

# Perspectives on Canadian Housing Policy

Occasional Paper No. 17

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edited by Tom Carter  
1989

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The Institute of Urban Studies





THE UNIVERSITY OF  
WINNIPEG

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**PERSPECTIVES ON CANADIAN HOUSING POLICY**

**Occasional Paper No. 17**

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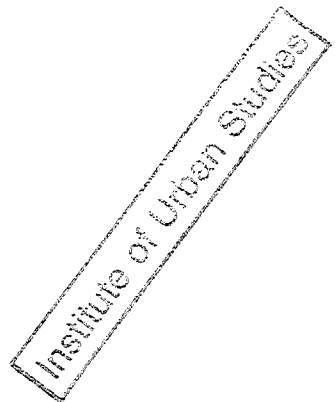
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## PREFACE

This volume is one of several publications appearing in the Institute of Urban Studies' *Occasional Papers Series* that features selected papers from the Urban Studies and Housing Conference sponsored by the Institute in February 1988. The Institute of Urban Studies hosted the Conference in Winnipeg to address a variety of urban and housing related topics and drew together a wide cross section of participants, from both Canada and abroad, to highlight the issues and concerns of academics and practitioners. The success of the event and the discussions held during the more than fifty sessions of the three day event underscored the need for continuing dialogue related to the problems and issues of urban and housing policy. As a result, selected papers presented at the Conference have been chosen for publication. This volume addresses aspects of past, current and future housing policy in Canada and provides academics and practitioners with the concerns and opinions of senior public officials and consultants in the housing field.

Tom Carter  
Acting Director  
Institute of Urban Studies

## INTRODUCTION

This publication is devoted to papers originally presented at the Urban Studies and Housing Conference held in Winnipeg in February 1988. Hosted by the Institute of Urban Studies of the University of Winnipeg the Conference was attended by over 300 delegates and featured approximately 150 speakers who discussed a wide variety of urban and housing issues.

The papers included in this publication are selected from a series of presentations focusing on Canada Mortgage and Housing Corporation (CMHC)—its past, present and future policies. Taken together, the papers offer a number of specific themes of great interest to housing specialists, academics and practitioners in the housing field.

The first paper, entitled "Housing and Urban Policy: Current Emphasis and Future Directions," is by Gene Flichel, Senior Vice President of Research and Policy at CMHC. After describing and justifying the current policy direction of CMHC the paper turns to the future and deals with issues that are likely to concern housing policy analysts over the next few decades. The paper approaches future housing policy from a very broad perspective, focusing as it does on the interface between housing and urban development and planning—this in a perspective too often lacking in policy development. Improved housing is only one aspect that has to be addressed to improve the quality of urban life and to provide housing programs alone is often counterproductive unless other problem areas of the urban environment are addressed at the same time. The paper acknowledges and recognizes the need for a more extensive housing/urban policy that addresses the interrelatedness and interdependence of systems in the urban environment. It emphasizes the need for a broader and longer vision in the planning and policy development process with less dependence on the "quick-fix" approach. The comments within this paper suggest that CMHC may take a more active role in urban policy in the future, an area that has, to a large extent, been left to the prerogative of the provinces and the local municipalities over the last decade.

The second paper by Robert Warne, Vice President of Programs at CMHC, entitled "Canadian Housing Policy: A Chronology of the Past," examines the historical development of housing policy in Canada. The paper is structured around three major watersheds identified with major reviews of Canadian housing policy—the Curtis Report of 1944, the Hellyer Task Force Report of 1973 and the Nielsen Task Force Report of 1985. Within this framework the discussion documents how policies have changed and how these changes have been influenced by major social and economic trends in society. Common themes that have persisted since 1945 with the establishment of the *National Housing Act*, the basis for housing policy in Canada, are also discussed. Such common themes include a sense of social justice and a program mix that compliments the activities of the private market. The paper

concludes by suggesting that certain themes will continue in the future and that successful shaping of tomorrow's policies depend on a sound understanding of the past.

The third paper by Murray Wilson, Assistant Deputy Minister of the Ontario Ministry of Housing, is entitled "Federal Housing Policy: A Provincial Perspective." The paper examines current CMHC policy and its implications for provincial agencies, and emphasizes the role a province can play within the sphere of federal policy. Problems of co-ordination, administrative duplication, competing and conflicting policy objectives, program criteria that does not suit provincial circumstances and lack of adequate funding are highlighted as issues that the federal/provincial relationship must cope with. Although the paper is written from an Ontario perspective most provinces and territories will be able to draw parallels with their own experience.

The final paper by David Crenna, a private consultant with the ACS Group in Ottawa, entitled "Will We Ever Solve 'The Housing Problem?': Toward a Housing Agenda for the 1990s," provides an interesting and provocative look at current policies. Its focus is housing distribution and how housing problems can be addressed by better use of the existing stock. The discussion suggests current policy and program approaches will have little success in solving the housing problems of the needy, providing as they do, only a limited number of households with assistance each year. The author's discussion clearly demonstrates the untapped potential of the existing stock in addressing need. At the same time, however, he expands on the many political, economic and social difficulties in implementing policies and programs to make better stock accessible to low income individuals and households. His discussion clearly illustrates that better use of the existing stock must be on the policy agenda for the 1990s.

Although quite distinct from one another, several common themes run throughout this series of papers, including the need for increased resources combined with more effective allocation to the most needy, particularly the homeless; the need for innovative and more cost effective solutions to housing problems, which is particularly important because of ever dwindling resources; the need for program options that regenerate and make better use of the existing stock; and, the necessity to expand housing options for the growing seniors population. There is also general agreement that consensus reached through consultation and co-operation amongst all the players in the housing market, particularly the federal and provincial governments, is necessary if policy development and program delivery are to adequately respond to housing needs. A broader approach to developing housing policy is also considered to be of primary importance, with an emphasis on looking beyond the bricks and mortar approach to consider general values and trends in society as a whole and the



interrelatedness of the urban environment. Last, but by no means least, there is a general agreement that policies must promote responsiveness to local housing conditions through flexible application of program criteria. Programs must suit local circumstances. Housing academics and practitioners will find the discussion in the papers representative of current thinking on existing and future housing policy.



## HOUSING AND URBAN POLICY: CURRENT EMPHASIS AND FUTURE DIRECTIONS

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**ABSTRACT.** This paper begins with a clear statement of current Canada Mortgage and Housing Corporation (CMHC) housing policy and issues on the housing policy agenda. It then moves to a much broader perspective that focuses on the interface between housing and urban development. Recognizing that housing is only one aspect that has to be addressed to improve the quality of urban life, the paper stresses the need for a more comprehensive housing and urban development policy perspective that responds to the interdependence of systems in the urban environment. Long term and multi-dimensional visionary policy and planning as opposed to the "quick-fix" solution often characteristic of the past is emphasized.

It is a great pleasure for me to address this conference this afternoon because the subject matter--housing and urban policy: past, present and future--is of interest to me. Not only is it my chosen work, as it is for most of you, but it is also what I consider to be one of the most important subjects in the country today. As well, I think it is a field in which we as individual practitioners, and as a society, have enjoyed much success. In our usual self-effacing Canadian fashion we sometimes have a hard time recognizing and accepting that success. Yesterday when we were feeling a little cocky after hearing about Cleveland, we were quickly drawn up short with the suggestion that we, more appropriately, should be making comparisons to the accomplishments of Europe and Japan.

