

# Mixed-Income Housing: The Model in a Canadian Context

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## Abstract

*Mixed-income housing is becoming more prevalent in Canada in part as a response to the need for the affordable housing sector to be more sustainable, a theme found in many of the provincial, territorial and national housing strategies. The literature suggests that mixed-income housing is a means to address concentrated urban poverty. However, this does not appear to be the primary focus of mixed-income in Canada. Instead, a review of best practices demonstrates there is no one model that can be held up to be emulated and that the key to success is the ability to be flexible and adaptable. Additionally, housing alone cannot be the sole solution to helping low-income households move out of poverty. It is hoped that this paper helps to continue to examination of mixed-income housing in Canada and further develop the housing sector's best practices in the implementation of this housing model.*

Keywords: mixed-income, sustainability, best practices

## Introduction

The idea of mixed-income housing has gained popularity in Canada with housing organizations across the country introducing various models. Mixed-income housing, however, is not a new concept, although it may be relatively so in Canada. In the United Kingdom, Europe and the United States, mixed-income developments and communities have long been seen as a solution to the segregation of social housing (Schwartz & Tajbakhsh, 1997), with specific policy outcomes associated with that solution. However, there is little literature about what issue or issues are being addressed by the adoption of mixed-income housing in Canada. This paper builds on research done on the best practices for mixed-income housing in Canada (Moore, 2017). Before detailing those best practices, this paper will contextualize the model of mixed-income housing through an examination of the strategies underpinning such models in other countries where they have been much more established.

## Policy Rationales for Mixed-Income Housing

A unit-based strategy, mixed-income housing is one of two strategies used to address the concerns of poverty concentration. The other strategy, more often used in the United States than in the United Kingdom or Western Europe (Musterd & Andersson, 2005) is the use of rent vouchers. Rent (section 8) vouchers, promoted under the Moving to Opportunity program in the United States (Duke, 2009) operate like mobile rent supplements whereby tenant households are provided financial support to afford a higher rent in a more affluent neighbourhood. Both strategies however, emerged as responses to the concern about concentrated poverty.

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As with many social policy initiatives, there is a variety of policies and programs that fall under the mixed-income housing umbrella (Levy, McDade and Bertumen, 2013). There is also no single definition or model. The definition offered by Brophy and Smith (1997) provides the characterization by which mixed-income housing is recognized: “the deliberate effort to construct and/or own a multifamily development that has the mixing of income groups as a fundamental part of its financial and operational plans” (p.5). While mixed-income housing strategies focus on the variety of incomes in a development or community, the literature also speaks to mixed-market or mixed-tenure communities, which focuses on the mix between homeowners and renters with an assumption that this will also generate a mix of incomes (Musterd & Andersson, 2005).

Joseph, Chaskin and Webber (2007) note that there are two distinct policy rationales reflected in mixed-income housing arguments. The first is to address urban poverty, recognizing the argument Wilson made in his influential work about the dangers of concentrated poverty environments; the second is a more general strategy to urban redevelopment. Both of these rationales reflect the experience in the United States where higher-income households left the urban core for the suburbs. Not only did this create income disparities, it also further exacerbated racial divides. As the desire to revitalize urban centres increased, mixed-income developments became a way of addressing concerns across political beliefs, but also a means to better secure the financing needed to redevelop the land (Joseph, Chaskin & Webber, 2007).

In many instances, the objectives or goals of mixed-income housing focus on the experience of the low-income households as mitigating the negative impacts of poverty (Fraser, Oakley & Levy, 2013). Levy, McDade and Bertumen (2013) argue that there are generally three goals associated with mixed-income housing. The first, economic desegregation is premised on the belief that mixed-income housing will offer low-income households better quality housing, better access to services and amenities and safer neighbourhoods compared to concentrated poverty environments. The second objective is poverty alleviation as envisioned through increasing the social networks of low-income people through their higher-income neighbours as well as providing modeling of different behaviours (Levy, McDade & Bertumen, 2013). The final objective is urban revitalization which sees mixed-income developments as improving neighbourhood safety as well as improving amenities and services available in the area (Levy, McDade & Bertumen, 2013). In addition to these objectives, there is also a sense that mixed-income housing can assist with racial integration (Bolt, Phillips & van Kempen, 2010).

