CALEDON
INSTITUTE OF
SOCIAL POLICY

caledon
commentary

February 2009 ISBN #1-55382-338-9

Put Your Money Where Your Wealth Is*

While there is consensus on the need to spend our way out of the current recession, there is no shortage of opinion on how to do this. The one area that has captured the support of both left and right is investment in Canada's decades-old infrastructure – in desperate need of repair and environmental upgrade.

There are two major benefits to infrastructure investment: immediate creation of jobs for so-called shovel-ready projects and long-term economic and social gains that derive from renewing the essential hardware of cities and communities.

The problem is that the discussion of infrastructure has been fairly narrow, focusing on roads, sewers, water systems and basic elements that form its physical plant. It is all too easy to forget the other core components of infrastructure – affordable housing, schools, libraries, recreation centres and museums that contribute immeasurably to community well-being but often get overlooked in the mix.

The infrastructure work should begin – literally – at home. Far too many Canadians live in substandard housing that seriously threatens their physical and mental health. The most common way to improve the availability of high-quality, affordable housing is to enhance its supply, which usually involves increasing the number of reasonably priced housing units in any given neighbourhood or community.

A related approach to increasing the supply of affordable housing involves the repair or retrofit of the current housing stock. This option is important for protecting heritage property and preserving existing neighbourhoods. The US has just announced plans to weatherize the homes of one million low-income households per year as part of its economic stimulus package.

Various federal funds for affordable housing currently are provided under a set of federal-provincial accords known as the Affordable Housing Agreements. The catch is that Ottawa's funding for the measures that

* This commentary was published as an op ed "Let's invest in communities" in the *Toronto Star* on January 22, 2009.

comprise these Agreements – the Affordable Housing Initiative, Homelessness Partnering Strategy and Residential Rehabilitation Assistance Program – is set to expire in March 2009.

In September 2008, the federal government announced its intent to allocate funding for housing and homelessness programs at $387.9 million per year for five years. Ottawa must follow through on this commitment in the upcoming Budget. Ideally, the five-year accords would be part of a long-term comprehensive strategy.

If the federal government is unable to find the funds for this investment, it might consider diverting several billion from current tax breaks for higher-income Canadians. The Wellesley Institute recently reported that Canada's homeowners, who are about twice as rich as renter households, pocketed tax breaks worth $11.5 billion in 2007 – more than 5.5 times greater than the annual investment in affordable housing.

Another core component of social infrastructure includes the amenities that contribute to a good-quality life. A burgeoning literature on population health is finding links between community amenities, and health and well-being. Social infrastructure in the form of schools, parenting and community centres, and libraries serve as safe venues for residents to discuss concerns, make decisions, learn new skills and provide informal support.

Schools are a leading example of community spaces that respond to important social needs. They provide a locale for before- and after-school child care and early learning. They are convenient centres for organizing continuing education, cultural and recreational activities. They act as places for residents to meet and discuss relevant issues, such as community health or safety, or for parents to learn language skills or improve their literacy proficiency. The most effective literacy programs are those located close to home.

While schools are naturally situated to serve as neighbourhood hubs, other local resources such as neighbourhood, public health and child care centres can also serve this purpose. As in the case of physical hardware, these various forms of social infrastructure require significant upgrades.

But social infrastructure consists of more than just community space. It includes activities that encourage positive participation. Recreation, sports, the arts and opportunities for cultural expression help build self-esteem for children and young people. These activities have also been found to reduce negative social behaviour among youth, thereby lowering the cost of social services and the juvenile justice system.

The current federal preference for boutique tax cuts, such as the children's fitness tax credit that took effect in 2007, increase disposable income primarily for middle- and higher-income families. But these measures cannot substitute for investment in both the capital and operating components of a widely available program or service. In the case of physical fitness, for example, families cannot possibly build and maintain through their individual contributions the essential infrastructure such as parks, trails, fields, arenas, rinks and pools,

and the training and payment of qualified staff.

Funding for social infrastructure can both create employment and contribute to well-being over the long term. It represents an investment in the most significant component of our wealth: the quality of life in communities.

Sherri Torjman

Copyright © 2009 by
Caledon Institute of Social Policy

401-1390 Prince of Wales Drive
Ottawa, ON K2C 3N6
CANADA

Phone: (613) 729-3340
Fax: (613) 729-3896
E-mail: caledon@caledoninst.org
Website: *www.caledoninst.org*