

NHA POLICIES AND PROGRAMS FOR THE SEVENTIES
VOLUME 5

**Low Income Housing Policy
(including Housing for Native Peoples)**

Policy Planning Division
Central Mortgage and Housing Corporation



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I. INTRODUCTION

The immediate objectives of policy development within C.M.H.C. have largely been shaped by the legislative revision process, and more specifically, by a "two phase" approach to legislative amendment. During a first phase, proposals for immediate policy and legislative change were to be presented to Management for decisions. These proposals were to be consistent with longer term policy orientation which would be reflected in a possible major revision of the Act during the fall of 1972 or spring of 1973 -- the end of the second phase.

The present report deals specifically with the development of a low income housing policy within C.M.H.C. It results from extensive consultations and joint efforts by officials of Policy Planning and other Operating Divisions and the Low Income Housing Task Force. (For a summary of the Low Income Task Force report, see Appendix A.)

II. EVOLUTION OF A LOW INCOME HOUSING POLICY

1. POLICY FRAMEWORK

The provision of low income housing has been the main thrust of CMHC programs during the past few years. In 1970, of a total budget of \$1094 M., \$975 M. were reserved for low income housing (including section 47 - formerly 36B, section 58 -- formerly 40 and the special \$200 M. program). Of a total 1971 budget of \$942 M., \$789 M. were earmarked for this purpose (including sections 47 and 58).

It is clear that the Corporation is being increasingly drawn into the low income housing field. There is a need for rationalizing this involvement in terms of CMHC's future role, aims and priorities. Present approaches to the problem of housing low income groups must be reviewed in order to ensure that they are actually dealing with realities in meeting their stated objectives.

The rapid socio-economic changes experienced in Canada, coupled with continuing urban growth, have made it extremely difficult to cope with the increasing human and environmental problems of large scale collective living. The issue of low income housing has possibly more to do with social goals than economic ones. The implication may be a major realignment of priorities with emphasis on the coordination and integration of related social and economic programs. Low income housing policy must therefore be viewed within the context of a broader policy orientation which attempts to rationalize various social, economic and program factors.

2. THE FACTORS

Formulation of a low income housing policy involves in depth examination of a number of factors, namely:

- (1) The ability of the low income sector to provide down payments, carry mortgages together with its ability to meet rental requirements.
- (2) Location factors.
- (3) The form of demand, in cost, quality and design.

- (4) The capability of the industry to respond effectively to needs.
- (5) The position of the mortgage market in relation to demand.
- (6) The quality of the environment in the initiated housing stock.
- (7) The relationship between the provision of housing and the nature of community social processes.
- (8) The position of provincial and municipal governments in this question, especially as it relates to infrastructure requirements, capital expenditure and municipal tax base.

3. LONG-TERM POLICY ORIENTATION

Far Term

Problems of low income housing are intimately associated with the highly complex and rapidly changing urban environment, inter-governmental relations and many socio-economic variables. Far-term policy direction evolves from an in-depth knowledge of these many variables as well as from inter-departmental and inter-governmental consultations.

Mid Term

Important issues relating to the formulation of a low income housing policy can only be resolved by a comprehensive and thorough study of all options and implications involved. These issues more specifically relate to the following:

- (1) The federal/CMHC role in the production and distribution of low cost housing.
 - Funds could be transferred to provinces through cash transfers or tax abatement.
 - CMHC could deal with provinces in terms of programs (e.g. bulk loans, grants, master agreements) instead of by projects.
 - A joint federal/provincial thrust could be launched to solve low income housing problems.
 - The federal government's growing presence in Canadian cities could create the planning and environmental context needed for well integrated low income housing programs.

- (2) The issue of the distribution of housing - Federal income distribution policies - and the feasibility of various mechanisms which would provide access by low income groups:
 - Guaranteed annual incomes
 - Shelter allowances
 - Rental supplements
 - Subsidized home ownership
 - Subsidized rentals.
- (3) The question of low cost housing production and government's role in the delivery of low cost housing - the future of the public housing program.
- (4) Comprehension of the many social implications of housing policy and programs. The extent to which the participation of low income citizens in the planning and implementation of projects is feasible.

Near Term

The above mid term policy alternatives involve important constitutional issues and federal/provincial relations, which, in the near term, will require intergovernmental consultations and negotiations. These issues are also relevant to other policy areas, particularly urban assistance (see Volume 4).

Research must also be directed, in the near term, at complex issues - economic and social implications of shelter allowances - citizen participation in planning and implementation of projects - which have a direct bearing on the choice of mid-term alternatives and formulation of a long-term low income housing policy. These are important issues for the development of a housing research and development program (see Volume 9).

The present report deals specifically with near term measures which would facilitate the rational development of a long-term low income housing policy.

Current trends are rapidly closing off alternatives to an increasing involvement of government in the delivery of low cost housing. The potential of the housing market is continuously narrowing to the extent

that free choice is open only to those with incomes markedly above the national average. Public housing is the only answer at the present for an increasing number of families and individuals. Other institutions - private developers, non-profit organizations, housing cooperatives - must be further involved in the production of low/moderate income housing if these trends are to be reversed. This would be the principal objective of near term low income housing policy and the main thrust of ensuing programs.