While these objectives appear throughout much of the literature about mixed-income housing, particularly from the United States, there is also considerable critique of the same. One common critique is that the research questions in the literature are too narrow, and that other considerations should instead be explored. For instance, Joseph, Chaskin and Webber (2007) highlight the need for more investigation into what the viability of including moderate income residents as well as low-income and higher-income households and what the optimal mix would be. Duke (2009) argues that more needs to be known about the characteristics of individual neighbourhoods and their impact on the outcomes expected from mixed-income housing. The ethnographic work done by Graves (2011) suggests that the rules set by the property manager is by far more influential than expected and yet, this aspect does not appear much within the literature. At the same time there is recognition that there are limited findings that show the first and second objectives can be realized (Joseph, Chaskin & Webber, 2007; Kearns, McKee, Sautkina, Weeks & Bond, 2013). Many researchers take issue with the assumption that poverty can be addressed through spatial solutions only, instead arguing that services and supports provided to low-income residents are critical (Costigan, 2006; Duke, 2009; Levy, McDade & Bertumen, 2013).

Although there remains little evidence for mixed-income housing to be the solution to poverty in the way imagined by policy makers, there has been some evidence that the objective of urban revitalization may be more achievable. As Levy, McDade and Bertumen (2013) note, there have been some studies that demonstrate actual benefits from urban revitalization including a greater sense of safety and some better outcomes for children living in those developments. There is also a sense that

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mixed-income housing allows for residents who increase their economic circumstances can remain in their communities and neighbourhoods rather than moving to more affluent areas (Bolt, Phillips & van Kempen, 2010). And lastly, mixed-income housing seems to enable communities opposed to more traditional forms of affordable housing to be more accepting (Costigan, 2006).

### Mixed-Income Housing in a Canadian context

The use of mixed-income housing in Canada has been, until recently, much less in comparison to other countries. As August (2008) notes, the federal government had at one time supported the concept of mixed-income housing through the National Housing Act in the late 1970s because of the model's ability to address both financial and social sustainability. However, this support was withdrawn by the early 1980s due to concerns about the costs involved in developing mixed-income housing, and the policy and legislation moved towards providing social housing for those in core housing need (August, 2008).

Social housing is generally recognized as “subsidized public or non-profit/co-op rental housing for people with low and moderate incomes” (Suttor, 2016, p.3). One of its defining features is that it is rent geared-to-income (RGI), meaning that for most social housing tenants, they pay 30% of their gross income towards their rent<sup>1</sup>. The majority of the social housing stock was built in the 1960s and 1970s when there was considerable investment in social housing. In many instances, social housing was built alongside private rental developments in new neighbourhoods (Suttor, 2016), thus creating a more integrated community, and less likely to be in the urban core. Much of this housing stock is nearing the end of its life cycle, providing opportunities to revitalize and redevelop existing sites.

And while these opportunities exist, the sustainability of social housing in Canada is in question. After decades of little new investment into social housing, the federal government has committed resources not only to renew existing housing stock, but also to build new units. While this is good news for the growing demand by households who face affordability problems in the rental market across the country, there is still a question about the long-term sustainability of the sector. Sustainability is an important element in urban planning (Bramley, Dempsey, Power & Brown, 2009) and is measured through the triple bottom line approach which accounts for economic, social and environmental dimensions (Arman, Zuo, Wilson, Zillante & Pullen, 2009).

As housing organizations look for innovative methods of achieving sustainability, mixed-income housing has regained its popularity. One of the more notable Canadian examples is the Regent Park development in Toronto. Not only was this reflective of the overall strategic direction of the Toronto Community Housing Corporation in the early 2000s as they looked to revitalize a number of their existing social housing sites, Regent Park has also served as an example for mixed-income development in other parts of the country (August, 2016). In some cases, the move towards mixed-income housing is intentional, with purpose-built developments under a mixed-income model. In others, it is a result of the consolidation of several housing providers who offered a mix of affordable housing options, including social housing. And for some, it is a means to try a new approach from the traditional social housing model established in the 1960s and 1970s. Mixed-income housing is seen as a means to achieve greater economic or financial sustainability than traditional social housing while meeting the mandate of providing affordable housing. This is because housing providers can charge market rent rates to higher-income households and thus generate greater revenue than a traditional social housing building, but also include lower rents to ensure those in housing need can find housing affordability.