If Paris, the city of historical monuments, can accept the Pompadour Centre and inverted pyramids as being complementary to the Louvre, and, if you followed recent articles on the extent of overcrowding and affordability in Tokyo, or the plight of the average senior citizen, I wonder, what are we comparing? There are good reasons why we are called one of the best housed nations in the world and why our cities and towns are highly regarded in many countries. We have accomplished a great deal in the last few decades. We can take satisfaction from that. We all know, though, that we can always do things better.

There are two things I would like to do today; one is to review the progress we have been making in tackling the housing issues of the 1980s and sketch the policy agenda for the next couple of years; the other is to remove my housing agency official hat and talk a bit beyond my specific area of responsibility to take a somewhat broader look at the processes of policy development for the future and how we can make it work more effectively.

Over the past few years federal housing policy has been subjected to extensive review and some significant shifts in policy have been implemented. These shifts have not been haphazard nor disconnected, but have been guided by broad national priorities and objectives. The foundations for the directions in which federal housing policy has been going over the last three years were laid down in the government's economic statement of November 1984. That statement focused on the need for

fiscal restraint, improved federal-provincial co-operation, the targeting of scarce resources to those in need and improved support for private-sector initiative. It also emphasized consultation because the government wanted to open up the policy development process and invited wide participation. This is especially important in an area like housing, where there are so many diverse interests. These, then, were the main parameters, or guiding principles, that have influenced the evolution of federal housing policy.

Following the economic statement, the most extensive housing consultation review process ever undertaken in Canada was launched by Housing Minister Bill McNight. At the same time, the ministerial task force, better known as the "Nielsen Task Force on Program Review," was examining federal housing programs. These reviews culminated in December 1985 with the announcement of new federal directions in housing. These new directions reflected the consensus that was built during the consultations.

In social housing, the two most significant shifts in policy were the targeting of assistance to needy households and the implementation of new cost-sharing and delivery arrangements between the federal government and the provincial-territorial governments. The new delivery arrangements in place do not represent any lessening of the federal commitment to assist households in need. That commitment is as strong as ever. However, the current federal-provincial arrangements are intended to promote several objectives:

- to improve and ensure on-going federal provincial co-operation, consultation and planning in social housing;
- to minimize administrative duplication;
- to promote cost-effectiveness and responsiveness to local housing conditions through the flexible application of programs; and most importantly,
- to assist more needy households through the combination of federal-provincial social housing resources, in conjunction with improved targeting.

CMHC and the provinces are now able to assist about 40,000 additional needy households annually. This represents significant progress in addressing outstanding housing needs in the country.

The new federal directions in housing also included initiatives pertaining to market housing and housing support. There was a commitment to promote industry stability by avoiding unnecessary market stimulus measures, to facilitate the return of longer-term mortgages through Mortgage-Backed Securities (MBS) and, to assist moderate-income households unable to afford homeownership through a revamped co-operative housing program that involves much lower costs to the government.

The area of housing research was not examined much during the 1985 consultation process, but one thing that did result was the decision to create a national housing research committee. Its purpose was to ease co-ordination and consensus building among the various players active in housing research.

All these initiatives have been successfully implemented. In the case of Mortgage-Backed Securities (MBS), for instance, implementation has been particularly successful. In 1987, a total of \$457 million in MBS were issued. This total could reach as much as \$1 billion by the end of 1988. A second major consultation process to revitalize *NHA* mortgage loan insurance undertaken in 1986 was also brought to a successful conclusion last year. All elements of program renewal have been implemented, apart from a few that require legislative amendments. A bill to effect those changes is expected to be introduced in Parliament. Moreover, the mortgage insurance fund is continuing its healthy trend. Its actuarial deficit has been reduced. The clarification and re-confirmation of the public policy objectives of mortgage insurance should not be minimized. It has been, and will continue to be, one of the most effective tools in providing access to housing finance for all Canadians.

Let me now focus on the housing policy agenda CMHC will be pursuing over the next two to three years. First, I will discuss some things that are coming up in social housing. Given the magnitude of outstanding housing need in Canada and continuing fiscal restraint, CMHC will be striving to achieve greater cost-effectiveness in social housing. To this end, we are pushing ahead with applying mortgage-backed securities to social housing. The resulting increase in the competitiveness of the project-financing process is expected to lower interest rates. The savings to governments could add up to millions of dollars annually. MBS will be used to finance non-profit housing in British Columbia in 1988, and CMHC expects other provinces will follow suit shortly. The existing social housing stock comprises over one half million units, and accounts for close to 90 percent of the total social housing budget. This stock represents a valuable societal asset and must be protected. CMHC has initiated work that will lead to the development of policies regarding the conservation and regeneration of the existing stock. A major evaluation of public housing is being done in 1988. A related survey will provide much needed data on, among other things, the physical condition of units and projects. We just have to look at the British experience with council housing, or be reminded of the 70,000 vacant public housing units in the U.S., to know that we must pay attention to this national resource.

CMHC will also be conducting an evaluation of the Rural and Native Housing (RNH) Programs, including the RNH Demonstration Project. This evaluation, to be completed in 1988, will be followed

by a consultation process next year. Our objective is to have in place new and more effective housing programs for rural and native clients in the 1990s. While we have had pleas for a "quick-fix," we believe, on the basis of previous evaluations, that the time invested in a comprehensive approach is well worthwhile. We perhaps have agreed to too many "quick-fixes" in the past!

Thirdly, the consultation process on the private renovation market, as well as the Residential Rehabilitation Assistance Program (RRAP), should be completed around mid-year. Hence, we can implement measures in 1989 that will clarify the role of RRAP in the social housing context, and that will assist the workings of the renovation market.

Another area receiving attention is regulatory reform. CMHC funds for a national study being done by the Canadian Home Builders' Association (CHBA), Canadian Association of Housing and Renewal Officials (CAHRO) and the Federation of Canadian Municipalities (FCM). This work is aimed at removing impediments to innovation and making housing more affordable. However, when one listens to all the present perspectives, we know that a methodology for regulatory review is required. For example, last fall a Scarborough councillor was proposing fines for those--not the homeowner but the occupant--living in illegal suites. Yesterday CMHC was chastised because we do not issue insurance on illegal suites. Vancouver, on the other hand, is thinking about eviction for households occupying some 25,000 illegal units. Recently, someone also suggested that we deal with affordability by lowering standards! It's hard to reconcile all these points of view!

Now that we are touching on market housing, I want to mention the recent establishment of CMHC's Market Analysis Centre. This Centre was created to improve the quality of information and analysis that CMHC provides on housing markets. This will be important to the industry and other users of such information.

There are also two other housing areas where CMHC is working towards clarifying the role it will play. The first pertains to the area of housing quality. In the area of housing quality, CMHC will be taking on an enhanced advocacy role. Later this year, we will be initiating external consultations on the ways in which the Corporation might carry out its updated role in housing quality. The old, more direct tools of the 1950s and the 1960s no longer exist. The second area where CMHC is re-defining its role is in the field of urban and community affairs. I would like to talk about this initiative more in the second part of my speech.

Finally, I should mention the upcoming conference on housing options for the elderly scheduled for Halifax this fall. This will be a major event. It will underscore the priority that we place on the subject. Elderly households in core need, of course, will continue to be eligible for social

housing assistance. However, we want to make sure that a wide range of options are available for those who can take care of their housing requirements and preferences on their own within the context of the market place.

In conclusion, if one were to sum up what the federal government has done, and is striving to do, in housing, one might do so by referring to six recurring themes. The government has endeavoured to:

- re-direct available resources to needy households;
- promote federal-provincial co-operation in housing, especially in social housing;
- find more cost-effective solutions to housing problems;
- improve the framework in which the housing industry and market function;
- clarify the role that the federal government will play in housing and how it will play it; and,
- foster consensus through consultation and co-operation among the major players in the housing sector.