4. PROGRAM DEVELOPMENT

Program areas, which are dealt with separately in the following chapter of the present report, deal with existing or potential sections of the Act which have specific objectives (e.g. housing students) and which may be allocated capital resources.

Low income housing strategy will involve determining the mix, nature and use of these resources towards objectives identified through an in-depth examination of needs and related factors (e.g. combining the objectives and resources of "assisted home ownership," "entrepreneur housing," etc. to meet the needs of unattached individuals in urban areas).

The present report does not deal with the specific allocation of resources. This would result from a thorough examination of quantitative and qualitative needs of low income groups as well as on other program factors. "Planning" or "program development" is an important stage of the policy development process which will be a priority assignment of the Policy Planning Division within the next few months and which will closely involve other interested Corporation divisions.

The report does, however, provide Management with an opportunity to examine, within individual program areas, policy options available for improving the effectiveness of these programs at meeting their specific objectives as well as legislative amendments of the legislative revision process. Since program areas are in fact instruments which would be combined towards broader low income housing objectives, Management policy decisions and knowledge of possible legislative authority are essential prerequisites to the development of viable low income housing programs.

III. PROGRAM AREAS

Policy options relating to the following program areas are contained in the present chapter.

1. Public Housing
2. Entrepreneur and L.D. Housing
3. Cooperative Housing
4. Non-Profit Housing
5. Assisted Home Ownership
6. Mobile Homes
7. Senior Citizens Housing
8. Student Housing
9. Rural Housing
10. Aids for Rehabilitation
11. Housing for Transient Youth

Information on each of these program areas is purposely brief in order to facilitate identification of options presented for decision.

1. PUBLIC HOUSING

Background

Public housing was designed to serve families who cannot afford decent accommodation at market rates. To the extent that the program has produced accommodation, it has been successful. However, the program has raised many questions concerned with its social and psychological manifestations as well as the rapidly accelerating cost of operating subsidies.

The Low Income Housing Task Force has undertaken a review of the program in order to provide information which would be used for a decision on the program's future.

Findings

The findings of the Task force have indicated that:

- (1) Larger public housing projects tend to produce a socially homogeneous population characterized by its socio-economic isolation.
- (2) The "centralization" feature of the 35A public housing program has resulted in unnecessary delays and, in some cases, insensitivity to local problems.
- (3) The less favourable financial terms (ratio of 35E subsidy) of the 35D program have made it out of reach for poorer provinces.
- (4) Overemphasis on "cost reductions" has encouraged the use of less desirable locations, unit size, amenities, etc.
- (5) Public housing management tend to be paternalistic and disciplinely heavy handed.
- (6) Tenant participation in management is generally unacceptable to provincial and local authorities.

The Issue

The Task Force has developed and supported the following policy alternatives relating to the program's future:

- (1) Retaining the program and substantially increasing its volume.
- (2) Reducing emphasis on the program, shifting priority to other low income housing programs and limiting public housing for the use of the lowest income scale.
- (3) Closing out the program.

Decision on these alternatives is seen as mid-term with emphasis on inter-governmental consultation and negotiations in the near term along with the development of programs directed at further involvement of other institutions in the delivery of low cost housing.

The issue to be currently resolved is whether near term policy changes and legislative revisions could be sought to improve the present program without closing off the mid-term alternatives.

The Options

Option 1

The Corporation would refrain from making any major policy or legislative change until policy on the program's future is formulated.

Advantages:

- Eliminates the risk of closing off mid-term options.
- Assures continued supply of badly needed units until alternatives are available.
- The procedures relating to the current program are well known to provinces and municipalities.
- Allows provinces to deliver 1972 programs which may have already been planned.

Disadvantages:

- Postpones the benefits of any action which could be viewed as an improvement to the present program.

Option 2

Discontinue the use of section 40 (previously 35A). Increase the ratio of subsidies under section 44 (formerly 35E) to 75/25. Provide professional/technical services to provinces on request.

Advantages:

- Delays in processing are eliminated.
- Minimizes federal involvement.
- Facilitates administration and management of projects.
- Provides economic incentive to build more units.

Disadvantages:

- May not be acceptable to some provinces.
- Increases subsidies.
- Federal loses residual value of projects after loan is expired.

Legislative Considerations:

Legislative amendments would be required.

Option 3

Section 40 (e.g. 35A) would be amended to provide 75% loans and 75% federal share of subsidies.

Advantages:

- Provides loan technique to those provinces who cannot afford the 50% share of operating subsidies under section 44 (i.e. 35E).
- Delays in processing would be eliminated.
- Minimizes federal involvement.
- Facilitates administration and management of projects.

Disadvantages:

- The Federal loses the residual value of the project after the loan has expired.

Legislative Considerations:

Legislative amendment would be required.

Option 4

The Corporation would provide capital grants to provinces in lieu of operating subsidies.

