

NHA POLICIES AND PROGRAMS FOR THE SEVENTIES

VOLUME 1

An Introduction



**Policy Planning Division
Central Mortgage and Housing Corporation**

January 11, 1972.

Mr. H.W. Hignett,
President,
Central Mortgage and
Housing Corporation,
Ottawa, Ontario.

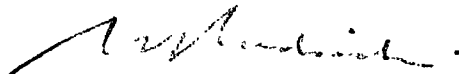
Dear Mr. Hignett:

I am transmitting herewith, in 10 volumes, "NHA Policies and Programs for the Seventies", a statement of proposals developed by the Policy Planning Division covering the major policy areas of concern to the Corporation, together with an introduction, an overview summary, and some considerations regarding interdepartmental and intergovernmental consultation.

It is hoped that, in this form, the documents will be useful to the Corporation, and to the Minister and his officials, in their discussions with other federal departments and agencies and other levels of government.

As you know, these documents are the culmination of the Division's 1971 Work Program and represent uncounted hours of study and discussion, not only by the Policy Planning Division, but by people in all parts of the Corporation. They are, however, in a sense, simply an articulation, at one moment in time, of a process of policy and program analysis, evaluation and formulation which is going on continuously in the Corporation. We are looking forward, in the next few weeks, to presenting you with a perhaps even more ambitious Work Program for 1972.

Yours sincerely,



Walter Rudnicki,
Executive Director.

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AN INTRODUCTION

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The policy proposals set out in these volumes, in their present form, are largely the work of the Policy Planning Division of Central Mortgage and Housing Corporation, with the assistance and co-operation of members of the Corporation's operating divisions and contributions from a number of task forces and consultants' studies. In a broader sense, however, they are part of a process that had its beginning in July, 1969.

At that time, the Minister without Portfolio Responsible for Housing (Mr. Andras) submitted to Cabinet a document entitled "Housing for Lower-Income Groups -- Policy Alternatives". One of the significant conclusions of this document was that: "The problem of low-income housing is associated primarily and closely with urban phenomena which are highly complex and rapidly changing". Low-income housing could not be considered or resolved without reference to such issues of urban development as "transportation, pollution, urban renewal, regional government, inter-governmental relations and myriad of other social and economic variables". Furthermore, at the federal level, there was scope for "more effective co-ordination and integration of related programs" in order to "give substance and coherence, not only to housing objectives, but also to federal strategies of social and economic development in which housing plays a vital role".

In response to this submission, the Cabinet asked Mr. Andras to co-ordinate the necessary studies and prepare a report on the process of urbanization and its associated problems and the probable implications of the federal government's assuming a more active role in urban affairs.

This study was subsequently undertaken, over a period of about five months, under the direction of Dr. N.H. Lithwick of Carleton University, and the substance of his findings are now well known. His evidence suggested that urban problems are interdependent and mutually reinforcing and that they have a common origin in the urbanization process itself. The so-called urban crisis, he suggested, might really be a matter of poor concepts, discordant and fragmented approaches, misdirected action and inaction. He documented many aspects of urban problems and predicted that, if the present pattern of growth continued, by the year 2000, most of the population would be concentrated in a few congested, highly costly and rapidly deteriorating cities -- chiefly Montreal, Toronto and Vancouver. He drew the implications of this kind of unconstrained growth for social and economic well-being, national unity and national identity. The Urban Study also delineated policy options, including those which would: (a) improve the present delivery system; (b) rationalize the federal urban role; or (c) rationalize a "national urban policy".

In order to interpret the voluminous study for the Cabinet, and to further examine the study's implications for federal policy, the Minister employed the services of a Policy Planning Group, a half-dozen people, attached to his office. This group helped to prepare two presentation to Cabinet.

The first dealt with the study's findings about the nature of urban problems and the process of urbanization. The second -- which developed and extended the Lithwick study -- examined possible roles for the federal government in urban affairs and some policy options.

The eventual outcome of the study, and the presentations, was the decision, announced in October, 1970, to seek legislation to permit the creation of a Ministry of State for Urban Affairs.

In the process of interpreting the Urban Study, and examining its implications for federal roles and policies, the Policy Planning Group developed a number of papers which continue to have relevance for policy formulation within the Corporation. These studies cover the whole range of urban objectives, frameworks, strategies and structures. A sampling of titles could include: A Future Federal Role in Urban Development -- Options and Effects; Urban Values in Canada; A Tentative Policy Framework and Program Structure for Federal Urban Programs; Development of a Framework for National Urban Policy; Policy Options for Alternative Urban Futures; Developing an Urban

Policy for Canada: Tasks, Structures and Strategies.

In the same period, Task Forces or Study Groups were commissioned by the Corporation to examine, over a longer term, and under the guidance of the Policy Planning Group and later the Policy Planning Division, some salient issues in the field of housing and urban affairs. These included: Student Housing; Sewage Treatment Loans; Low Income Housing; Urban Assistance; A Preliminary Land Study; and Housing for Native People. All of these studies had been completed by November, 1971, and their findings, analyses, data and recommendations were available as resources in the formulation of the policy proposals which are now presented.

