaged, or divergent board impacting how a non-profit operates.
- No Long-Term Planning – past management had no long-term plan, which has led to the financial and physical state of non-profits.
- Management Competencies – Non-profit management lack essential competencies, such as property management and development skills.
- Target Low-Income – Non-profits whose tenants are primarily or completely composed of low-income individuals or families who cannot afford market rate rent.
- Mandate and Mission – A non-profits mandate or mission which may limit their ability to grow or remain financially viable.
- Under Staffed – Current staff numbers unable to meet operating demands.

Sector Relationships

- Changing Relationships with Government – In some form or another the relationship between levels of government had shifted.
 - Government no longer see non-profit stock as an asset.
 - Government is pursuing different ways to provide affordable housing.
 - Specific government departments no longer seek to collaborate or work with non-profits.

- Policy Makers not in Touch with Sector – Policy makers at a high level are unaware of the diverse needs and barriers that face non-profits in their day to day operations.
- No Facilitator or Defined Roles– No role or position that over-sees the sector, coordinate between government, and links available resources. Such as:
 - Direct specific questions to
 - How to apply for specific funding
 - Aware of what is available to non-profit projects
- No Collaboration or Communication – levels of government and non-profits work in isolation of one another and have little communication about capacities and vulnerabilities of the sector.
- Perceived Inaccessible Support – Non-profits were unaware of available funding and supports.

Transitioning Policies and Programs

- Limited Funds – The Nova Scotia provincial budget only has so much to allocate for housing and the non-profit sector each year.
- Inconsistent Support and Priorities – Changing government interest, economic environments, and public interest in housing led to inconsistent funding and support to non-profits impacting their ability to sustainably plan.
- No Long-Term Plan or Due-diligence– Policies and programs have been short term with no overall vision for the housing sector and non-profits within it and no oversight. This resulted in disconnected and shifting programs that did not transition well from one to the next.
- Capacity in 1997: Social Housing Agreement – The Nova Scotian government did not have capacity to take over housing and support the non-profit housing sector in the way it required to grow.

Appendix C

Financial Limitations and Policy and Program Synthesis

	CMHC	Housing Nova Scotia	HRM
No Reserve Fund			HRM annual grants could one-off needs of non-profits.
Decreasing or Stagnant Subsidy		Can provide more rent-supplements if available to increase monthly subsidy per unit to non-profit.	Can provide higher level of tax-relief rate if non-profit is not already receiving 100%.
Profits do not Cover Costs		Could provide a capital cost injection to development more affordable units and help grow non-profits capacity. If not yet at capacity, could offer higher rent-sups to increase profits.	
Increasing Costs		Could provide repair funding under SHARP or Preservation program.	Provide one-time grant for specific unit repairs.
Vacant Inhabitable Units	Offer initial development subsidy to see if unit is financially viable.	Match potential tenant from Housing Authority waitlist.	
Inconsistent/Unreliable Funding			

Appendix D

Nova Scotia Housing Development Corporation
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2012

	<u>2012</u>	<u>2011</u> (Unaudited)	<u>April 1, 2010</u> (Unaudited)
FINANCIAL ASSETS			
Cash	\$ 18,302	\$ 16,248	\$ 16,069
Amounts receivable and advances	31,427,727	24,722,901	33,042,936
Inventory of land	2,615,550	2,349,142	2,246,194
Loans and advances receivable (Note 8)	575,646,743	495,877,917	314,731,075
Fund for future social housing expenditures (Note 5)	58,602,378	63,834,634	56,619,058
	<u>\$ 668,310,700</u>	<u>\$ 586,800,842</u>	<u>\$ 406,655,332</u>
LIABILITIES			
Bank advances and short term borrowings	\$ 2,810,338	\$ 2,206,195	\$ 1,452,950
Accounts payable and accrued liabilities	97,524,566	20,660,952	25,735,641
Deferred capital contributions (Note 2)	-	61,546,661	35,978,242
Loans and other debt (Note 9)	841,012,396	780,045,059	610,454,573
Deferred federal contribution (Note 5)	58,602,378	63,834,634	56,619,058
Reserve for mortgage guarantees, indemnified loans and interest fluctuations (Note 10)	13,584,536	12,600,439	17,002,009
	<u>1,013,534,214</u>	<u>940,893,940</u>	<u>747,242,473</u>
NET DEBT	<u>\$ (345,223,514)</u>	<u>\$ (354,093,098)</u>	<u>\$ (340,587,141)</u>

Source: Nova Scotia Housing Development Corporation, 2012.

Housing Nova Scotia
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2017
(In thousands of dollars)

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 65	\$ 91
Amounts receivable and advances <i>(Note 3)</i>	55,826	34,150
Loans and advances receivable <i>(Note 4)</i>	556,443	573,415
Fund for Future Social Housing Expenditures (FFSHE) <i>(Note 5)</i>	38,292	49,882
	<u>\$ 650,626</u>	<u>\$ 657,538</u>
LIABILITIES		
Bank advances	\$ 3,157	\$ 3,010
Accounts payable and accrued liabilities <i>(Note 6)</i>	121,801	102,434
Loans and other debt <i>(Note 8)</i>	735,645	787,815
Deferred Federal Contribution (DFC) <i>(Note 5)</i>	38,292	49,882
Deferred revenue and other liabilities <i>(Note 9)</i>	24,176	6,307
Provision for mortgage guarantees and indemnified loans <i>(Note 10)</i>	4,506	4,194
	<u>\$ 927,577</u>	<u>\$ 953,642</u>
NET DEBT	<u>\$ (276,951)</u>	<u>\$ (296,104)</u>

Source: Housing Nova Scotia, 2017a.