Advantages:

- Administrative savings.
- Minimizes federal involvement.

- Provinces would bear costs of inefficiency in project operation.
- Eliminates long range subsidy payments.

Disadvantages:

- Unforeseen increases in operating costs would be borne exclusively by provinces unless periodic adjustments are allowed.

Legislative Considerations:

Legislative amendment would be required.

Option 5

The interest rate on the loan would be written down (including part of principal if required). The write-down would equate operating subsidies which would otherwise be provided.

Advantages:

- Administrative savings.
- Minimizes federal involvement.
- Provinces would bear costs of inefficiency in project operation.
- Eliminates long range subsidy payments.

Disadvantages:

- Unforeseen increases in operating costs would be borne exclusively by provinces unless periodic adjustments are allowed.

Legislative Considerations:

Legislative amendment would be required.

Preferred Options

Options 3 and 4 are recommended as viable improvements to the existing program -- would not result in substantial increases in subsidies and would not close off mid-term policy alternatives.

2. ENTREPRENEUR AND L.D. HOUSING

Background

Task Force members, during frequent visits at local offices, investigated "entrepreneur and L.D." projects and have carried out interviews with builders, tenants and project managers.

The Task Force specifically enquired about:

- The environmental quality of projects (site location, amenities, etc.)
- The management practices of projects and tenant/management relations.
- The attitude and motivation of the industry towards the program.
- The relationship between income and rental levels.
- The relationship between project and market rentals.

Findings

The Task Force's main findings relate to:

- (1) The environmental quality of projects constructed. Deficiencies observed point to the need for minimum environmental standards which would provide necessary safeguards against overemphasis on "cost reduction".
- (2) The program's present and possible contribution to a long term supply of "moderate cost" housing. The 15 year "mortgage out" feature of the program has apparently prevented attaining this objective which, the Task Force believes, is a valid one.

The Issue

Assuming that the environmental quality of projects constructed must be improved, how could this be achieved without increasing costs -- and therefore rentals beyond the reach of the clients the program is intended to serve?

Accepting "production of a long term supply of moderate cost housing" as a valid objective would entrepreneurs retain interest in the program if the 15 year "mortgage out" feature were eliminated or extended?

The Options

Option 1

The Corporation would develop and impose environmental quality standards which would become a loan condition.

Advantages:

- Would prevent entrepreneurs from effecting cost reductions at the expense of a minimum acceptable environmental quality.
- Would provide projects more acceptable to the community.

Disadvantages:

- May be impractical to apply on a national basis.
- May result in cost increases which would render rentals inaccessible to the low-moderate income group.
- Would require CMHC professional/technical resources.
- Difficult to administer.

Legislative Considerations:

Reference to standards could be included in the Act or Regulations but, preferably, the standards could be imposed by administrative policy and practice.

Option 2

For projects constructed in accordance with minimum environmental standards, interest subsidies (lowering the interest rate below that of Section 15 or its equivalent) would be allowed during an initial period -- say five years -- possibly on a decreasing scale.

Advantages:

- Would maintain rentals within reach of low-middle income clients.

- Rents could be progressively increased to repay the loan at the normal interest rate. This would be made feasible by increases in incomes of tenants and market rents during the same period.

Disadvantages:

- May accelerate rental increases at a rate which would minimize the benefits of the program for low-middle income tenants.

Legislative Considerations:

Interest subsidies committed by the Corporation should be funded by federal funds similar to section 44 (35E). This would require legislative amendment.

Option 3

The current "mortgage out" feature of the program (15 years) would be extended to 20/25 years.

Advantages:

- Would provide for a longer term supply of low-moderate cost housing.
- Findings of the Study Group indicate that the motivation of the industry would not be significantly reduced.

Disadvantages:

- Some decrease in entrepreneurs' interest in the program can be expected.

Legislative Considerations:

No legislative amendment would be required.

Preferred Options

All three options are viewed as effective to improve the supply of good low/moderate cost housing -- a viable alternative to public housing.

3. COOPERATIVE HOUSING

Background

The Low Income Housing Task Force investigated cooperative housing projects financed under the N.H.A. A large number of projects were visited. A brief review of sweat equity cooperatives was made in the Maritimes. Projects financed under the 1970 special \$200 M. program were investigated.

The Task Force was particularly interested in the organizational structure of cooperatives, the income levels of their clients and CMHC's response to cooperative requests. Data is currently being compiled on needs, cost predictions and proposals for program development.

Findings

The Task Force identified these policy and program deficiencies:

- (1) Definition of "cooperative" as "homeownership" instead of recognizing it as a particular type of tenure. This has indirectly affected CMHC's appraisal techniques, rent to income scales and calculation of the "cost of tenure".
- (2) Varying interpretations of Corporation policy by local offices.
- (3) The need for easier access to preferred lending rates and conditions in the case of low income housing cooperative projects.
- (4) The relative absence of major cooperatives in urban areas other than the western provinces.
- (5) The need to maximize the advantages of cooperative tenure as relating to the opportunity of serving a broad range of income. At present, cooperatives are mainly middle income oriented.