Towards the end of 1970, with the recruitment of the Urban Secretariat and, eventually, the formation of the Urban Ministry, the Policy Planning Group, with the assistance of outside consultants, began to plan the organization of a new division within the Corporation which would assist it in taking a more deliberate, systematic and far-ranging approach to policy formulation and one which would be more responsive to changing demands. The Policy Planning Group provided a nucleus for the new Policy Planning Division, which began operations in February, 1971, and provided continuity in the developing study of housing and urban problems and the formulation of policy.

In its initial approach, the Policy Planning Division tackled its work on an issue-by-issue basis, producing policy options for the Management of the Corporation, and the Minister, in such areas as Day Care, Aid to Citizens Group, Sewage Treatment, Land Use, etc. At the same time, a number of supplementary and background papers were produced by the Concept Development Group and other individuals and groups in the Division. These covered such subjects as: The Politics of Municipal Zoning; Estimation of Future Municipal Requirements; Relations of CMHC to DREE as Applied to Land Assembly; Community Assistance -- Assumptions, Objectives and Options; Supply of Residential Land -- Present and Future; Municipal Information Requirements; A Hinterland Development Strategy for CMHC; A Centre for Urban Management, Research and Education; Role of CMHC on Federal Real Property Management -- to mention just a few with broad implications.

The need soon became apparent to bring together, and systematically deal with, the increasing number of policy issues and to order them in a work program which would permit the identification of immediate strategic decisions, provide a framework for meeting emerging policy issues, and establish processes for long-term policy development and planning. The work program which the Division proposed for the remaining months of 1971 involved the production of: - recommendations regarding the 1971

Capital Budget and the policy directions which it would imply; proposals for revision of the National Housing Act to reflect the Federal government's changing priorities and program arrangements and the comprehensiveness of the changes to be made; and a series of other policy papers dealing with specific issues and relating the substance of individual programs to each other at a strategic level.

Following presentation of the proposed work program to the Management of the Corporation, and the consideration of certain options regarding legislative change, it was decided to approach amendment of the NHA in two phases. The first phase would involve alterations to certain major programs in the Spring of 1972; the second would involve complete revision of the Act in 1973.

In order to deal with this very large program of work in a very limited time, the Division organized itself into a number of temporary, task-oriented "policy sector teams" to provide leadership in organizing research and discussion in their assigned policy areas and to ensure the best possible use of resources within and outside the Corporation. The policy sectors, which roughly correspond to the organization of these volumes, included: Urban Assistance, Low Income Housing, Housing for Native People, Land and Infrastructure, Residential Rehabilitation, Research and Development, Regional Development, and Social Development. Other groups were organized to provide an "overview" of the policy sector

proposals in terms of a co-ordinated policy direction, future roles for the Corporation, and budget and legislative implications.

The teams, to varying degrees, drew on all the studies produced over the previous 18 months -- the Lithwick Study, the Policy Planning Group studies, Policy Planning Division background papers, the Task Force reports, and other data and information. In some sectors, they were able to draw on the results of issue-oriented "workshops" conducted by the Division's Policy Development Group involving a range of interested people from government, universities and private organizations. In addition, various members of the policy sector teams took on individual areas of research, where there were gaps to be filled or implications to be examined. In some cases, they visited regional and branch offices to discuss issues. For the most part, key members of the Task Forces were available to the policy sector teams to explain their findings or to help with the identification of relevant data. On several occasions, private consultants were engaged to deal with substantive questions on which expertise was not available within the Corporation.

Perhaps the most useful resource available to the policy sector teams was the knowledge and experience of members of the Corporation's operating divisions. Personnel from these divisions spent many hours in policy sector team seminars, evaluating proposals, testing hypotheses, and offering practical judgments and advice.

Concurrently with the work of the policy sector teams, policy, budget and legislative overviews were built and were checked and revised against the perceptions of the sector team leaders.

As draft reports were completed, they were widely reviewed within the Division and then presented to the Management of the Corporation, to officials of the Urban Ministry and, eventually, to the Minister. At each of these stages, revisions were made where necessary.

This is the process out of which the present policy proposals arose. Although it stretches back in time through a year and a half, or even more, the essential, practical elements were hammered out in a period of some six months by a relatively few over-worked people. The proposals would, perhaps, be more elegant and sophisticated if time, and the growing and changing expectations of the community, could have been suspended to accommodate a more scholarly approach. In the circumstances, they are intended to provide a relevant and knowledgeable response to present and predictable issues and a foundation and direction for longer-term policy formulation.

APPENDIX A

CONSIDERATIONS FOR A
LEGISLATIVE PROGRAM, 1971-73

July 26, 1971

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I. INTRODUCTION

During the past several years, the operating environment of the Central Mortgage and Housing Corporation has generated an increasing range of complex issues to be resolved at the Management and at the Ministerial level. In recognition of the increasing demands of this environment, new capabilities have been added to the Corporation and new planning concepts have been adopted. A process of bringing together and systematically dealing with the mounting list of policy questions facing us has been initiated.