### Mixed Income Best Practices

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<sup>1</sup> Some housing providers use RGI but at a lower ratio amount.

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With the adoption of mixed-income housing being relatively newer in Canada, and with the uncertainty that appears in existing literature about mixed-income, particularly about its impact for low-income households, it is timely to look at the literature as well as to the sector itself, examining the existing models in Canada and identifying the best practices for the implementation of mixed-income housing. To identify those best practices, Moore (2017) undertook interviews with housing providers with mixed-income housing. The findings were categorized in the following categories: building and unit characteristics, resident interaction, governance and participatory mechanisms, income mix, support services, and environmental sustainability and financial viability.

### *Building and unit characteristics*

All participating housing providers employed a strategy where there were no differences between affordable and market units in terms of build quality or in-suite amenities. This helped with the ease and flexibility as both unit and rent mix are completely interchangeable or, as one participant put it: “Unit A looks exactly like unit D and unit D looks exactly like unit Z. That doesn’t change and so we wouldn’t ever go ‘well, that’s a low income unit, we can only fill it with a low income [*tenant*].” Units were scattered throughout floors and most housing providers give no preferential treatment to near- or at-market tenants in terms of floor or view. As one participant mentioned:

“I took great pleasure when we, in our latest new construction project, the 8<sup>th</sup> floor are just the absolute prime apartments. They have a beautiful walk out terrace, they have higher ceilings than all the other floors and great views and I just loved it that we put families straight out of the homeless shelter on to those apartments.”

Another participant lamented the standards around affordable housing which he felt were demeaning. In this participant’s jurisdiction, the province enacts modesty requirements for affordable housing, but in a mixed market setting, this simply won’t work. As the participant notes in arguing against these modesty requirements being applied to his development:

“We basically said, if you do mixed housing and you do it in this way where they are interchangeable spaces, you can’t apply those modesty requirements to the affordable units. We can’t have this unit air conditioned and this unit not air conditioned. We can’t have these finishes worse than those finishes. We can’t have crappy elevator lobbies. So I feel like, one of the benefits is, because it has to cater to a mixed market, is that it raises the bars in terms of the quality of housing for low income folks in affordable units.”

There were two housing providers who differentiated their at- or near-market rate units somewhat in order to attract market rate tenants. One mentioned they will sometimes set aside units with better views for their near-market units. Another who offers premium rental units that are priced above their area’s average market rates configured these suites to include unique finishes, and they also have balconies and in-suite washers and dryers. However, this only applied to premium market units and not to the participant’s at-market units which are indistinguishable from affordable units within their development.

With respect to the overall build, most new developments are well integrated with the surrounding community and do not have a “social housing look.” That said, some participants lamented that in some of their older developments, the buildings are quite large, sometimes as large as 700 units, and at the time were built to look the same. This contributes to the stigma that is attached to these developments. Most participants have common lobbies and entrances although one participant in British Columbia spoke of some controversy that was caused in that province when one mixed condo and affordable rental development had separate entrances with the affordable group’s entrance being referred to as the “poor door.” While this looked to perpetuate the stigma of affordable housing, further research uncovered that separate entrances were necessary for a number of reasons, including

the fact that the two sides of this development were completely separate buildings with legally separate titles, and that the affordable housing entrance was located on a more prime street (Lee, 2015).

Ground-level commercial space is incorporated into some developments, but only where it makes sense and where there is adequate foot or vehicular traffic. Sources of additional revenue from a commercial perspective include: renting out excess parking spaces, renting rooftop space for billboards and cell phone antennas, laundry facilities, office space, and a daycare. The amount of additional income commercial space brings to operations is nominal, with most participants estimating contributions of one to six per cent to overall revenues. That said, nearly all participants were either reviewing their existing commercial strategies to review empty space to determine whether it is viable space to rent out commercially. Others are looking for ways to grow this revenue component of their operations. One participant said they typically lease office space on a break-even basis to community-based organizations who could not afford market rates in order to “help out the community.” However, the participant noted their organization planned to stop doing this. They note: “it’s just not fair to [*the housing organization*], I suppose, it’s not fair to the tenants because we’re not generating revenue and we should be or we need to be.” Others argue the need for social enterprise to be integrated in mixed-income developments with the goal of benefiting the broader community. One example would be a day care that employs neighbourhood residents and has affordable spots for children who reside in the development. Another example noted by a participant is the Skwachàys Lodge which is both an Aboriginal-run hotel with an art gallery at ground level. Revenue generated from the hotel and gallery provides affordable housing for Aboriginal artists in residence (Skwachàys Lodge, n.d.).