The Issue

What policy and legislative changes would enable co-operatives to play a more effective role in the low income housing field? A key consideration is the "participation" element of the cooperative form of ownership and the extent to which this element should be present at the "project planning" stage.

The Options

Option 1

The Corporation would continue considering co-operatives as a form of home ownership and would maintain the requirement that 80% of units be occupied by shareholders. Individual low income cooperative members benefit from the same advantage (e.g. assisted home ownership) as are available to other low income home owners.

Advantages:

- The element of participation in planning is retained.

Disadvantages:

- The Study Group's findings are indicative that the 80% requirement has prevented major cooperatives from being effective in larger urban areas.

Option 2

The requirement that 80% of units be occupied by shareholders would be removed.

Advantages:

- Would encourage further involvement of co-operatives in urban areas.
- Could lead to formation of cooperatives as an important institution in house construction.

Disadvantages:

- Would largely remove the element of participation in "planning" which is currently seen as a benefit of cooperative ownership.

Legislative Considerations:

Section 7 (previously section 8) would require amendment.

Option 3

Cooperative ownership would be considered as a distinct form of tenure. In the case of low income groups, specific lending facilities with conditions similar to Section 16 loans would be made available, (i.e. lower interest rates, 50 year amortization, waiver of application and insurance fees).

Advantages:

- Would provide same assistance as that provided tenants under L.D. and Entrepreneur housing.

Disadvantages:

- May result in pressure to provide similar benefits for home ownership.

Legislative Consideration:

Would require an amendment to the Act.

Option 4

Eliminate the equity requirement in cooperative low income projects where the cooperative's constitution prevents capital gain by shareholders at its termination.

Advantages:

- Cooperative ownership would be more accessible to the low income group.

Disadvantages:

- Logically, this option would have to be extended to other non-profit low income housing projects.

Legislative Considerations:

Would require an amendment to the Act to provide for 100% financing.

Preferred Options

Options 2, 3 and 4 are recommended since they are viewed as leading to the formation of cooperatives as an important institution in the delivery of low/moderate cost housing. Waiver of the 80% legislative requirement would not prevent CMHC from establishing administrative controls to ensure an acceptable degree of participation in the "management" of projects.

4. NON-PROFIT HOUSING

Background

The Low Income Housing Task Force studied the non-profit sponsorship of housing for families and single individuals. It also investigated measures which could induce municipalities to become more involved in low income housing and more specifically in the construction and management of non-profit housing.

Family Housing

The following measures were identified as feasible policy changes which could promote the non-profit sponsorship of low cost housing.

Option 1

The equity requirement in non-profit low income housing projects would be eliminated.

Advantages:

- Would facilitate sponsorship from non-profit organizations who have difficulty meeting equity requirements.

Disadvantages:

- Greater mortgage risk.
- Increases demand for limited mortgage funds.

Legislative Considerations:

Legislative amendment would be required.

Option 2

The Corporation would provide a capital grant equal in amount to the equity or other capital funds contributed to the project by the sponsor, province or municipality. The grant would be written off the loan amount and limited to 10% of the cost of the project.

Advantages:

- Would encourage the participation of non-profit and other institutions.
- May be a viable alternative to public housing - no operating subsidies required.

Disadvantages:

- Additional use of government funds.

Legislative Considerations:

Legislative amendment would be required. The amendment should provide for reimbursement from federal funds.

Single Individuals

The Low Income Housing Task Force concluded that while the availability of rooming houses is rapidly decreasing, the size of the poor unattached population is increasing. In the five largest metropolitan areas, there are 287,000 unattached adults with annual incomes of less than \$4,000. Existing housing facilities are not designed to serve the life-styles of single persons, both young and old.

Housing for senior citizens is dealt with under another section of the present report.

Other programs developed within current or future policy on non-profit housing should provide for the construction of facilities specifically designed for unattached individuals.

5. ASSISTED HOME OWNERSHIP

Background

The 1970 Low Income Housing Program demonstrated that with the cooperation of the building industry it is possible through the use of new direct lending techniques to enable lower income families to become home owners. Condominium tenure, reduced municipal and CMHC standards, interest rate reductions and extended amortization periods, mixed projects, rehabilitation cooperatives, mobile home projects were all tried in an attempt to effect unit price and carrying charge reductions.

A modified program in 1971 has not met with the same dramatic success principally because the minimum interest rate was set at the CMHC borrowing rate of $7\frac{3}{4}\%$ with a 1% spread rather than the $7\frac{1}{4}\%$ interest rate with a $2\frac{1}{4}\%$ spread possible under the 1970 program. With the increase in the borrowing rate that took place in early Summer the leverage of this technique was nominal only. Generally, there was not sufficient impact to enable families earning under \$6,000 to become home owners. In addition, it has been reported that builders did not have suitable projects developed to the stage where they could be quickly executed.