Now that I have reviewed the policy agenda, I would like to take a broader perspective on some issues that should be of concern to all of us. I suspect that most of you have found yourself in an urban environment that just "felt good." For some reason, perhaps unknown to you, the form, scale, structure, diversity of activities or the combination of these and other factors left you with the feeling that "this time someone got it right." I can think of a number of places in Canada where I get this feeling. I hesitate to begin mentioning names because no doubt I will miss someone's favourite, and certainly variations in taste will leave some of you wondering what I saw in a particular place. But one place that works for me is the new Winnipeg Core Area. On the other hand, I also suspect that most of you can think of a place that just does not work. Unfortunately, there are many of these places where "they," and I put quotation marks around "they" because it is really "we" or are society in general, who are responsible for not "getting it right."

In general, my thesis is that qualitative differences in the approaches used to create the urban environment result in qualitatively different environments. Before I go on to develop this thesis, I want to make it clear that even though I may have used what many of you regard as a physical example as my first illustration, I am definitely not speaking only of differences in the quality of the physical environment. I am speaking of all the factors—economic, social and physical—that combine to create an environment that either stimulates and serves the needs of its citizens and generally makes them feel good, or bores, or frustrates them to the point where all they want to do is leave. I should also

point out that the relevancy of this thesis is not restricted to urban policy or planning but, as you will see, applies to all sectors of society.

The point of this discussion is a very simple one, and one I am sure you have heard before in one form or another. Living environments are complex and interdependent systems. Moreover, growth and change, both socio-economic and technological, are making them increasingly complex and interdependent. This means that any policy, program or action that is implemented with insufficient breadth or depth of vision or analysis, may have unintended side effects whose costs may outweigh the benefits of the initial action. Planners and policy-makers who have the breadth and depth of vision to consider and to make known to the public the trade offs involved in a decision will contribute to stimulating and well-functioning urban environments. Those with clouded or blinkered vision will cost us dearly.

My purpose today is to demonstrate, through some examples of past policy decisions, just how hard we will have to work to ensure our vision is sufficiently broad and clear to make the right decisions in this increasingly complex world. Those of us, who play an active role in preparing for the future must develop improved systems or mechanisms to open up discussion on where we want to go with public policy, how we can create a well-informed population so educated decisions can be made with the full knowledge of what the consequences might be and what compromises or trade offs must be accepted. We must seek to raise the awareness of as many people as possible on what future demands might be. Then we must establish a dialogue to produce as many perspectives, view points, opinions, challenges and potential problems and consequences as possible. Moreover, we must learn from our experience. To paraphrase Bernard Shaw, "If we forget the lessons of history we are doomed to learn them again."

Through this process, perhaps we can find greater consensus on national goals and have a more complete awareness of both the benefits and liabilities associated with a particular course of action. This is particularly true in our field because, in looking at past housing policies and programs with our 20/20 hindsight, some unintentional effects of well-intentioned efforts loom very large. Who would have thought, for example, that the former urban renewal program would generate such debate because of unanticipated effects. I am sure the people who decided it was imperative to address the appalling inner city housing problems in post-war Canada never anticipated their efforts to better the living conditions of low-income people would be criticised for paying inadequate attention to the needs of the people affected and not involving them in the process. I am sure, too, that they also never anticipated that their housing solutions for people dislocated by urban renewal would be subject to a



similar criticism. In fact, many of the social ills which provided vigorous arguments for the removal of the slums did not go away, they just found new neighbourhoods. Our values now demand that we deal with the whole new set of these unanticipated social problems. Interestingly enough though, the urban renewal approach also gave rise to a new generation of socio-economic housing and urban redevelopment consultants. It even gave a number of young and dynamic municipal politicians grounds for their early battles. These were certainly unanticipated effects.

Who would have thought that the well-intentioned attempts to cope with the chronic problems of housing low-income families in public housing projects would have had the mix of consequences we see today. While we can rightfully point to a portfolio of units serving a beneficial purpose, there have been some consequences which we are not as pleased with. Many units do not provide the ground access and outdoor privacy that family households usually like to have, and larger projects have generated negative community attitudes by their size. Social integration has also proven difficult. It is a goal that still challenges us.

Who, too, would have thought that the vision of new high density areas built for the exploding population of young entrants into the workforce of major cities in the late 1960s would become the problem of the late 1980s? Rooming houses, single-room-occupancy hotels and other low-rise, low-cost rental accommodation were demolished to make way for higher density buildings. But the loss of this affordable housing, in many cases the last refuge before homelessness, has forced a segment of the population into hostels, church basements and, in some instances, onto the pavement. Now some of the highrises are at the beginning of the deterioration cycle again.

Not all of the examples are urban or housing specific. We might think, for instance, about the issue of deinstitutionalization. Here, the full consequences of placing former residents of institutional facilities back into mainstream society appear not to have been appreciated. Once our programs adopted this approach, better provision should have been made for incorporating these people into our social fabric. But we still see zoning and official plan provisions which do not facilitate the process. We can lament about "not-in-my-backyard" opponents to group and halfway houses, but it is not hard to understand why such opposition occurs when the essential groundwork, which would have developed agreement on the need for the integration of such facilities was not done.

We can see such issues reflected in almost every area of public policy. Recently, the *Toronto Star* carried several stories which illustrate the point. For example, the Business Task Force on illiteracy reported that illiteracy costs business almost \$11 billion a year. Similarly, a major report on the educational system in Ontario contains views on the unanticipated effects of the streaming system,

which was put into place twenty years ago. All studies point to the need to consider the impacts of policy decisions in both broad and long-term contents. *It can be done. It must be done.* However, if one were to present the trade off of increasing business taxes and putting the equivalent amount into the education system, thereby leaving the net cost of production the same, I would doubt the likelihood of one's success.

The interrelatedness and interdependence of systems are well documented and understood. We are in a far better position now than ever before to integrate our approaches and recognize the "spill over" effect that can result from decisions. Surely we can do a better job of mitigating the negative effects of program or policy decisions while still keeping our good intentions in mind. My point is to emphasize the need for a broader and longer vision in the planning and policy development process. The future we face will be more system-interdependent, more rapidly changing and more challenging than ever before. Not only will we be dealing with many of the ongoing needs, but also the influences we have never before experienced.

What are the likely effects of the technology explosion? Communications and transportation, both areas of significant government intervention in the past, have had a tremendous influence on the development of our urban fabric. The future combination of these two into what is known as "telecommuting" may be a force to be reckoned with. Some forecasters believe that the 1990s will be the golden age of the home computer. It has the potential to reverse the long-term trend that has left many homes little more than places to eat, sleep and watch television. We can also think of the smart house where all the elements are within the realm of present technology. It is expected that such houses will be competitively priced by the early 1990s, and market forecasts indicate more than 8 million smart house units could be installed in Canada and the United States by the middle of the decade. What will the effects of this type of housing be on our quality of life or on the structure of the urban environment?

I might add at this point that when we consider the quality of our urban environments, we should not lose sight of the regulatory systems which have created them. Here is a vital area in which a true appreciation of the long-term effects of decisions is required. We cannot afford to take an offhand and short-term view of systems, which in a very real sense are surrogates reflecting our society's views of how we want our living environments to evolve. Our current examinations of how to make regulatory systems work better must not forget the widely accepted goals underlying them.

Another area, which I am sure many of you are familiar with, is housing for the elderly. We will be faced with some major challenges in responding to the demographic changes taking place in our

society. We can employ many different models to respond to the needs of an aging population. We must explore these alternatives and identify the trade offs in using them, so the long-term consequences of adopting particular approaches can be presented and discussed in full. I am pleased to say that at CMHC we have made what I consider to be a good start in this process as those of you who visited our display can confirm.