### *Resident interaction*

Most participants rated resident interaction to be moderate. One participant noted that resident interaction is high in developments where there are “a lot of kids and a lot of dogs.” All participants felt interaction between various income groups was positive overall and that any tension was generally not along income lines, but simply personality differences. Interaction was mostly supported through devoted common spaces and communal activities both within the developments and in the surrounding neighbourhood. Examples include: common rooms, rooftop or garden terraces, resident barbecues, potting areas, community gardens, computer rooms, after school programs for resident children such as homework clubs, community kitchens, and local beekeeping. Some of the common rooms or common spaces were unique in nature. One participant had a room equipped with Skype videoconferencing facilities while another had a common area with dedicated mechanical systems so the room could be used for smudging ceremonies.

One participant employs tenant liaisons via a “Social Integration Department” who work with property managers to bring community events into the common spaces. They also circulate notices about community and neighbourhood events to encourage tenant to participate and feel like they are “part of the whole community and not just the building.” Another participant promotes tenant engagement both in civic matters and with their organization’s decision making via a similar approach using a dedicated “Resident and Community Services” division. At least two participants mentioned either they were looking to limit the amount of floor area devoted to common space. One participant mentioned in new developments they are not incorporating much, if any, common space and another noted they are looking at areas where common space can be converted back to residential use. This participant mentioned common laundry rooms being utilized less because the cost of washers and dryers have dropped so much residents can afford to get their own for more convenient in-suite use: “I’m actually looking to see if there is a way for me to repurpose those [laundry rooms]. In 36 units [*sic*] if I can take a laundry room and make it into a bachelor suite, you know, there’s 38 [*sic*] more units of housing. That’s another building.” With respect to common rooms, the participant notes there are a lot more amenities nowadays in community centres and recreational facilities, so that the need for

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common rooms is no longer there: “If you put a thousand square foot community room in, that’s a three bedroom. I’d rather have people living there than sitting idle twenty-nine days out of thirty.”

By far, the most mentioned common activity or common space employed was either potting areas for gardening or community gardens. As one participant put it: “You can sit on your front porch reading a magazine and nobody will say anything to you. If you suddenly put a trowel in your hand and dig in the dirt, people walking by on the sidewalk will stop and say hello. It just seems to happen.”

### *Governance and participatory mechanisms*

All participants have rules for their developments, particularly around the use of common areas, but also around setting norms for respectful behaviour. As one participant noted, collective rules are based on “respect for people, respect for others in the building and respect for the asset.” Most participants expressed that it was their desire not to be overly burdensome with rules or “over police” their residents. Therefore, when asked, most participants said they had some rules but usually added “not a lot.” Many referred tenants to provincial tenancy legislation in order to inform tenants about roles and responsibilities for both landlord and tenant. One participant holds two group lease signings each month in a deliberate attempt to set some norms around how they operate as a housing provider and what expectations they have for residents both as tenants and as neighbours.

The extent to which tenants are involved in setting common rules or in the overall governance either within a development or the organization in general varied. Some participants stated that tenants are not involved in governance matters at all while one mentioned having a public tenant committee which has since been disbanded. Another mentioned they are about to introduce tenant advisory groups in their developments with the goal to work with on-site property managers and other housing organization staff to ensure that tenant input and consideration is being incorporated into decision making.

Two participant organizations perhaps best exemplify the inclusion of tenants in overall governance of a housing organization. The first participant uses a committee structure which mirrors the operational structure of their organization. There are five committees in total (membership and communications, development, property management, rental, and finance) and they perform oversight of these same departments within the organization’s operations. All policy decisions and major operating goals and standards for each department are set by these committees. They are completely open committees and anyone who attends more than three meetings becomes a full voting member. Their open nature typically means the committees are tenant dominated, but there are also other community volunteers who get involved. The bylaws of this particular organization require that a minimum of one-third of their board of directors be tenants, and a minimum of one-third be non-tenants. In their history, this participant does not recall a time when these minimums were not met. Because the board of directors is elected by their membership, they always elect more tenants than the minimum in any case. Currently, about 60 per cent of board members of this organization’s board of directors is made up of current and former tenants. Also, the by-laws force an election at an annual general meeting and require the nominations committee to nominate more candidates than there are available spots to ensure the board is never acclaimed. In order to help tenants in governance participation, the organization has a fund to help pay for family care and transportation to attend the meetings.