Assisted home ownership is now being recognized as a legitimate alternative to public housing. This is because with the substantial experience now gained by the Corporation and other housing agencies it can now be seen that public housing projects are frequently not a satisfactory living environment for many families and the costs of operation are significant. For example, a shared subsidy payment of \$100 a month capitalized at the rate of $7\frac{3}{4}\%$ for 50 years is the equivalent of \$15,100 ($12.6 \times \1200). Thus, every public housing unit built implies in capital terms an obligation of some \$33,000 assuming an average initial cost of \$17,900.

From the point of view of a low income family assuming a 15 year period of inadequate family income, its benefit in public housing in economic terms is the present worth of the difference between the rent it would have to pay on the open market and the reduced public housing rent. For purposes of illustration a market rent of \$140 is assumed and a public housing rental of \$85. This differential of \$55 capitalized at $7\frac{3}{4}\%$ over 15 years is the equivalent in capital terms of \$5,740 ($8.7 \times \660).

The same family in a home owner position would enjoy the additional economic benefits of mortgage payoff and capital appreciation on the unit. Over the same 15 year period assuming a \$15,000 unit cost and a 35 year 7 3/4% mortgage of \$14,250 the principal paid off would be \$2,270 ($\$14,250 \times .160$) and at an annual rate of inflation of 2 1/2% the housing unit would appreciate by \$6,720 ($\$15,000 \times .448$). In total the family would benefit by \$14,730.

It seems apparent that it would not require anything like the \$33,000 capital obligation implied in the creation of a public housing unit nor as much as the benefit obtained by the family through a 15 year period of home ownership for the Federal Government to assist low income families to an ownership position.

The Issue

How best can the Federal Government utilize its available resources to help low income families attain a home ownership position? Such a program in part is seen as an alternative to the social problems implicit in and the dollar cost occasioned by the existing public housing program.

The Options

● Option 1

Direct action by the Corporation. Such a program would simply supplement existing direct lending techniques. The minimum qualifying income GDS limits would be lowered by a reduction in interest rates as required to the CMHC borrowing rate. The program would be expandable through further reductions in the minimum interest rate to 5%, 3% or 0%. Mortgages could be discounted and sold to approved lenders.

Advantages:

- The program is capable of implementation with existing staff.
- The program is non-discriminatory and could well embrace disadvantaged groups.
- It is readily adaptable to existing housing, condominium tenure as well as cooperative groups.

- It would enable the industry to develop low cost projects within a more reasonable time frame.

Disadvantages:

- It does not make use of the expertise or resources of provincial housing agencies or municipalities.

Legislative Considerations:

Interest subsidies committed by the Corporation should be funded by Federal funds similar to Section 44 (35E). This would require a legislative change.

Option 2

Several of the Provinces have already taken direct action to assist home ownership. British Columbia make grants to home owners; Alberta and Quebec make a 2% interest rate rebatement; and Ontario disposes of serviced lots under leasehold tenure at favourable terms. These various programs could be amplified and supported by Federal sharing in these costs on a bulk accounting basis.

Advantages:

- No significant additional workload would be placed on field staff.
- The costs incurred in assisting low income home owners would be shared.
- Provincial cooperation and assistance would be assured.
- Accepting the closing out or reduction in emphasis of public housing as viable mid term alternatives, this option could be viewed as an important step towards this end.

Disadvantages:

- There would be limited political advantage at the Federal level in such an arrangement.
- Such a program may channel funds merely towards the more receptive provinces rather than towards those families or areas of greatest housing need (and Federal support).

Legislative Considerations:

Legislative amendments would be required.

Option 3

Encourage loans on shell housing, self help and cooperatives. By policy mortgages would be open ended and advances would be made on the basis of work-in-place.

Advantages:

- No interest rate subsidy or grant is required at least in the near term.
- More effective use would be made of local resources.

Disadvantages:

- The program would be limited in scope and would require time to achieve even a modest number of starts.
- Such a program implies significant technical assistance from field staff.

Legislative Considerations:

No legislative changes would be required.

In addition to the three main options identified above, suboptions or further refinements to the programs are possible through such techniques as:

- S1. Relate the mortgage interest rate to house price. This envisages an interest rate commitment at the CMHC borrowing rate at house prices below \$12,000 and higher interest rate commitments with increased levels of house price. Although it has the advantage of universality and ease of administration, it ignores regional differences in housing costs relative to family income.
- S2. Gear mortgage payment to income. Monthly payments of interest and principal would be limited to 25% of borrower's income with accrual of unpaid interest. With inflation and in time the borrower would be able to retire the mortgage in full. This has the advantage of maximum savings to Federal funds but has the disadvantage of quasi-official

|| recognition of ever present inflation and could
|| put the borrower in a difficult financial situation
|| if his income does not increase continuously.

