Executive Summary 

A �N�~�?� Megsure of Affordability: An Econometric Investigation intc the Identification of Those in True Need of Housing Assistance Brenda N. Burjaw
Our Canadian government wants to become more efficient and effective in its day
to day business. To become more efficient, the government must remove duplication and wrongful allocation of financial assistance. Traditionally administered housing assistance programs have contributed to an exponential growth in the costs associated with housing

assistance. This is the reason given for the current Federal Government's actions. They �~�
have decided to put a ceiling on its social housing expenditure. With a combination of limited social housing assistance and the quest for efficiency, a need to explore alternative housing policies and methods used in identifYing and helping those who truly need housing assistance has been created.
In Ontario, 'restructuring' has become a household word that signals change. In relation to the affordability problem, restructuring the government means that due to smaller budgets, funding for programs that ensure housing for the low- income, elderly, aboriginal and handicapped citizens of our newly amalgamated cities have been reduced. Reduced funding as well as the swapping of administrative responsibilities amongst government levels has introduced the need for a more efficient allocation offinancial assistance.
The following literature and econometric investigation will show the possible
effects ofpolicy change, on the rental housing market and the indicators used for identifYing affordability problems. Some questions that will be addressed include; what are the key indicators that should be used in identifYing those who truly need housing assistance? What are some ofthe policy options available to planners and housing policy analysts that could solve some of the affordability problems faced by many households

the Toronto Census Metropolitan Area extend to include the following cities and towns within an area commonly referred to as the Greater Toronto Area. These include the following, as defined by the RIFE 1994 survey: Ajax, Aurora, Bradford West Gwilliambury, Brampton, Caledon, East Gwilliambury, East York, Etobicoke, Georgina, Georgina Island 33, Halton Rills, King, Markham, Milton, Mississauga, Mono, New Tecumseth, New Market, North York, Oakville, Orangeville, Pickering, Richmond Rill,
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Scarborough, Toronto, Uxbridge, Vaughan, Whitchurch-Stouffville and York. The inclusion of a spatial component introduces a new element in the quality-based index developed by Lerman and Reeder (1987).
There have been many limitations involved in the econometric investigation and subsequent results. The numerous assumptions made in the design ofthe regression equation and the programming of the classification model were based on the limited econometric knowledge and SAS programming ofthe author and the limited relevant literature that was reviewed. The assumptions that were applied in the regression analysis component included; the chosen observable household attributes taken from the 1994 RIFE survey; the application and interpretation of the National Occupancy Standard; and the assumption that adequate housing should not require major repair. Other assumptions include using 30 per cent as an accepted affordability threshold and the conditions used in the classification ofhousehold affordability problems.

The results ofthis research make an argument for the use ofa combination of
policy options, such as a combination of indirect market adjustments and direct tenant-

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based assistance, as a solution to many affordability problems and potential homelessness issues. Planners and policy analysts should be concerned with the definitions used for identifying affordability problems, and the indicators ofhousing problems that they use in identifying general housing problems and eventually in identifying those who are in
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true need of assistance. The results also suggest that there are approximately 39% of tenant households in the Toronto CMA that are misclassified by conventional affordability indexes, and approximately 40% in true need ofhousing assistance. Based on these findings, it is recommended that municipalities should coordinate a mix of policy approaches. The combination of a composite quality-based affordability index, direct-tenant based assistance programs and government initiatives that will promote the development of affordable housing in the private market, should contribute to a solution for housing those who are in true need of housing assistance. By providing affordable housing, the government would be helping those households with an affordability problem learn to help themselves.