The national investment in housing is our legacy to future generations. It must be treated with respect and maintained for them. How this can be done on a national scale is a major topic of discussion at the moment, but I would suggest we may be spending a lot of time talking to the converted and too little time educating the public about this growing need. Many of the stewards of this national asset--the homeowners--are probably not even aware that we may be facing serious difficulties. In our own homes we rarely replace the roof before the first leak. In addition, those of us responsible for publicly owned properties should be alarmed by the manner in which we have allowed these valuable assets to deteriorate. The need for regeneration work, and the social costs if it is not done, must be the subjects for public debate--even wider than those that CMHC, CAHRO, the provinces and many others have already undertaken.

Are we taking a broad enough view? Are all the angles covered? Arguments and situations similar to those I have just put forward have been used to justify everything from comprehensive planning to wide ranging co-ordinating agencies and centralized state planning. Let me assure you that I am not advocating any of these today. Indeed, all the money, co-ordination and comprehensive planning will be wasted if we fail to clearly identify where we want to go. This is the clarity of vision I was talking about. Further, we must adequately identify for society the trade offs associated with the steps we take in pursuit of our goals. I hope that the examples used today prove this point. Our challenge is to develop the commitment to find the vision which recognizes all the variables associated with an issue. What are the potential consequences--good and bad--of a direction? What will be the trade offs and/or the compromises that must be made if a particular course of action is taken? Once all these perspectives have been gathered we must ensure the community as a whole has the necessary information for informed debate. The process of consciousness-raising will stimulate the need to decide what values we will weave into the fabric of our society. The creation of a polarized society is too easy. Is that what we want? What do we want the urban environment to be? Is our society nothing more than a collection of cities? How will we define "Quality of Life?"



# CANADIAN HOUSING POLICY: A CHRONOLOGY OF THE PAST

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Ottawa

**ABSTRACT.** Focusing on three major reviews of Canadian Housing Policy—the Curtis Report, the Hellyer Task Force Report and the Nielsen Task Force Report, the paper examines the historical development of housing policy in Canada. The influences of major social and economic trends in society are highlighted, as are some of the long standing common themes, such as a sense of social justice and a program mix that compliments the activities of the private market. The paper concludes by suggesting that certain themes will continue in the future, and that tomorrow's policy depends on a sound understanding of the past.

In looking at federal housing policies and programs in Canada from the Canada Mortgage and Housing Corporation (CMHC) perspective, a chronological listing of legislation tells us little. This listing cannot depict the economic and social forces at work that would prompt law makers, the translators of the public will, to give effect to these values. Legislation governing housing in Canada, the policies and programs it embodies, is no different. Laws do not lead—they respond. So I will not recite the *National Housing Act (NHA)* clause by clause, amendment by amendment, obsolete program by obsolete program, but will say that I believe it has, over time, been a very effective tool in fulfilling the country's wishes.

The elemental nature of shelter in this country has meant that any evolution of social values, or any shift in the economic situation, has had its influence on housing. In reviewing the evolution of policies and programs designed to address shelter needs, some distinct patterns emerge. We can also see a series of watersheds and critical points which can be identified with major reviews of housing. Within these reports can be found the laws which do not tell what the people believe is right, what their values are or how they believe these values should be exercised through public policy. Nor do they tell how policy responses have shifted with changing economic circumstances and social values.

The Curtis Report of 1944 is the first of this series. Its observations reflected the views of Canadians on the need for social reform. They had suffered the hardships of a depression and the Second World War and were often living in old, crowded and ill equipped shelter. In some cities slum areas were perceived to be the source and distribution of great social ills. This report portrayed the social beliefs and goals so they could be translated into the plain words of the *National Housing Act*. From 1944 on, a framework existed on which to further social goals as they were played out in the field of housing. The original statement of purpose was "to promote the construction of new houses, the repair and modernization of existing housing and the improvement of housing and living conditions."

Housing policy in the most abstract sense has changed very little since the *National Housing Act* was written, which defines support for the private sector and the equitable allocation of housing for those unable to access adequate shelter. These policies continue to the present day despite years

of dramatic change and growth. We have seen entirely new cityscapes arise, while tripling our housing stock since 1941. We have seen changes over time in a variety of programs tailored to reflect prevailing values, to meet policy objectives and to suit the resources available to fund these programs.

Federal post-war housing policy encouraged a flow of funds for mortgages. Measures were needed not only to create an adequate supply of housing for the growing middle class but also to spur general economic growth. As a result, during the fifties CMHC direct lending was expanded, public mortgage insurance was introduced and chartered banks entered the mortgage field. By the end of the decade the twin pillars of mortgage insurance and direct lending had boosted annual housing starts to more than 100,000.

In the mid-sixties there was a major shift. In the 1980s we live with the legacy of that change. Some of the most impressive national social programs in the world were created in Canada during that time. There were two motivating factors. They both flavoured the sixties. The first was high ideals as exemplified, for example, in the Company of Young Canadians. The second was money. The longest economic boom in post-war history was to provide the funds for social justice. Public housing was one major program response. From 1963 to 1970 the production of public housing increased 25 fold. By 1970 a new public housing project was being *completed* every 46 hours. They were mushrooming almost overnight, to be filled immediately by those who lost their homes to urban renewal programs.

The *National Housing Act* was changed at this time with the introduction of Section 43, which responded to the need for a vast amount of capital funds required to help eliminate the effects of the slum clearances. A provincial partnership was possible with 75 percent of the costs provided by the federal government and 25 percent of the costs provided by the provinces. The federal government through CMHC, with the changes to the *NHA*, could provide 90 percent of the capital cost of the project to a province, and the profits or losses could be shared equally. The latter found great favour with many provinces. The open tap became a gushing torrent of money, and most provinces responded with enthusiasm. Provincial housing agencies and commissions sprouted nearly as fast as public housing projects, with Ontario first off the mark in 1964. Efforts to achieve subsidy reductions were forgotten. The idea of public housing being a stepping stone to homeownership slipped away when permanent housing for senior citizens was introduced.

However, underneath all this activity subtle changes were occurring. The excesses from this frenetic pace of activity produced counter-reactions. Social attitudes and norms made it increasingly difficult for Canadians to accept the scorched earth or bulldozer urban renewal programs adopted from

the United States. There was a growing recognition that a community was more than bricks and mortar. It was a living fabric and it was being destroyed. The creation of public housing ghettos became unacceptable. They were not healthy environments. They were perceived to limit people's ability to climb out of poverty, and, perhaps most important, the individuals involved had little say in their own destiny. All this was being played out in the context of burgeoning urban environments. At the same time, the costs of acquiring adequate housing within the private market had become a problem, and by 1966 housing starts were not meeting requirements.

The time was ripe for another report to re-examine housing programs in light of the new era. This resulted in the second watershed--the Hellyer Task Force Report. The report was a veritable shopping list. It recommended improvements to mortgage financing, encouraged limited dividend, non-profit and co-operative housing projects, land assembly to reduce housing costs and urban infrastructure assistance. In addition, it urged an end to large scale public housing projects, encouraged efforts to integrate the poor into the private market and espoused the need for special programs geared to natives, Métis and households in rural areas. It also proposed a wide range of actions in the area of urban planning and development.