The present document represents both a momentary summation and a new beginning for the resolution of the many items requiring action. It seeks to identify those strategic decisions to be made in the immediate future, for example on the scope, format, and time frames for revision of the National Housing Act. It also seeks to provide a framework and an organizational approach for meeting future policy issues as they emerge, to set in motion coherent processes of long-term policy development and continuing planning activity. Both strategic decisions and on-going policy development are dealt with by the Policy Planning Division "Work Program".

A work program is a tool of communication about common objectives and a mechanism for co-ordinated action. It provides all concerned in a large organization with a common frame of reference in what might otherwise be an uncertain and shifting situation. It establishes certain "knowns" about the tasks to be performed and permits longer range thinking and planning. It permits those inevitable "crash projects" which any unit involved in policy work faces to be clearly identified and organized as such.

Because of the kind of organization the Policy Planning Division is, and because of the scope and complexity of its tasks, the development of its work program has been an exercise in organizational development as well. Understanding has been created where doubt previously existed. Working social relationships have been cemented and "team spirit" intensified. These events may appear to be secondary to the main job of saying what tasks need to be performed and who should perform them and by what dates. In fact they are critical to the success of the Division and to the fulfillment of Management's expectations about final products.

The core of a policy planning unit's function is to develop information for decisions. This "information" can include analyses of "hard" statistical material and reviews of the evolving environment of the organization concerned. It can include options sifted from among many possible actions, and simple recommendations based on rational but intuitive sampling of the future.

The critical aspect of this information is that the production of it can be either a very lengthy or a very rapid process. Judgement as to "relevancy" is constantly required to ensure that a book is not produced where a simple statement would suffice, to ensure that "enough" is provided to enable sound allocations of authority and resources to be made. The Policy Planning Division could easily expend its entire energies on any one of its major assignments for the remainder of the year. That is, if "thoroughness" in a cataloguer's or academic's sense were required. Instead, its focus must be on selection, on making one search for information do the work of several, on critical rather than extensive analysis.

The context surrounding Central Mortgage and Housing Corporation's activity for 1971 is composed of three major aspects or components. And these must of necessity be considered in turn by the Policy Planning Division.

The first of these has to do with the changing forces at work in Canadian society, forces which are affected by and which affect the programs of the Corporation. Perhaps the most salient of these are:

- * the shifts taking place in the housing market, toward increased densities, toward the condominium form of tenure, toward extensive publicly assisted housing programs as an integral part of the market, toward increasing locational, land cost, and servicing pressures on family unit production

- * the changes taking place in public expectations about the urban environment and in political responses to these expectations -- perhaps best typified by the recent Spadina Expressway decision, but also apparent at the National Conference of Public Housing Tenants, the briefs of the Canadian Federation of Mayors and Municipalities, and elsewhere

* the problems associated with the structure and operation of the Canadian economy as a whole, as evidenced by the failure of voluntary wage and price guidelines, the simultaneous persistence of both inflation and unemployment, the reform of the tax structure, the growing public concern over the effects of growth and foreign control.

The working out of these problems and the changes associated with them can be expected to continue throughout the 1970's regardless of political alterations during the period. They form a constant source of program-related difficulties for the Corporation and thus plan an important part in shaping the "strategic issues" to be dealt with. They pose the necessity for a set of Corporate priorities, a normative framework, as outlined at the conclusion of this paper.

The second major aspect of the Corporation's context has to do with the established institutions of government and the organized interests which strongly influence and constrain its activities. Included among these are the Federal Departments of Finance, Regional Economic Expansion, and now, the Environment, the major provincial housing agencies, the large developers and builders and other important interests.

Of critical concern for the Corporation in the current year and in the foreseeable future are the following questions:

* the stance of the Department of Finance toward such results of shifting C.M.H.C. activity as its growing annual use of non-budgetary funds, its increasing budgetary expenditure commitments, its declining net revenue position, the "counter-redistributive" effects of its public housing and infrastructure programs, etc.

* the stance of the provincial housing agencies in the face of continued rationing of funds, of Federal attempts to change social housing instruments and priorities, of increasing Federal initiatives in the urban and environmental fields, and of growing subsidy requirements under existing public housing arrangements

* the stance of the large development corporations, in whose hands residential construction activities are being increasingly concentrated toward C.M.H.C. and federal attempts to lower housing costs, increase environmental quality, and meet "hard core" housing needs

* the stance of those controlling the large pools of private capital toward federal and C.M.H.C. efforts to secure more residential and social capital funds for community building across the country.

Clearly the above is a limited selection of the institutional forces which determine the boundaries of what the Minister and the Corporation can do, and affect, often decisively, the substance of the program and policy decisions to be made. In order to present feasible options to management, the Policy Planning Division must concern itself with such major institutional issues in the course of carrying out its work.