- S3. Reintroduce a grant system similar to the Winter Works Grant but larger in amount and limited in scope to low income families and unit end price. A simple means of encouraging low income housing starts but without direction or control.
- S4. Disposition of low cost lots by leasehold tenure similar to but more favourable than the OHC H.O.M.E. leasehold program. This would tend to limit Federal involvement to new subdivisions and would be difficult to administer.
- S5. Demonstration projects of low cost housing with capital and technical assistance. This has the advantages of focusing the attention of the industry and associated institutions on new viable low cost housing solutions.
- S6. Loans on unserviced sites. Such a policy would be a reversal of the Government's anti-pollution septic tank policy but would have the advantage of assisting lower income families to become home owners.
- S7. Waiver of application fee and insurance fee. Particularly in low income housing the \$35 application fee would probably not cover the costs of CMHC inspection and appraisal services. As it is a relatively minor sum, it should be retained. The insurance fee is an essential requirement to the future marketing of low income home owner mortgage instruments. This alternative should be left open.

Preferred Option

Option 1 is seen as the preferred option as it has the considerable advantage of immediacy and effectiveness coupled with a strong potential of qualitative and quantitative expansion as experience increases and budgetary constraints allow.

This option could easily be supplemented by option 3.

6. MOBILE HOMES

Background

The mobile home was conceived as a vehicle in which a family could live a migratory life and, until recently, it was never conceptually accepted as a form of permanent housing. It is now quite clear, however, that people living in mobile homes are no longer, as a class, any more migratory than any other group.

A study on mobile homes was undertaken by CMHC in 1969 and updated in August 1970. Recommendations were also made by the Executive Director, Loans, in October 1970.

Under the auspices of the Low Income Housing Program - 1970, some opportunity for experimentation was attempted through the "Mobilex" London, Ontario, project. O.M.B. unfortunately turned down the municipality's request for rezoning and the project currently remains dormant.

In 1971, a loan on mobile homes was made by the Royal Bank within the Barrie Office territory. The project is proceeding and may well provide valuable information on the public acceptability of mobile homes and their viability as a living alternative.

Findings

Studies to date have revealed two major disadvantages which need be reduced or overcome:

- the growing inadequacy of suitable sites for location of mobile homes in an urban context, and
- the need for provision of less onerous financing terms to make it available to those having lower incomes.

Specifically as related to low income housing, several factors currently militate against the use of mobile homes except as an alternative choice for senior citizens and others who could be classed as apartment dwellers. These factors include:

- the cost of units;
- their minimal size;
- location outside of urban areas;
- the availability in certain areas of standard low cost housing at comparable prices; and
- less favourable repayment terms.

The Issue

Assuming that the mobile home is in fact a house, what short term measures should be taken to increase its viability as a living alternative and as an instrument which could effectively be used towards low income housing objectives?

The Options

Option 1

The present policy of experimentation would be continued until the result of experimental projects are known. The development of mobile homes would thus be considered as an evolutionary process best supported under current programs.

Advantages:

- May provide answers to site and financing problems and eventually contribute to low income housing stock.
- Would provide guidance for mobile home manufacturers to produce a more acceptable product.

Disadvantages:

- Longer term policy would be slow to evolve.

Legislative Considerations:

No legislative amendment would be required.

Option 2

The mobile home would be formally and publicly recognized as a house for NHA lending purposes provided it is located on an appropriate site and meets NHA minimum standards. The Corporation would insure approved lenders' loans, make direct loans and adapt its appraisal, inspection and advancing techniques.

Advantages:

- May provide a way out of the legal maze in which the mobile home finds itself by accepting the fact that it is simply a house.

- Would rapidly increase its viability.
- May result in increasing pressures on municipal and provincial bodies to adapt their legislation to the use of the mobile home in larger urban centres.

Disadvantages:

- Would result in increased pressure for direct lending since it is unlikely that approved lenders will be interested to any significant degree.
- Would be applicable mainly to smaller centres, frontiers and rural or quasi-rural housing build up.

Legislative Considerations:

No legislative amendment would be required although the widening of definitions in the Act to include mobile homes would make it clear to the general public that the mobile home is in fact a house.

Option 3

CMHC would provide loans to private industry, similar to that provided government bodies, for land assembly and for the development of properly designed subdivisions which can accommodate the mobile home.

Advantages:

- Would enable the sale of mobile homes located in properly serviced communities.

Disadvantages:

- Similar requests for land assembly financing would probably be received from conventional developers.

Legislative Considerations:

Would require amendment to Section 42 (formerly Section 35C) of the Act.

Option 4

The Corporation would finance mobile homes under chattel mortgages, independently from the mobile home park.

Advantages:

- Would make financing available at much lower interest rates than that of conventional chattel mortgages.
- Would adapt financing to the way the industry is currently organized and operated.

Disadvantages:

- May require an increase in mortgage insurance fees to compensate for greater risks.
- Would not provide for sufficient control of site planning and environmental qualities of parks.

Legislative Considerations:

Major legislative amendment would be required.

Preferred Options

Options 2 and 3 are recommended as near term measures which would more rapidly test the viability of mobile homes than the current experimental approach.

7. SENIOR CITIZENS HOUSING

Background

Dr. H. Lithwick observed that 40% of all metro poor are over 65 years of age.

Between 1965 and 1970, 23,130 units and 21,102 hostel beds were supplied at a cost to the federal government of \$326,911,000.