The government response was swift, and the programs introduced kept the policies of encouraging market efficiency and social justice intact, with programs more finely tuned than before. Private mortgage insurance was brought into being, fixed interest rates on residential mortgages were dropped from twenty-five to five years, social housing shifted to non-profit and co-operative projects, income mixing and rent supplement programs were introduced in the private market, the Rural and Native Housing Program appeared on the scene and, a whole new urban municipal infrastructure program was created. The much criticized urban renewal programs were replaced by the Neighbourhood Improvement and Residential Rehabilitation Assistance Programs. The Ministry of State for Urban Affairs was created and with CMHC developed policies affecting land use planning, urban redevelopment, land assembly, site criteria and a host of other activities affecting urban centres.

In the housing market, home prices were following incomes to dizzying heights, interest rates ran into the uncharted territory of double digits and homeownership was slipping out of reach for large numbers of the baby boom generation. As a result, the Assisted Homeownership Program was introduced, and, in parallel for renters, the Assisted Rental Program. By 1976, a record year for housing starts, over half of the new units were being directly subsidized by the Federal Government.

Still on the market side, three programs outside of the *NHA* were proposed which share the characteristics of being costly, as well as being blunt instruments with major income-redistribution

implications. Only one of these, the Multiple Unit Residential Building (MURB) Program, was ever implemented, and it is now being withdrawn. Undoubtedly MURBs, which incorporated tax shelters for investors in rental housing, have stimulated rental production and somewhat restricted the upward pressure on rents. However, they have encouraged ownership of the rental stock by individuals seeking short run tax shelters as opposed to long term commitments to rental property management.

The other two programs proposed were Mortgage Interest Deductibility and Shelter Allowances. Deductibility of mortgage interest was publicly debated on several occasions and found incompatible with our economic resources and social values--notwithstanding the attraction of homeownership to a majority of Canadians. The debate on Shelter Allowances is ongoing with several provinces trying limited versions. In a sense they already exist on a patchwork, inconsistent basis within the safety net of the social assistance program.

Nearly two decades of economic growth had made it possible to maintain a balance of market and social housing policies and the programming to support them. But the resources fuelling this situation were becoming scarcer, and by the end of the 1970s many of the programs were suffering. Land assembly came to an end, major capital spending in cities dried up, project subsidies were capped and capital funding of social housing programs was moved to the private sector.

Economic worries were no longer the exclusive purview of the poor. Financing was very tight and during these years federal housing programs were also being driven by the desire to avoid a major economic recession. Efforts to stimulate the market and create jobs brought grants for homeownership, grants for renovations, 15 year interest-free loans through the Canada Rental Supply Program and, for Canadians facing foreclosure in the face of 19, 20 or 21 percent interest rates, grants under the Mortgage Renewal Program. Through the social housing side, the non-profit and co-operative unit allocations were boosted by 10,000 units from 1980 to 1982. It was a real rescue effort and many in the housing industry owe their economic survival to this government help.

The recession could be delayed but not avoided. The retrenching was underway and demands for a reduction in government spending were coming from everywhere. We understood the necessity to tighten our belt and ride it out. Social values were changing again. Another report, the third watershed, the Nielsen Task Force Report of 1985 and a round of public consultation by CMHC, set the course for new directions.

Once again the *National Housing Act* proved flexible enough to hold to the basic policy goals and amend the programs to reflect the resources, market, social and economic circumstances of the time. Within the private market, intervention by government currently is not encouraged. A stable



climate for investment in housing is what is required. A modified mortgage insurance program, Mortgage-Backed Securities, and the experimental index-linked mortgages for financing co-operatives have been introduced.

Social housing programs are being tailored to the social values of the '80s and are being made to fit the public dollars available. The trend toward more provincial involvement in the shared responsibility for housing started in the '60s has been further encouraged. With the co-operation of the provinces, it is possible to achieve a more equitable distribution of resources among the regions and client groups regarding defined need and programming, which is increasingly concentrating on those most difficult to help--the homeless, the disabled and natives. In pursuit of the policy of equitable allocation of housing resources, all federal dollars are targeted to those in greatest need. We know from the past this can create problems. We know what they are. But we have also learned there are means of mitigating the most negative effects, although it will continue to be a struggle.

The basic policies have not changed, while social values, resources, program types and mixes have changed. The process has developed distinguishable patterns and common themes and it is reasonable to assume the themes will continue. If we recognize how we got to where we are today, we can better shape tomorrow's housing policies.



## FEDERAL HOUSING POLICY: A PROVINCIAL PERSPECTIVE

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**ABSTRACT.** The implications of the Canada Mortgage and Housing Corporation (CMHC) policy for federal/provincial housing relationships, and the role provinces can play within the sphere of federal policy, are the focus of discussions in the paper. Problems of co-ordination, administrative duplication, competing and conflicting policy objectives, lack of adequate funding and national program criteria that do not suit provincial circumstances are highlighted. Although written from an Ontario perspective, most provinces and territories will be able to draw parallels with their own experience.

Federal housing policies provide a national framework within which provinces and territories must operate in order to address housing needs. My comments reflect on federal national policies from the perspective of Ontario, but I recognize that the experience of other provinces and territories will be somewhat different. As Ontario's representative on the Federal/Provincial/Territorial Senior Housing Officials Committee I have had the opportunity to hear the concerns of the other provinces and territories. I hope that I will be able to give you some of the flavour of what I see to be the role of provinces and territories in dealing with the federal housing policy framework and program administration.

Ontario has played an active role in the social housing field for well over 20 years. Between 1960 and the mid-1970s Ontario put in place, through the Ontario Housing Corporation (OHC), approximately 84,000 units of social housing. With the introduction of the non-profit program in the early '70s, Ontario became involved with the third sector in the delivery of social housing. Some 12,000 housing units were developed under the first non-profit housing program in which Canada Mortgage and Housing Corporation (CMHC) had the primary delivery role. An additional 12,000 units have been subsidized in privately owned rental housing under the rent supplement program, bringing the total number of subsidized units to over 100,000.

In 1979, the Ontario Ministry of Housing began delivering non-profit housing through municipal non-profit corporations. In addition to some 10,000 units under the municipal program, Ontario provided subsidies to an additional 5,000 units of private non-profit and co-operative housing units delivered by CMHC under the Ontario Community Housing Assistance Program. In total, until the beginning of 1986, the Ministry of Housing and OHC had participated in the funding of 123,000 social housing units. That is a significant accomplishment! Based on that record, Ontario executed Global and Operating Agreements with CMHC in February 1986.

Under the 1986 agreement the federal government provides 60 percent of the subsidy for all non-profit housing units developed for core need households. That is, those households unable to obtain decent affordable housing without spending 30 percent or more of their household income. In

addition to providing the balance of 40 percent of the subsidy on approximately 6,700 units per year, Ontario funds close to 2,000 additional units per year for households who do not meet the core need definition, including some households who pay market rents. These non-core need units are unilaterally funded by the province in order to meet provincial objectives of income mixing, and to make the projects acceptable to local communities. While the level of need recognized in CMHC's funding allows for a fairly wide range of incomes, it does not allow for the inclusion of moderate income families and individuals able to afford market rents. In Ontario we have that peculiar phenomenon whereby in order to produce units that will rent at market value, we need to provide subsidies that will bridge the difference between the economic cost of the unit and the market rent.

Despite the significant expenditure by CMHC and the province under the Federal/Provincial Non-profit Program, and the 6,700 units produced each year, we are left with one big question. *Is it enough?* Are we doing enough to address the needs of the tens of thousands of homeless and needy households in Ontario? In a word the answer is *NO!* Because of this outstanding need, the province of Ontario has within the past two years introduced two major unilateral initiatives. Together these initiatives will provide 6,600 additional units for a range of client types. In both these initiatives the majority of the units will house very low income households. As well, Ontario provides unilateral rent supplement assistance in private rental buildings and non-profit projects. The total level of assistance which the province provides under all of these initiatives is to close to 60 percent of the total annual expenditure commitment on new socially assisted housing in Ontario.