Finally, and of most immediate concern to the substance of the Work Program in 1971 are the public commitments made by the Government and the Minister regarding a number of important C.M.H.C. policies and programs. These include:

* a commitment to improved co-ordination and consultation within and between levels of government on programs affecting the urban fabric of Canada

* a commitment to housing for lower income groups as a Federal priority

* a commitment to the revision of urban renewal to provide clear social, physical, and economic objectives for the program

* a commitment to the increased involvement of public housing tenants and other citizens in the decisions affecting their daily lives

* a commitment to the securing of more private investment capital for housing purposes

* a commitment to the improvement of housing conditions of native people in Canada

* a commitment to the serious study of how day care facilities could be provided under the National Housing Act

* a commitment to the improved use of housing and other programs in dealing with regional disparities

* a commitment generally, to a "systems approach" to policy formulation and decision

* a commitment generally to the promotion of innovation, programmatic and institutional

* a commitment generally to the fostering of increased public awareness about urban and housing problems and about choices to be made in shaping our future

These commitments obviously vary greatly in scope and depth -- ranging from specific promises to broad indications of philosophy and direction. Taken together, they represent the elements of a program to set and attain consistent housing and urban objectives. They also give rise to an increasingly pressing accumulation of expectations for Cabinet level and other policy documents on CMHC-related issues.

The policy-making approach employed by most government agencies to date has been one based on the accumulation of precedents. For many situations, this so-called "disjointed incrementalism" can suffice. It can be effectively argued however, that a policy concept which gives more weight to future as opposed to present realities, and which consciously seeks to engage in a coherent, ongoing process is the least costly, and most effective one for the 1970's.

II. THE END PRODUCTS TO BE CREATED

The natural next step in the thought process we have been following is to look at what the Work Program of the Division is required to develop in terms of known "end products" -- draft Cabinet sub-missions, policy papers, presentations, and background materials. Items to be undertaken on a crash basis are excluded.

At this stage it is most useful to deal with "minimum" end products only. If these are not created:

- * the basic expectations of the Minister and Management will not be met
- * all the elements necessary to form complete packages of policy documents will not be present
- * the initiative of the Minister and of the Corporation of a given major issue may be lost
- * the Division will not have done its job properly

The minimum end products with which the Division is involved include:

- (1) A Capital Budget submission for 1972
- (2) A draft Cabinet submission on revision of the National Housing Act prior to September 30
- (3) A limited number of policy papers on such subjects as Federal co-operation on land use, developmental projects, and day care

In each case, the actual document or documents to be written must necessarily draw upon and be accompanied by a number of research and briefing papers.

For purposes of our discussion here, it will suffice to briefly review the kinds of information contained in the policy document and to suggest the ancillary materials required.

CAPITAL BUDGET

The CMHC Capital Budget for 1972 will be a very important statement of the overall policy directions being adopted by the Minister and Management. For example, positions tentatively formulated over the past two years regarding the development of alternatives to public housing may be considerably "hardened" as a result both of policy research and of changing provincial expectations and priorities.

In any case, the Draft Submission to Cabinet will probably contain:

- (1) a review of the outlook for 1972
- (2) policy considerations in the development of the budget, including rationale for projected new and revised capital programs
- (3) allocation of funds, program by program, including provision for flexibility
- (4) anticipated economic and social impact of the budget

In addition to the submission itself, presentation and background materials will be required. Of particular importance among these from the policy standpoint is a Budget Policy Paper which could go into some depth on the subjects of:

- (1) the evolving role of housing as an instrument of economic policy and the effects this in turn has on housing policies
- (2) the trends taking place in Federal expenditures for housing and infrastructure both via existing and via proposed subsidy programs, the implications of these for national priorities and the relative effectiveness of the programs themselves
- (3) the process by which housing demand as expressed through funding requests to C.M.H.C. can be more effectively meshed with housing "needs" in terms of the life style, location, income, and physical conditions requirements of individuals and families

- (4) the relative equity of the distribution of C.M.H.C. funds to provinces and municipalities, the role of the legislation in producing this distribution, and the possible improvements which could be made in the C.M.H.C. contribution to alleviation of regional disparities
- (5) the policy assumptions made about the role of C.M.H.C. capital funds relative to the private market and the changing nature of C.M.H.C.'s "residual" role in the lending field.

LEGISLATIVE REVISION

The second critical set of end products for the Division's work is that dealing with the revision of the National Housing Act to reflect the Government's changing priorities and program arrangements. Still to be decided are the comprehensiveness of the changes to be made and the underlying strategies to be adopted in creating a new Act. For example, the Act could reflect a "maximum enabling flexibility" approach, widening the scope of certain aspects of the present legislation but retaining the primarily administrative phraseology in which it is couched. Or it could seek to make the Act a statement of policy and program objectives, bearing an identifiable political philosophy.

In any case a draft Cabinet submission containing the proposed changes and outlining the factors which have led to their creation will be needed. Associated with this are:

- (1) a basis on which drafting instructions for the Department of Justice can be formulated
- (2) an assessment of the overall Federal-Provincial-Municipal effects of the proposed changes and recommendations for a process of intergovernmental consultation on them
- (3) an assessment of the projected budgetary implications of the changes being made over a five-year period with relative costs of different alternatives
- (4) an assessment of the public acceptability of the changes presented.