The Low Income Housing Task Force was specifically asked to assess how the housing needs of elderly citizens can best be met over the next 3 to 5 years. It also reviewed all available information on the subject.

An independent study of existing accommodation for the elderly by the Canadian Council for Social Development is currently underway. Informal discussions were also held with officers of the Department of National Health and Welfare.

Findings

There is a consensus that, while providing good homes for a relatively few old people, little has been done to assist the majority who remain in their own homes or who rent outside nursing homes.

There is also a need to respond to social requirements of the elderly in view of their relative social immobility.

Given the basic need of the elderly to maintain an independent life-style and to have access to basic facilities and services, the present housing is inadequate in the following ways:

- (1) For tenants under the NHA
 - a) Insufficient services on or off-site
 - b) Paternalistic management attitudes
 - c) Inappropriate locations
 - d) Lack of alternatives in form.
- (2) For home owners
 - a) Maintenance/repairs are needed
 - b) There is a lack of communal/neighbourhood based services to support home living.

The Issue

Accepting that senior citizens represent a significant percentage of the urban poor with specific social needs, to what extent should the provision of facilities and services be recognized as an integral part of the shelter package and benefits extended to elderly in the community?

The Options

Option 1

The Corporation would continue its existing program, with greater emphasis on:

- a) Design guidelines, and quality of the output.
- b) Greater participation by the elderly in the design, management and administration of projects.

Advantages:

- Least disturbance of present program direction for federal, provincial or municipal governments.
- Concentrates on the production of new housing.

Disadvantages:

- Does nothing for elderly remaining in their own homes.
- Perpetuates the attitude that our responsibility ends with the provision of shelter.
- Provides no alternative for the concentration of the elderly in large groups, and large buildings.

Option 2

In addition to financing housing projects (option 1), C.M.H.C. would recognize that the provision of facilities and services is an integral part of the shelter package, would participate with other federal departments and government levels and would finance the construction or renovation of community facilities and service centres.

Advantages:

- Emphasis on service to the elderly in their own homes should reduce the demand for new accommodation.

- Service centres in NHA financed senior citizens' projects could be constructed to serve the whole community.
- Development of a coordinated dwelling, facility and service network with a potential of expansion to all disadvantaged groups, and a strengthening (through urban assistance) of the municipal capability to respond to the needs of its people.
- Definition of housing as a social utility divorced from the use of housing as an instrument of fiscal policy.

Disadvantages:

- Tri-level government consultations required in program development.
- Use of limited housing funds.

Legislative Considerations:

Major legislative amendment required.

Preferred Option

Option 2 is recommended as the beginning of a social development policy which could, as a first step, be limited to the needs of a special group.

Where the sponsor is a non-profit organization, loans and grants, as provided for non-profit housing (III-4), could also be made available.

8. STUDENT HOUSING

Background

From a modest beginning in 1960, when the National Housing Act was amended to accommodate student housing, this program has steadily grown both in terms of the institutions served and as regards the expenditure of funds. The latter is now governed by a statutory limit of \$550 million. In order to assess the future of this program, the Corporation, early in 1970, launched a study group which submitted its findings in the Spring of 1971. Subsequently, a workshop was held on student housing by the Policy Planning Division for the purpose of developing policy options for consideration by management. The Department of the Secretary of State is about to launch a task force on education which includes student housing as part of its terms of reference.

Findings

- The Study Group's report makes an evaluation of the needs for the next decade. It estimates that to meet them, CMHC may be required to spend \$1,600 million.
- It emphasizes that a wide range of choices should be provided to satisfy the diverse needs of students.
- It recognizes the necessity for the institution to be integrated with the community.

The Issue

What role, if any, should CMHC play to meet anticipated needs in terms of quantity and quality, varieties of form, style, size and location of student housing, taking into account the financial position of post-secondary institutions?

The Options

Option 1

CMHC would consider student housing as basically an educational matter. Responsibility would rest mainly with the institutions themselves and the provinces. If any at the federal level, it would rest mostly with the Secretary of State. CMHC could still perform a role confined to the financing of projects.

Option 1A

CMHC would continue the present program under Section 47(36B) with about the same level of commitment until the federal task force on education has completed its report.

Advantages:

- Limited risk of CMHC being involved in a constitutional problem.
- Limited risk of locking the federal government and CMHC into a certain role and commitments.
- Present level of commitments means a limited expenditure of funds.
- For a time, it is unlikely to create serious pressure on CMHC since adverse reaction to the curtailment of program has already died out.

Disadvantages:

- According to statistical projections, institutions' and students' needs will be far from satisfied, unless alternatives are found.
- There has been a widespread dissatisfaction, especially by students, with the student housing presently built. This would need to be remedied through greater control by CMHC.
- The present program tends to ignore the impact of students on the housing stock in the vicinity of institutions, their competition with low income people, and in general, the relationship between student housing and the community.

Option 1B

CMHC would withhold its support until the federal task force on education has completed its report.

Advantages:

- No risk of CMHC being involved in a constitutional problem.
- No risk of locking the federal government and CMHC into a certain role and commitments.