The Federal/Provincial Agreement recognizes the capabilities of the provincial ministry and the experience and maturity we have demonstrated in our over 20 years of development and management of social housing. The wording even suggests that Ontario has the right to determine *how* the programs will be delivered within broad national housing objectives, and the guidelines in the agreement. In practice, however, we are asked by CMHC to comply with incredibly detailed guidelines apparently intended to ensure rigid conformity across the country. For example, despite frequent and repeated efforts by the ministry staff, we have been unable to persuade the federal government to agree to give us the flexibility we need to ensure full use of their limited allocation of core need units over time. If cost-shared units are no longer required in a particular project, we are required to let the unit sit vacant, or to give back the federal subsidy, rather than transfer that unit allocation to another project where it can be used to assist a needy family. In addition, the competitive process required by CMHC for the selection of those projects to receive allocations of cost-shared units may be

appropriate in some relatively slow market areas, but in the high pressure environment of Metro Toronto or Ottawa it simply does not work.

At the regional level we have been fortunate to enjoy an extremely co-operative relationship with CMHC officials. They have shown a good understanding of the unique housing environment that we have in Ontario. As well they demonstrate substantial appreciation of the capabilities of our organization and our willingness to assume responsible leadership. Unfortunately, CMHC National Office in Ottawa appears to want to make housing program delivery and administration the same in all parts of the country. The same guidelines that are designed for use by Newfoundland and Labrador and Prince Edward Island are applied to Ontario, British Columbia and the Yukon.

I recognize that a national agency must treat all regions fairly. But this absolute lack of flexibility, or the ability to make decisions based on a clear understanding of the local or provincial housing environment, stifles discretion and frustrates the desires and capabilities of the province or territory. (The Federal/Provincial Planning and Monitoring Committee should be a management committee charged with the responsibility of resolving issues at the local level.) Instead, it appears to serve as a forum for the province or territory to put their position on the table, and for the CMHC regional staff to put the National Office position on the table.

We have a tough job to do at the local level. Provinces and territories are required to deliver housing programs in a unique political, social and economic environment. Some changes are needed to allow us to fulfil our responsibilities while recognizing regional differences. Let me suggest some of the changes that are required:

- we need a federal government committed to housing. We need a federal government prepared to say: "We're for housing," and to back that statement up with funding, and a monitoring system that does not resemble an ongoing audit. We are prepared to sit down with CMHC and negotiate a broad policy framework for the delivery and administration of housing programs--with the understanding that within that broad framework the province will have the unfettered flexibility to deliver. CMHC's national office will then be able to delegate to the planning and monitoring committee the responsibility for real decision making. We believe that the staff at the Ontario region of CMHC are capable of being flexible to meet local needs and at the same time ensure that the policy objectives of the federal government are met;
- we need CMHC and the federal government to say, and to keep on saying, "We're for housing." We need continued funding for new construction at a level that will enable us to maintain our production of non-profit housing through cost-shared programs at current levels or higher. In order for this to happen we need to ensure that the mechanisms used to determine federal expenditure, and to allocate that expenditure to each province or territory, recognize the real cost

of producing housing in each jurisdiction. The imposition of rigid financial caps on project costs is causing real concern about the commitment of the federal government;

- as well, we need additional funding to enable provinces and territories to maintain and upgrade the existing social housing stock, and to effect changes to that housing to bring it into line with today's needs. This funding must be provided with sufficient flexibility and freedom from administrative complexity to enable the province to react to the needs within a reasonable time frame. The provinces and territories have just completed an exercise in conjunction with CMHC which defines the need for such regeneration activity. We have identified a framework for identifying, evaluating and carrying out regeneration projects, and almost all jurisdictions have projects ready to go ahead now or in the very near future; and,
- we need the flexibility from CMHC to get to work now without the necessity of waiting until we can quantify the entire need in the country for such activity. If it were possible to quantify the need--and I do not believe it is possible--we would have to wait until the 21<sup>st</sup> century. We do know that it is critical to start redeveloping some projects *now*. The provinces have the ability to make decisions, to select projects to go ahead. We need the co-operation of CMHC to get on with the job. The provinces and territories of Canada are committed to the ongoing delivery and management of assisted housing. We have the experience and the knowledge to do the job. We need the support of our federal partners to succeed.

It is the responsibility of the federal government and its housing agency, CMHC, to provide a national policy framework for housing. But within this policy framework the provinces must have the flexibility and administrative authority to respond to unique provincial and regional needs. Only when this flexibility, backed up with adequate funding, is provided will provinces like Ontario be able to respond to the many households in need of housing assistance.

## WILL WE EVER SOLVE *THE HOUSING PROBLEM?*: TOWARD A HOUSING AGENDA FOR THE 1990s

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**ABSTRACT.** A provocative and tongue-in-cheek discussion of current housing policy, this paper focuses on housing distribution and how housing problems can be addressed by better use of the existing stock. The discussion demonstrates the untapped potential of the existing stock, but also acknowledges the many political, economic and social difficulties in implementing policies to make better use of the stock. Nevertheless, it is clear that better use of the existing stock must be on the policy agenda of the 1990s.

At various points in my housing policy career, I have said to myself: "Well, it is now time to close the patent office for housing programs . . . there are no more new things to try." Then the field will confound me by suddenly seeming open to a whole vista of further possibilities; some are entirely new; others are ideas that never quite took hold in the past, but are now becoming quite relevant. Today, I am confident that the patent office for housing policy and program ideas is open for business again; it is time to get on with the central issue of the 1990s. That issue is, above all, *distribution*.

It was becoming quite clear by the mid-1970s that the scope for resolving housing problems through purely supply-side solutions was going to narrow considerably. The standard indicators of housing progress were beginning to level off. Only a small minority of households and dwellings lacked basic facilities. A few hundred thousand units were grossly substandard by any reckoning, and the number of these diminished year by year.

In 1975, we carried out a paper exercise in Canada Mortgage and Housing Corporation (CMHC) as part of a housing program review. We calculated that Canada's entire projected population growth until 1986 could easily be accommodated in the already existing stock of those days, if people and adequate space were more evenly matched. That was a purely hypothetical calculation, not the groundwork for some Soviet-style allocation of sixty square metres per household. Such an approach, now recognized as bankrupt in the Soviet Union itself, certainly has no place in a free society and mixed economy. However, the issue of distribution is now squarely on the table, and demands answers which *are* consistent with our values and economic, social and political realities.

In 1975, the problem of distribution was recognized in a rudimentary way, through the combined application of the Assisted Home Ownership Program and the Municipal Incentive Grants Program. The aim was to produce a medium-density stock which would stand some chance of filtering down to those with lower incomes than the initial occupants. Those efforts, and others to set varying loan-to-value limits for *National Housing Act (NHA)* mortgage insurance, have drawn derisory comment, although they foreshadowed more recent ironies. For example, in 1987, we saw the highest rate of

housing production since 1976, of which perhaps the smallest proportion in our history went to those earning something like the average industrial wage or less . . . as few as 6 to 10 percent.<sup>1</sup>

The dangers inherent in an exclusive emphasis on the "carriage trade" market of second and third-time, two-income Yuppie buyers have not been lost on the building industry, certainly in Ontario. Renewed attention has been focused on the first-time purchasers through such devices as all-night searches by Toronto-area home-builders for the \$99,000 house. As this search for solutions implies, the housing problem of the 1980s has become "affordability." Hence the introduction of the "core need" concept for targeting Federal program efforts, the addition of more points under the Public Housing rating scale for high rent-to-income ratios in current accommodation, and so on. The ultimate affordability problem is that of the homeless, who have nothing and can afford nothing; they bring us back to square one with a thump.