As background to the submission it is envisaged that a Legislative Policy Paper will be developed, to include analysis of such critical issues as:

- (1) the implications of the proposed changes for interdepartmental and intergovernmental co-operation, particularly in regard to the urban assistance program or programs.
- (2) the anticipated and intended effects of the proposals on provincial and municipal priorities and finances -- the extent to which Federal direction and conditions are involved in funding
- (3) the intended relationship between C.M.H.C. funding of new and revised programs and private activity in housing and urban redevelopment
- (4) the anticipated effects of the proposals on C.M.H.C. organizational arrangements and resource requirements for operations
- (5) the underlying philosophy of the changes in the matters of C.M.H.C.'s role in long term environmental improvement and the involvement of citizens in shaping that improvement.

OTHER POLICY PAPERS

Most of the individual policy issues being dealt with by the Division, for example, day care centres, native people's housing, and aid to citizens' groups, can be effectively discussed in the light of the requirements they generate either for budgetary allocation or for legislative amendment. But it may also be necessary to provide materials for management and ministerial decision outside of these contexts -- particularly in cases where rapid action is required and where powers already exist to take such action. This is the case with the interim policies being developed on land use, on aids to citizens' groups, on day care facilities, on housing research and community planning, and on developmental and pilot projects.

In addition to the very specific kinds of policy papers envisaged above, however, there are a number of papers which are intended to relate the substance of individual programs to each other. These are essential to the development of strategies and of internal consistency among Corporation activities. They provide a basis for long-term planning on a conceptually coherent basis.

They include:

- (1) a "program impact" framework which will permit the cumulative effects of C.M.H.C. programs in given localities and on given parts of the "urban system" to be assessed. For this year some basic criteria as well as information about past policies are feasible
- (2) a paper which brings together the various parts of the "urban assistance" picture and provides for consistent overall policy options
- (3) a paper which assembles information and analyzes the situation of C.M.H.C. programs in regard to the encouragement of regional development, and which examines the C.M.H.C. role vis-à-vis the Department of Regional Economic Expansion
- (4) a paper which reviews the social implications of C.M.H.C. activities and looks at the ways in which a number of different program thrusts contribute to social development in urban and rural communities
- (5) a paper which assembles all of the policy and program options related to the housing portion of the Capital Budget and checks them against criteria of consistency and relationship to housing needs
- (6) a paper, related to the above which sets out the overall directions being established for the Corporation's low income housing policies, existing and proposed, and identifies the strategic considerations involved, e.g., the development of alternatives to public housing
- (7) a paper which assembles the policy options being considered in regard to the support of infrastructure and establishes a consistent framework for capital funds in this field. Of particular concern here is the "leverage" potential of land assembly and sewage treatment loans for achieving national urban planning goals
- (8) a paper which elaborates an overall strategy for C.M.H.C.-promoted research and development, including a systematic assessment of the state of the art in housing and infrastructure and indicators as to points at which funds can be applied with maximum effect.

To summarize the planning philosophy which underlies the preparation of the documents and described above, it is one which strives for more explicit objectives and operating principles, which seeks to explore the potential of the Crown corporation framework for future-oriented action.

III. THE SCOPE AND FORM OF LEGISLATIVE CHANGE IN 1971

Of particular concern to the Policy Planning Division for this year is the process leading to amendment of the National Housing Act. This is the case both because of the complexity and importance of the tasks leading to the legislative "end products", and because of the leadership role assigned to the Division in formulating policy options affecting the N.H.A.

The National Housing Act, 1954, has been amended on twelve occasions in the past. It would appear that the various changes which have been made were fairly specific responses to immediate policy problems. During the period since 1964, the scope of amendments has been limited to modifications of existing program arrangements, rather than the introduction of new programs or the substantial overhauling of the available repertoire.

At the time of the most recent changes in the Act, in the spring of 1969, the stage had already been set for major alterations as distinct future possibilities. This was the case because both the public housing and the urban renewal programs had been critically examined by the Hellyer Task Force on Housing and Urban Development, giving rise to some expectation that new approaches would be adopted. A number of other widely publicized recommendations, specific and general, pointed in the direction of revision as well.

Subsequent events have led to the rapid expansion of Federal involvement with housing for lower income people and an increased Federal presence in urban affairs, culminating in the recent establishment of the Ministry of State.

While the approach taken to the National Housing Act over the coming year is by no means the only programmatic statement of Federal housing and urban intentions, it is obviously a highly important one.

In the above context, the Division has been able to identify three major options with regard to

the development of policies associated with the NHA and their translation into legislative proposals for Cabinet.

These are:

- (1) an option which would involve, for the present only, the absolute minimum of change; a "tinkering" option
- (2) an option which would seek a whole new National Housing Act, based on a new set of assumptions about, and strategies toward, the housing market and the urban centres; a "shoot-the-works" option
- (3) an option which would seek to obtain a first round of legislative amendments beginning this fall and a second round for early 1973; a "phase-in" option

The implications of each option for the Minister and Management have been explored in some depth.