A second participant organization noted how essential it was to provide tenants with access to decision making and give them a role in it. In, each development of this participant organization there are one to three tenants in the role of tenant representative. These tenant representatives are tasked with knowing the issues that are important within their particular building and the broader community by organizing meetings and having ongoing dialogue with tenants and building staff and getting to know local agencies working in the area. Tenant representatives also must participate actively in broader neighbourhood councils with goals of keeping tenants informed, addressing building and community issues, making connections with other tenant representatives and the broader community, advocating

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for change, and getting to know and understand what resources and supports are available within the area. This approach allows the participant to obtain tenant input into decision making, address building and community issues, and create or modify collective rules. This particular participant also went one step further and developed a tenant charter. This charter was jointly developed by both employees and tenants and was reviewed and approved by the board of directors. The charter communicates service commitments and spells out accountabilities for both employees of the housing provider and tenants. It touches on areas of community collaboration, integrity, respect and accountability.

### *Income mix*

Income mix varied for all participants. Even within their own portfolios, participants noted that the mix varied development-by-development. The reason cited for this was the fact that each development varied in terms of its operating costs and the capital structure at the time the development was built. This meant that each building had a unique pro forma which required different market mixes to meet the operating costs net of any subsidies. Moreover, as one participant noted, the mix must “bend and flex” to meet the needs and conditions in the current market and if one strictly adheres to a specified mix one is “doomed to fail”. For example, some participants gradually built up to a different mix as they acquired or constructed new developments. One participant started off with a 50/50 affordable to market rent split, moving to a 30/70 affordable/market split, but over time was able to convert this to a 70/30 split where the market component is a much smaller proportion of the overall mix yet helps support the provision of affordable units within the development. Another participant spoke of a previous provincial mixed-market housing program where a 33/33/33 split of deeply subsidized, lower end of market and market was found to be an appropriate mix.

Only one participant offered market rental units priced at average rental rates in their market. This same participant also offered a few premium market rentals at above-average rental rates. The vast majority of participants instead operated in a niche at the lower end of the rental market when it came to offering what they consider “market” rental housing. Here participants mostly utilized rent-geared-to-income (RGI) units or “lower end of market” (LEM) units which were not attached to operating agreements and/or regulations. RGI units were set at 30% of income and the LEM units were typically set at 10-20% below the average market rent for the area. Utilizing unregulated units allowed the participants to distribute these RGI and LEM units throughout their developments and portfolios to achieve desired revenue through mixing. Participants had to, of course, be mindful of existing operating agreements and had to ensure they maintained the agreed to amount of regulated RGI and/or affordable units as per existing funding and operating agreements with various levels of government. Nonetheless, this approach allowed flexibility across portfolios and allowed participants to offer choices to tenants within a development, without the need to move out, as a tenant’s life circumstances changed. This was a key objective cited by most participants and also speaks to strategy. This flexibility allows affordable housing providers operating in Alberta to address the large component of their waitlist made up of those households who will likely never qualify for regulated RGI because their point scores are not high enough. This is mostly due to their incomes being too high, yet not high enough where they can access the private rental market as it’s simply too expensive.

Finally, most participants employed a mix that offers: (a) some deep subsidy or low income units, (b) some RGI or a product that, while also deeply subsidized and targeted to low income households, can also be offered to those of moderate incomes, and (c) at- or near-market rental units targeted to middle or high income households. One participant noted this as part of their strategic planning because they worry about having a bimodal income split between high and low income and nothing in the middle. To address this, this particularly participant will reserve a block of units for modest subsidies so that there is a blend in their properties of lower, modest and middle income households.

### *Support services*

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All but one participant mentioned using partnerships with outside agencies to deliver additional social or health supports to residents in their housing developments. None delivered these supports directly. However, approaches and opinions varied with respect to the provision of support services. Most participants have referral agreements with social service agencies to accept their clients into housing. Most of these units are also distributed throughout participants' mixed-market developments, although some participants had buildings dedicated to transitional or supportive housing. Many participants have block lease agreements with community service agencies where the outside agency itself was responsible for managing and filling the units. Contracted support services typically included areas such as: addictions counseling, mental health support, physical and emotional disability supports, supports for young parents and supports for women fleeing abuse. Some participants had as few as nine service agreements with outside agencies while other housing participants worked with over 300 external providers. Most of the support services offered through agency partnerships were provided off site. However, through referral agreements, one participant mentioned that usually one on-site unit is provided to the support agency to use as an office where tenants can visit in person to seek support.