As Peter D. Salins points out in *The Public Interest*, we tend to create moving targets in the housing field, of which today's favourite is most certainly affordability. He suggests that this is an especially slippery concept. It can reflect consumption preferences rather than some more measurable criterion. Its calculation often neglects various forms of in-kind assistance, such as subsidized Medicare.<sup>2</sup>

I would go one step further, by saying that in affordability, we may have defined a public policy problem that cannot be alleviated through supply-side efforts alone, at least within the limits of feasible public expenditure and within a reasonable time. The numbers of households estimated to be in core need range around 500,000, to which the Federal government is directing about 17,500 social housing units a year, most of them newly built.<sup>3</sup> The implicit supply-side plan using *social housing alone* is to solve this problem in roughly 28 to 30 years. Over that period, seven different Parliaments will be elected. At the present rate of subsidy growth under Section 56.1 of the *National Housing Act*, 10 percent a year, the approximately fifteenth successor to the present Minister for housing will be looking at an annual bill of roughly \$9.6 billion. That amounts to about the cost of a small fleet of nuclear-powered submarines every year. This implicit plan assumes no net addition to those in core need over the entire 28 to 30 years.

To be sure, funds under the Residential Rehabilitation Assistance Program (RRAP) also go to those in core need. If we include this assistance, the number in core need who are aided in a given year rises to 40,000, suggesting a plan to solve the problem in approximately like 12.5 years. It is possible to be sceptical that RRAP funding will actually move so many people entirely out of the core need category, but this is not central to the case anyway. That case is very simple: we need a



balance of supply-side and stock distribution measures, leaning more and more on the latter as the years go by. If we largely ignore the potential for making better use of existing housing resources, we are probably setting housing policies on a high-cost path to eventual failure and political defeat.

In the same communities as dwellings costing \$5,400 to \$7,000 per unit in subsidy for people in core need, there are three times as many dwellings of six rooms or more occupied by a solitary individual. If trends of the past five years continue, the number of larger dwellings occupied by one person will rise about twice as fast as social housing units. The trends in consumption of housing space which were only beginning to emerge in 1975, are quite dramatic today. For example, in 1982 the number of dwellings with one person in six or more rooms was 290,000. By 1987, it was 406,000. The number of occupied dwellings with 8+ rooms increased by 471,000 over this period, while the number of households with five or more people decreased by 115,000. Some 271,000 very large homes were added to the occupied stock during the period 1982 to 1987, while the number of very large households dropped from 49,000 to under 37,000 during the same period. There are many more statistics like this.<sup>4</sup> The roughly 100,000 homeless persons in 1987 who went to sleep in hostels, under packing boxes or on park benches did so in the midst of an average of 32 unused bedrooms apiece, at a conservative estimate. Surely just *one* of those spare bedrooms could have been secured for each, and at a cost substantially less than the \$68,000 per unit being expended on a project for homeless persons in Ottawa.

All of this is *not* to say that we should not have social housing production. We need it because it is one of the most effective ways of improving the overall situation of lower-income people. The units they leave behind when they move into new social housing will usually be those most affordable, or at least accessible, to others in core need. Further, in the absence of broader policies to secure a share of the new production for those in need, social housing is the only means of doing so. Finally, social housing may be of direct assistance in making fuller use of the existing stock through purchase and renovation.

The rise in amounts of space per person is only one element of the housing distribution issue. Over the past few years, rental property owners in Ontario have pointed with alarm to the considerable numbers of higher-income households benefiting from cheaper rental accommodation. In their view the existence of such households is one of the two main public policy reasons to eliminate rent regulation. The other reason is to stimulate new production.

Based on a 1985 survey of Ontario's private rental stock:

- 273,000 lower-income households are occupying lower-rental accommodation, within their capacity to pay;
- 341,000 higher-income households are in higher-rental units, which may or may not be within their capacity to afford at 25 percent of income;
- 126,000 lower-income households are facing affordability problems by occupying, for whatever reasons, housing that is at rent higher than their capacity to pay;
- finally, 165,000 units, 18.2 percent of the stock, are low-rental units enjoyed by higher-income people.<sup>5</sup>

The recommended solution for this maldistribution problem--across-the-board removal of rent regulation--has a glitch in it. To stimulate movement by the 165,000 households just mentioned, it is necessary to *worsen* the position of at least 399,000 lower-income households, in some cases markedly. However, there may be combinations of incentives for first-time buyers and new methods of acquiring units for social housing, or for rent supplements, which could secure this stock for those in need.

The third element of the housing distribution conundrum is, of course, the way in which new housing is currently pushed toward the high end of the market through the operation of municipal approval process. I have already alluded to the use of Municipal Incentive Grants, or "MIG," between 1975 and 1978. The reviews at the time were not great. A wag inside CMHC at the time called it a "Miggy Mouse" program. Nevertheless, it sought, in a way, to address a real problem, and one which is current in communities across Canada today--neighbourhood resistance to residential developments, especially of the lower status kind.

At a 1968 conference on The Right to Housing, sponsored by the Canadian Welfare Council, the argument was advanced that the development approval process was being used by municipalities to drive housing prices. Then, the whole case might have seemed to be special pleading by private developers wanting to carry on with unbridled high-rise development and tract housing. In the late 1980s the case is much clearer. Zoning and other planning innovations of the early part of this century have become tools for preserving the *status quo*. In some instances, there are rules against more than a certain number of unrelated persons living together; the politics implied are those of present-day South Africa or earlier Salem, Massachusetts. It is not a pretty sight to see 280 angry neighbours coming out to vote down the addition of three *swings* to a park, as reportedly happened not long ago in Toronto.

To sum up, there are three main elements of the housing distribution issue. They are, more and more space occupied by fewer people, cheap rental space, often passed on by special arrangement, occupied by those earning good to excellent incomes and substantial local resistance to anything that would change the social complexion of established neighbourhoods.

There are several characteristics shared by these three issues:

- they are fundamentally related to one another; the results of similar underlying forces at work;
- they are all, to a significant extent, the products as well as the objects of public policy;
- they are all somewhat intractable or counter-intuitive when it comes to designing public policy responses;
- they are all challenging politically;
- they often call forth a contradictory response in the body politic . . . "I love my fellow humans and support a better life for them, but do it somewhere else please."

There are some who argue, at times even persuasively, that it is time to turn the clock back to simpler days, when this serpent of public policy and planning had not entered the lush garden of the free market. According to this notion we should roll back the heavy blanket of regulation, including for example zoning, rent regulation, environmental standards and condominium conversion restrictions. Production would run riot once again, bringing affordable shelter to all, even the homeless. However, in case it did not do the entire job, a universal subsidy program for rents is also required.

To be sure, consistency is the hobgoblin of small minds. However, this case for general deregulation of housing would be more credible if its chief proponents did not often like to live in exclusive neighbourhoods and engage in other contradictory practices. While it may be fun to point out inconsistencies in each other's positions and emotions, it does not move us very far ahead. Ideology, it turns out, also has no place in the bedrooms of the nation. We need above all calm, pragmatism, deal-making, ingenuity and persistence. We need right wing ideas with a left wing twist, and *vice versa*.

Let me suggest some major lines of advance for the future. The first is that we need to catch people with their proper roles on. The same middle class person as a member of the local United Church social action committee is going to behave differently than he or she would as a ratepayer. The same development tycoon may also be the father of an emotionally disturbed child who needs residential treatment. The same society woman may also be the person deeply disturbed by suffering on the streets. The basic instincts of this country are sound and decent, as we have seen in the case

of refugee immigration. Sure there is a backlash, but it is open to sober second thought and appeals to instincts of compassion.