TINKERING

Unless the land assembly loans program under Section 42 (formerly 35C) is to be allowed to lapse, there is a minimum requirement for at least one legislative amendment in 1971-72. This opens the door in terms of getting on the Cabinet and House agendas and in terms of the necessity to present the Act for debate early in the new year.

The assumptions underlying the "tinker" option are that it is politically possible to change only the sections of the Act which absolutely require amendment, and that the legislation is sufficiently flexible to allow us to make the kinds of program policies we wish.

With this option, there would be no need for an overall philosophy or approach to changes. They would be piecemeal and pragmatic.

In addition to the land assembly extension beyond March 31, 1972, we might want to make a specific amendment to Section 24 (23B) so that urban renewal funds could be regularly used for rehabilitation assistance in existing scheme areas. A minor amendment to Section 43 (35D) would allow public housing to be constructed for sale. Section 2 of the Act might be amended to mention the Minister of State for Urban

Affairs as the Minister responsible for Housing -- instead of the Minister of Public Works as it now reads.

This option would be the simplest to deal with in technical terms. It would put the least demand on the time and resources of the Corporation and the Policy Planning Division. The latter could direct more of its effort, instead, to budgetary policy formulation and long-term program development.

However, the "tinkering" option would be viable only if there were little or no pressure from the public and from the Government for new and modified programs -- and if these pressures were not likely to develop for another year.

In the present circumstances, particularly on the rehabilitation and urban assistance fronts, this is probably not a real option.

SHOOT-THE-WORKS

The "scenario" for the Shoot-the-Works option envisages a complete rewrite of the National Housing Act prior to the middle of 1972 and the Federal election. This might conceivably be in response to a major Government thrust to deal with housing and related problems. It might be a means of securing substantial commitment to new housing approaches prior to an economic upturn which might decrease the priority given to investment in the field.

For this option, we would try to make the new Act reflect -- directly or indirectly -- a new philosophy and a new approach to the Federal role in housing, infrastructure, and urban assistance. Objectives could be stated in the Act or -- without stating objectives explicitly -- it could be revised to enable us to reach these objectives. In either case, the end result would be a new piece of legislation.

What might be in such an Act?

It would probably include assistance for new communities. This assistance could be given on a preferential basis because of the high start-up costs of such developments. That is, new community projects would be given preference over older communities in the distribution of funds under such existing programs as land assembly and sewage treatment loans.

The new Act might also include the proposals made in 1967 for regional planning assistance and for land assembly to provide transportation corridors. It would probably provide long-term alternatives to the public housing program -- both in terms of transferring loan funds and meeting national housing objectives. It would provide mechanisms for dealing with ineffective demand, ranging from resources for citizen housing organizations to subsidy programs for the very poor. It might also establish an urban development bank for low-interest loans to municipalities, as a companion approach to more specific and conditional programs such as neighbourhood assistance, urban information systems and management training assistance.

The chief advantage of the "Shoot-the-Works" option is that it would make a very strong political statement about federal involvement in the urban field. It would set the stage for real advance on the problems of the Seventies.

However, it would require a total commitment of policy-formulating and program-planning resources by the Corporation. It might also close off a number of options in the years ahead in the housing, urban assistance and infrastructure fields.

PHASE-IN

This third option for consideration involves a two-staged approach to the question of legislative amendment.

The first phase would involve alterations to certain major programs in the spring of 1972.

The second phase would involve complete revision of the National Housing Act in 1973, and possible introduction of new, related Acts.

In effect, it would mean important revisions in 1972 leading up to a "Shoot-the-Works" approach -- not now, but in 1973.

Conceptually, the phased approach is not different from the "Shoot-the-Works" option. Both would involve the development of an underlying philosophy. Amendments made in 1972 would have to be consistent with the more comprehensive changes contemplated in 1973. The phased approach, however, does provide more elbow room. It gives us the flexibility to improve our performance at each stage - now and for 1973. Furthermore it would avoid the very extensive commitment of resources which would be needed to produce a complete rewrite of the Act in the next two or three months.

The first phase of the "Phase-In" option, in more specific terms, would require consideration of program-related legislative amendments in 1972.

These would include:

- * urban assistance, and the revision of urban renewal
- * aids to rehabilitation
- * low-income housing -- more particularly, assisted home ownership, non-profit housing, cooperative housing, limited dividend housing, and public housing
- * sewage treatment loans
- * land assembly
- * assistance with day care capital costs
- * student housing
- * new financing mechanisms
- * mobile homes
- * and, possibly some others, such as the provision of limited project development costs to citizen groups

The advantages of the Phase-in option are that it satisfies expectations about the federal government's program initiatives. It also puts the Corporation in a considerably better position to experiment. At the same time, it starts down the road towards an overall rewrite of the Act in 1973. It could be a flexible and feasible package.

THE APPROACH TO FEASIBLE LEGISLATION

Many political and other factors outside of the scope of this paper will obviously influence the choice of a legislative strategy by the Minister. It is possible, however, to suggest a way of making the conceptualization of the problem somewhat more manageable.