### *Tenant support workers*

Two participants had a very unique approach where one had their own Social Integration Department and the other had a Resident and Community Services branch. These dedicated divisions were responsible not only for tenant and broader community engagement, but also functioned as a direct link to support services. The one participant with a Social Integration Department employed five social workers<sup>2</sup> as "tenant liaisons" who service tenants across the entire portfolio. Property managers refer tenants within their building to these tenant liaisons in two circumstances: (a) if the tenant reaches out to the property manager for support or (b) if the property manager notices any issues with the tenant either through behaviour, during suite visits, or when payment difficulties emerge. The tenant liaisons make initial contact with the tenant to assess the situation and see where can assist. The tenant liaisons do not deliver support services directly, but this more integrated approach allows the housing participant to make very specific referrals to social agencies depending on the need uncovered.

The participant mentioned that tenant liaisons provide support in a number of ways: it may be as simple as help filling out a form, or help with children who are not doing well in school, during in-person visits the tenant liaison may notice lack of food, hoarding, lack of furniture, or clothing. The tenant liaison is then able to provide a link to resources because, as the participant mentions, oftentimes the tenant is simply not aware of the resources available or does not know how to make a connection to a service. A common phrase heard from tenants by this housing provider is: "I don't know what to do." The participant provided an example of the "deeper dive" that having tenant liaison staff can provide. For instance, if a tenant is not paying their rent, other housing providers would likely move to immediately evict. Instead, with this particular housing provider, the tenant would be referred by the property manager to the tenant liaison. Through contact with the tenant, the liaison may discover the rent nonpayment could be related to poor financial decisions, it could be an elder abuse issue, an addictions issue, a situation where the tenant is being taken advantage of, or simply the tenant is so far in debt they are unable to balance their finances. This could lead to supports such as: help fleeing an abusive situation, addictions counselling or links to services such as budgeting and financial planning help. Finally, this provider noted they also have resource centres in some buildings where resources can be brought right to the tenants. In these buildings the provider will survey residents and, depending on unique needs in the building, they will bring in supports such as: parenting classes, employment seminars (i.e. interview skills, résumé writing, job search tutoring, etc.), cooking classes, and English language courses. Sometimes the participant will organize general resource fairs so that tenants have a general awareness of the community resources available to them.

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<sup>2</sup> While the term social worker is used, the participant noted that being a Registered Social Worker (RSW) is not a requirement for the position of tenant liaison; however, some tenant liaisons presently employed are RSWs.



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Some participants expressed concerns with directly employing tenant support workers, especially in the case of evictions or landlord/tenant disputes. One participant thought it was a good idea for there to be tenant support workers, but added: “I don’t think it’s a good idea for them to be employees of the landlord.” Another participant who has a resident and community services division as part of their operation mentioned, in the particular case in landlord/tenant disputes, “they work for us, nobody would trust them” and instead refers tenants caught in eviction proceedings to the nearest legal aid clinic. Clearly some delineation in terms of what a support worker is and is not able to do would be required if a tenant support worker position was to be incorporated into a housing provider’s organizational structure. Finally, one participant wanted to hire a tenant support worker to deal specifically with homelessness prevention; however, they were not able to secure funding from their provincial government.

### *Environmental sustainability and financial viability*

A number of participants mentioned the importance of incorporating environmental sustainability into the design principles of new developments and redevelopments. Taking advantage of new building envelope technologies and green building technologies can drive operating costs lower and can help with the ongoing financial sustainability and keep rents affordable. One participant noted that when tenants move in, they invite them to sign a green commitment pledge which provides a simple list of things tenants can do to reduce their ecological footprint. The participant then compares properties and recognizes those buildings with the highest number of commitments amongst residents. The idea is to promote some friendly competition, but also reinforce the idea that “behaviour trumps design.” In other words, you can have the best environmentally designed building, but it is of no use if residents within the building are not behaving in sustainable ways. Other participants noted that sustainability can be achieved through small steps such as changing lightbulbs to more energy efficient fixtures; however, larger efforts such as incorporating cogeneration, geothermal heating, and passive housing are not feasible for social housing providers without “massive amounts of free money” in the form of grants from government.