We need to make housing into an issue of human rights, not in the grandiose manner of the 1960s--assuring everyone the right to housing through the public purse--but in the manner of the 1980s. That means following the remarkable successes of the movements on behalf of the rights of women, the disabled and ethnic minorities. The number of successful human rights cases on grounds of being in receipt of social assistance is zero to infinitesimal, even though this is, in effect, a prohibited grounds for discrimination under several provincial human rights codes and potentially the Charter. In at least one municipality they are apparently still drafting a replacement for a by-law on unrelated persons which was struck down in 1979 by the Supreme Court of Canada.

Besides human rights, there are also property rights issues at stake here--the right to do with one's property as one wishes, including for example, having non-family persons living in it and making additions and conversions which do not unduly interfere with the neighbours. The phobia about decreasing property values is rarely borne out in reality, since all values in a neighbourhood typically rise together. Moreover, human rights can be a recipe for nousey-Parkerism and even totalitarianism, which are inconsistent with the Canadian way of life. Whatever reassurances can be given on this score, need to be given.

We need to help people with support and incentives which help them to make decisions in their own best interests. Geriatric literature is showing that keeping the elderly in their own homes for as long as possible may be far too simplistic as a general policy. The elderly can lose a sense of competency if their immediate surroundings become more and more unmanageable. This may hasten rather than lessen the aging process. No one is arguing for a policy which moves the elderly out of their homes against their will. However, what elderly people really need are choices, not necessarily an old monster of a house which causes them to justify and rage against fate. In the case of one of my own relatives, I learned that just a small property tax increase remarkably clarified his vision of the future and ended all rhetoric about the joys of life at that particular, much too large and difficult-to-maintain location. In Ottawa, there was an elderly lady who lived alone in a nine bedroom house on Clemow Avenue. She somehow kept it in meticulous shape, at an unknown cost in money, health, time, effort and missed opportunities. She was recently struck by a bus and killed instantly outside the Civic Hospital. Her heirs no doubt enjoyed the \$300,000 gain on sale of the property. But, everything she had done over years was gone in two months under the wrecking tools of her successors. They spent \$150,000 undoing every one of her improvements.

Irving H. Welfeld of the Department of Housing and Urban Development in Washington has one little model of a solution to this situation. He advocates a program to guarantee elderly people who purchase condominiums that their greatest fear of leaving the present mortgageless home will never be realized. They will be assured that their condominium service charges will never exceed 20 percent of their income. After all, if the familiar neighbourhood can be coupled with no sudden jumps in living costs, then the rationale for the giant family home may grow weaker.<sup>6</sup> As long as there are no subsidies involved, there is no reason why those who *want* to occupy a lot of space and have the means to do so should not. The situations in question here are those in which people are involuntarily occupying much more housing than they can comfortably use.

There are a variety of other options for the redistribution of housing, including garden suites, home conversion loans, match-and-share schemes, equity co-operatives and property tax incentives. The key in each case is to *take the delivery to the potential clients on a door-to-door basis*. Bureaucratic inertia plus elderly inertia is a recipe for no movement, which may be why programs in this field have been tiny. What works for Avon and Fuller Brush will surely have some success for "the Man from MOH."

These program ideas embody three principles that are probably applicable across-the-board in the field of housing distribution:

- they deal directly with people's real fears;
- they can go to the client, not requiring investment and worrisome encounters with mysterious bureaucratic processes on their part;
- they use relatively small amounts of funds or information to lever behaviour toward the massive capital investment which already exists.

We have something over \$212 billion of capital sunk in the home ownership stock without mortgage debt in this country.<sup>7</sup> That is a lot of capital to lever, especially when you consider that approximately 80 percent of the housing we are ever likely to need is already built.

Let us turn to some people who are having lonely days and sleepless nights at present—owners of rental property. They are faced with massive renovation bills and limited prospects to raise the funds to do the work. Their desire to "let Mikey do it" through condominium conversion, or other stratagems is quite understandable. However, there may be other, less disruptive ways to mobilize the substantial savings of existing tenants than through condominium conversion. For example, in Quebec the *fonds de solidarite* have succeeded in putting workers' savings to the tasks of industrial development. Why could not a similar fund for tenants, focused on rental property investment? On an international scale, there are massive workers' pension funds in West Germany and

elsewhere looking for a safe home in Canadian real estate. Might not there be some way to tap these savings for the rental stock under mutually beneficial and fair terms through, for example, an equivalent of the preferred share and requirement for local management?

There is one final object which tumbles out of this bag of old and new tricks--urban policy. Right now it exists in Ontario as that which dare not speak its name. It is improbably called "intensification," which always makes me think of furrowed brows. The beauty of intensification is that it is all that urban policies of the 1970s tended not to be. It is meshed in the fabric of what is real, rather than escapist new towns. It is small-scale and often saleable politically. It is steady. It is fail safe because it helps make the most efficient use of investments and systems already in place. Intensification, preferably renamed something in the Queen's English, is an urban policy you can build a coalition around. Coupled with it should be a planning philosophy which concentrates on performance of *systems* rather than filling up blank planes or achieving optimal urban sizes. Another element is the careful calculus of different urban capital investment returns in an entrepreneurial manner. Now that we can see comprehensive planning ideologies for what they are, we can deal with them sensibly as part of the many jostling interests, rather than as some priestly embodiment of the public interest.

There are many more opportunities and insights which the paradigm of housing distribution, or housing resources, brings into view. This paper has explored some of them. I hope I have encouraged you to pursue these concepts in your own way, and that a decade or more hence, we can view the results in a spirit of bemused commiseration. In our field, the main hope is to be able to make new mistakes, of better quality and greater sophistication than before. This is how we advance.

## ENDNOTES

1. There were 245,986 "starts" in 1987, compared with 273,203 in 1976, the highest number ever recorded. See Canada Mortgage and Housing Corporation, *Canadian Housing Statistics* (Ottawa: CMHC, 1988), p. 1. The calculation of how many were "affordable" is difficult since only *NHA* data are available. If "affordable" means social housing only, then the number of new units was around 15,000, or 6.1% of the total.
2. "Toward a Permanent Housing Problem," *The Public Interest*, 85 (Fall 1986): 26-27.
3. According to the *Canadian Housing Statistics, 1987*, there were 16,223 social housing units financed under the *National Housing Act* last year, of which 1,595 were existing construction and 14,628 were newly built. The total number of social, housing units for which subsidies were provided for the first time was 19,701. It is unlikely that the proportion of new to existing units was vastly different among the minority not financed under the *NHA*.
4. Statistics on occupancy patterns are available annually from Statistics Canada, *Households, Facilities and Equipment* (Ottawa: Supply and Services), Catalogue 64-202.
5. Calculated from *1985 Housing Market Survey, Volume 1: Rental Market* (Toronto: Ministry of Housing): 23. An income of over, or under, \$20,000 annually was used as the basis for calling someone "higher" or "lower" income.
6. See "Our Graying Suburbs: Solving An Unusual Housing Problem," *The Public Interest*, 85 (Fall 1986): 50-57.
7. This has been calculated by applying the 1987 proportion of owned dwellings clear of mortgage from Statistics Canada, *Household Facilities and Equipment, May 1987*, to the 1987 estimate for end-year gross residential stock from Statistics Canada, *Fixed Capital Flows and Stocks, 1987* (Ottawa: Minister of Supply and Services, 1987), p. 66.