It will clearly be some time before a generally agreed upon national set of policies and strategies for housing, infrastructure, and urban assistance can be developed. In the meantime, certain processes can be set in motion and certain tentative directions provided. It may be discovered that ultimately the future is so uncertain that only working hypotheses and shared program strategies are possible on a national basis.

Whatever the case, it will be necessary, as final research results come in, to work up to the limits of our knowledge in developing legislative options. What is supportable can go.

In more specific terms, the following can be decided:

- (1) those items on which a firm minimum Federal position is possible and desirable
- (2) those items on which options for negotiation with provinces and municipalities need to be provided. In effect the consultation process is one of "research" on the priorities and perceptions of the other levels of government
- (3) those items on which immediate interim arrangements are required, pending longer term policies
- (4) those items on which our state of knowledge is not sufficiently advanced, and on which identifiable further research and experimentation can be carried out.

IV. ORGANIZATION FOR WORK

There are two levels of "work" involved in the Work Program. The first of these has to do with the individual tasks which lead up to the preparation of papers and policy options. The second has to do with the feasibility testing of options and the general coordination of all the different organizational inputs to be considered in legislative and budgetary development.

At both of these levels -- within the Policy Planning Division, and within the Corporation as a whole, working groups have been set up.

POLICY SECTOR TEAMS

In order to facilitate the coordination of PPD action on the priority items in the Work Program, leadership in research and discussion tasks have been assigned to seven "policy sector teams" within the Division. These cover the following major and continuing categories of Corporate activity:

- * urban assistance
- * low income housing
- * infrastructure and planning
- * research and development
- * regional development
- * social development
- * delivery systems

Working under these teams are the three "research groups" on low income housing, native people's housing, and urban assistance. Also involved are consultants providing various directed research inputs, for example, on municipal finance and administration, and the Division's own research staff.

By using this approach, the originally established Group structure can be effectively meshed with a series of coordinating bodies which add a new dimension to work styles and staff interaction for the present "crash" exercise.

LEGISLATION AND BUDGET COMMITTEES

At the Corporation level, two major committees have been established, with representation from the Urban Secretariat, the operating divisions, and the Policy Planning Division. These will provide an opportunity for the specific proposals and inputs relating to the legislation and budget cabinet submissions to be tested and assembled from the various sources of production. They provide focal points for dealing with a particular range of problems.

V THE BROADER CONTEXT - CMHC PRIORITIES FOR THE SEVENTIES

To this point, the "priorities" discussed have been almost entirely at the level of the work program itself. That is, the priorities for action. To be sure, it has been pointed out that these are influenced by larger assumptions and priorities. A discussion of the work program would be incomplete if it did not at least briefly probe these larger questions and begin to make a coherent position on them possible.

In the past, CMHC has effectively dealt with a wide range of competing claims, of competing demands. This is because the Corporation has operated on a set of basic assumptions and priorities internal to itself. Any organization must have what Harold Kaplan calls a "policy equilibrium" -- a balance between competing outside demands and organizational needs. Otherwise, its situation is unmanageable.

The assumptions about how CMHC deals with competing requirements for action are inherent in its past structure. They have to do with the image of a wise lender concerned with sound investment in housing units, and with the role of a key gate-keeper for funds provided to a major sector of the economy. Flowing from these assumptions have been operational norms or patterns of action in regard to the acceptance of responsibility for the consequences of a loan, the formulation of the Capital budget, the ways in which housing demand is met, the way in which "policy" itself is made, and communicated.

Changing circumstances indicate that a broad concept of Corporate "viability" is needed. With this goes a new set of priorities toward which we can work, not all at once, but as part of a conscious process.

The priorities of the Corporation for the Seventies have to do with:

- * a strategic role in the housing market which attempts to act at the edge of change, and to work itself out of a series of jobs in terms of a broad community-building concept. We need to increasingly gear activity to the beginning of new problems as was the case with the sewage treatment loans response to the suburban septic tank problem.

* a changed budget-making model less related to the shortfall between anticipated private market activity and the year's housing starts goal, and more related to an ongoing plan for long-term investment and improvement of hard core conditions. The present model is not meeting ineffective demand, almost by definition.

* a broader definition of responsibility than that concerned with loan repayment. The Rochdale and other experiences make it clear that a social accountability for actions is increasingly real in the minds of the public as far as large wealthy institutions are concerned.