With respect to financial viability, all participants mentioned that a fully self-sustaining portfolio or individual development was not the goal of their mixed-market strategy because that end state is nearly impossible without some form of ongoing operating subsidy, grant, or capital injection. The viability of each development is dependent on various forms of funding from other levels of government, and without this the market mix would change. One participant noted that without any grants – in this case through local and provincial tax credits – they would not have been able to achieve their current mix ratios and would instead have had to shrink their affordable component from the current 49 per cent of units overall to just 10 per cent. Another participant spoke about a portfolio of affordable RGI units which are entirely cross-subsidized by market rent units within the same portfolio, but adds: “this is entirely possible because there’s a mortgage subsidy.” This same participant mentioned another portfolio where the affordable units are partially cross-subsidized through market rental units and partially subsidized through rent supplements. Here, the participant notes: “If we removed the cross subsidization within it, it wouldn’t work. But even more importantly, obviously, if we removed the rent supplement it wouldn’t work at all.” That said, all participants mentioned taking a portfolio approach to their operations in which some buildings simply don’t have the market mix required to be self-sustaining, but these buildings are offset by those developments operating with no net loss or even a surplus and that a better overall goal is simply to balance their portfolios. Yet, even this broader portfolio goal can be very challenging. One participant captures this challenge well:

“It’s possible but we do our financial budgeting, and so on, on a portfolio basis. So while some projects do have considerable levels of market units and could manage on their own, there are ones that have no market units and therefore can’t manage. So we cross subsidize to some degree, but even so we were close to being in the red this year on operating and we will be soon if we don’t receive any additional funding either from tenants or the city government.”

This same participant notes that they would like to build more market units to achieve a better mix because at their current RGI to market mix they are not financially sustainable. However, to achieve a better mix, they would have to build more units and “right now we don’t have enough money to fix the buildings we have.” The participant went on to add that even existing federal and provincial affordable housing programs require significant investment on their part to build additional units and that is simply money they do not have. Adding to this, some participants mentioned that the political environment and the different jurisdictional approaches to providing social housing also play a role. For instance, in Ontario the funding and the responsibility for the operation of social housing were downloaded from the province to the municipal level. This differs from other provinces in Canada where social housing is still very much a provincial responsibility and, in some cases, social housing is directly owned by the provinces. This difference in jurisdictional approach means that in Ontario any increasing costs of the operation for social housing is primarily borne by municipalities on their relatively small tax bases. This leaves little room to commit to anything other than maintaining their current social housing stock and leaves municipal-owned housing providers unable to migrate to more of a mixed-market approach like in other jurisdictions where provinces may be more supportive with funding.

In addition to jurisdictional differences, variations in both the operations of housing participants and the nature of their portfolios helped them adopt mixed-market approaches. These factors also helped shape their idea of what may be possible when it comes to viability. For instance, one participant mentioned the significant size of their unregulated LEM portfolio allows them to consider options which rely significantly less on government operational subsidies although they will still need to address costs through operational efficiencies. Nonetheless, this particular participant was able to work out some theoretical financial models which arrived at new developments being essentially self-sustaining; however, none of this has yet to be put into practice. In Ontario, the jurisdictional differences result in non-profit providers being much more successful implementing income mixing. The nature of their operations and portfolio structure allows them to assume risks that municipality-owned providers would never take on.

## Conclusion

There is no doubt that mixed-income housing is becoming more prevalent in Canada for a variety of reasons. Through the review of best practices, we can see that there is no magic formula that guarantees success. We can also see that the basis of mixed-income housing emerges from a variety of policy objectives. It would seem, however, that in Canada, a prevailing consideration for adopting a mixed-income model is to improve the sustainability of the social housing sector. And, that in moving towards that goal, the key to success is the ability to be flexible and adaptable. It is also notable that housing alone cannot address some of the barriers faced by low-income households; rather, there are numerous considerations for the effective delivery of mixed-income housing, including tenant supports. It is hoped that this paper helps to continue to examination of mixed-income housing in Canada and further develop the housing sector’s best practices in the implementation of this housing model.

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