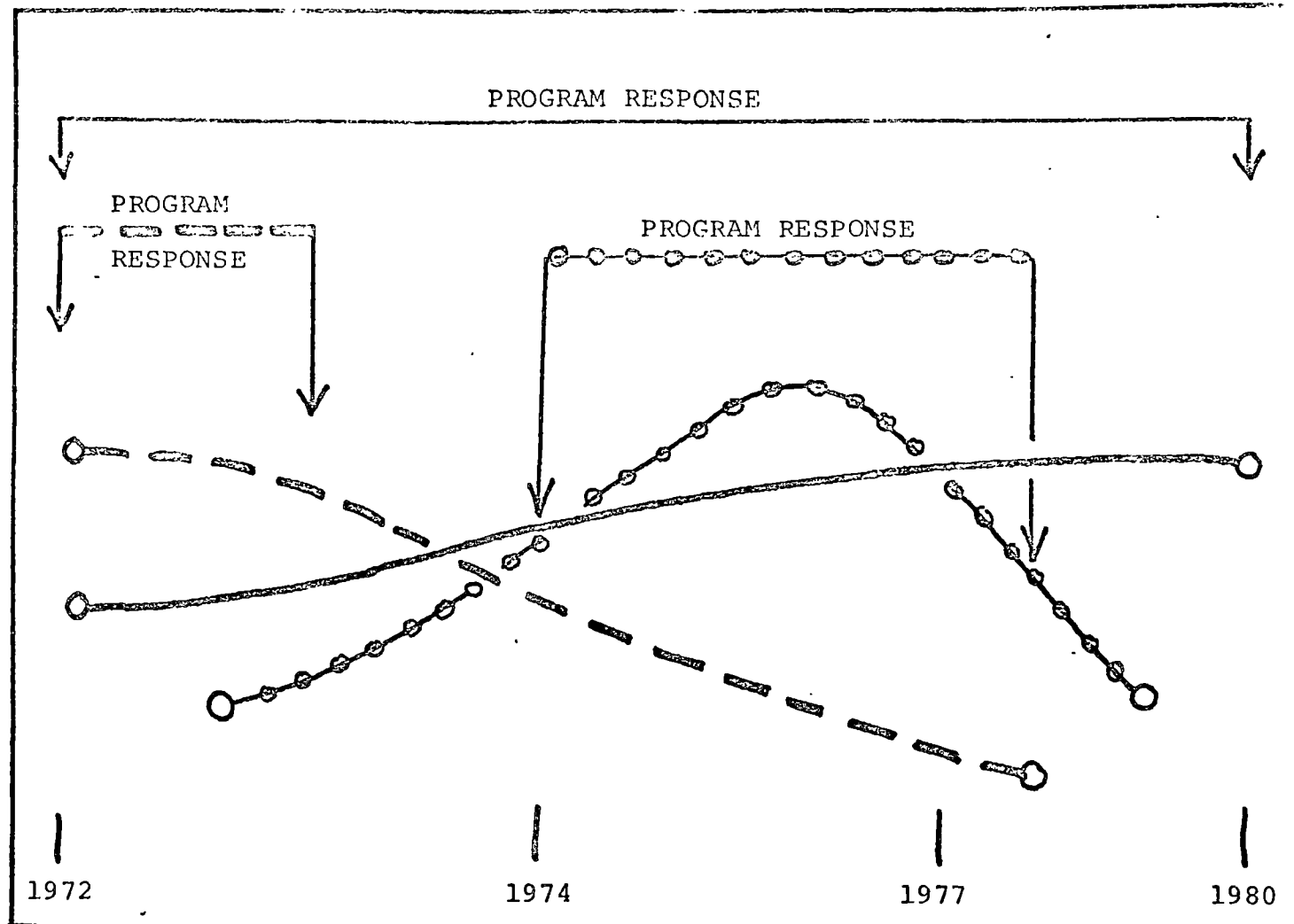
* the creation of coherent approaches to problems where none previously existed, even in the absence of "national policy". This involves formulation of longer range objectives as well as rationalization of programs in more immediate cost-effective, problem-effective terms.

The various policy sectors provide one kind of framework for long-term policy development in the Corporation -- that is, they are continuing categories into which individual programs can be placed. Urban assistance, low income housing, delivery systems, infrastructure, R & D, social development and regional development will change in particular thrust and content but not in basic concept.

Another approach toward the establishment of long-term policy frameworks is the analysis of "tail-end", "continuing" and "emerging" problems over the decade as outlined in the chart below. For example, sewage treatment loans were a response to suburban development in the 1950's and early 1960's -- giving rise to septic tank use. This problem is now in decline. The current "problem" is basic treatment upgrading -- but in the longer term, recycling approaches hold out perhaps the most hope for urban environmental quality. We need to be able to anticipate emerging public problems and meet them within the limits of our institutional, constitutional, and financial constraints and roles.

Further work on long-term policy development will be presented in the context of the major policy papers mentioned in II above.

A FRAMEWORK FOR CMHC LONG TERM POLICY DEVELOPMENT



VI CONCLUSION

This document should not be regarded as a "finished" approach to the subject, but rather as a draft in a series of drafts, subject to updating, refinement and course corrections. The work program itself is a set of planning hypotheses, of operating assumptions which can be tested and shifted around to meet changing conditions and priorities.

Throughout the document there have been indications that strategic direction is required in order to finalize the courses of action to be taken in creating the necessary end products. The extension of deadlines to cover a significantly longer period than is currently assumed could radically alter the present pattern of activity. The addition of further priority items to the Work Program or a decision to move toward really extensive legislative change would obviously affect greatly the relative priority given to various items now, and even the organizational approach to be adopted.