- CMHC can shift funds to other programs having greater priority.

Disadvantages:

- It may create a student housing crisis if no alternatives are found.
- It may provoke severe adverse reaction, especially from institutions.
- A "no involvement" policy tends to ignore the impact of students on the housing stock in the vicinity of institutions, their competition with low income people and, in general, the relationship between student housing and the community.

Option 2

CMHC would consider student housing as basically a housing matter within its field of responsibility.

Option 2A

CMHC would have a major responsibility in student housing and would develop a new program for students who would be considered a special group.

Advantages:

- It may provide a greater sensitivity to the needs of students.
- Overall control by CMHC on student housing.

Disadvantages:

- Would require a large expenditure of funds to meet projected needs.
- Greater risk of CMHC being involved in a constitutional problem.
- Tends to ignore the impact of students on the housing stock in the vicinity of institutions, their competition with low income people and in general the relationship between student housing and the community.

Option 2B

CMHC would consider students as another low income group and include student housing support in its overall low income housing program.

Advantages:

- Less likely to create a constitutional problem than a special program.
- Provides wider range of choice in terms of support than the actual program.
- Greater flexibility in budgetary allocation.
- Greater opportunity than actual program to experiment with mixed occupancy, especially with other unattached individuals.
- It recognizes the impact of students on the housing stock in the vicinity of institutions, their competition with low income people and in general the relationship between student housing and the community.

Disadvantages:

- Less sensitivity to student needs.

Preferred Option

Option 1A is recommended on a contingency basis pending completion of the Federal Task Force's work on education. Option 2B is seen as the most viable alternative, should option 1A not be accepted.

9. RURAL HOUSING

Background

Reports on the following studies, undertaken for the Low Income Task Force were reviewed by the Policy Planning Division.

- (1) Rural Housing Policy in United States - Its Relevance for Canada.
- (2) Physical Housing Status of Rural Households.
- (3) Physical Housing Status of Farm Households.
- (4) Report on Housing Programs of Federal Departments and Agencies other than CMHC. Selected studies.
- (5) Rural Families and their Homes. (Based on a longitudinal study of Ontario Farm Families, 1959-1968).

The following were also reviewed by the Division.

- 1) Policy Group Paper - 1968 recommended changes to the N.H.A. to facilitate "Resettlement in Special Areas" including Assisted Rural Home Improvement Program.
- 2) Briefing Paper on Provincial Municipal Attitudes Regarding the N.H.A.

Findings

20% of households in Canada are located in rural areas which can be defined as all communities with fewer than 1,000 residents including farms. 45% of these households have annual incomes of less than \$4,000, 59% occupy housing constructed prior to 1940 of which 25% are without water and 33% without a toilet. The tenure of 89% of this income group is home ownership.

Although actual statistics for rural service centres with populations of up to 10,000 are not available, it is reasonable to suggest that income and housing status in these centres would not be too different from that outlined above.

Rural areas have different housing problems than metropolitan areas. The housing need in rural areas is prim-

arily for rehabilitation of dwellings. Housing need in rural areas affect all households, not only those of low income. Housing is only one of the needs of the rural poor but crucial to the success of all other rural development plans. The rural poor lack the power to voice their demands effectively. Programs are needed to improve living conditions in rural areas and to make accessible a better quality of life to the rural poor.

Little or no federal government provision now exists for rural housing per se. Other federal departments and agencies such as the Farm Loan Board, Department of National Health and Welfare, Indian Affairs and Northern Development and the Department of Regional Economic Expansion have interests. There is no co-ordinating overall housing policy.

Most provinces have some concern about the welfare of the rural poor and housing and would welcome federal assistance to help resolve their particular type of problem, i.e. Prairie provinces - housing for their northern communities.

The Issue

There is an obvious need to improve housing and living conditions in rural areas and service centres with population of up to 10,000. Present CMHC policies and NHA facilities are geared to urban housing and urban poor and do not take into account the peculiarities in life-style, standards and needs of rural people, areas and centres.

Although the primary need is funds for housing improvement and rehabilitation, additional new housing is required to house new families, facilitate replacement of obsolete housing and the filtering down process, particularly in the service centres.

The Options

Option 1

Maintain present position.

Advantages:

- May provide clearer cut choice for rural poor to take advantage of training and relocation assistance being made available by federal and provincial governments.

Disadvantages:

- Rural housing and the situation of the rural poor will worsen.
- Canadians in rural areas will continue to lack the type of assistance available to Canadians located in urban areas.

Legislative Considerations:

None.

Option 2

CMHC would initiate a small high level interdepartmental steering committee to develop a coordinated and integrated federal policy for the rural poor. This steering committee would encourage existing general farm organizations to take rural housing into their terms of reference as a particular project so that they could reflect the views, needs and aspirations of the rural community. Thus, the steering committee could arrange closer contact with the rural poor and develop more appropriate policy.

Advantages:

- Good possibility of developing a sound long term overall federal government policy to deal with the total problem of the rural poor.

Disadvantages:

- Long term policy would be slow to evolve.

Legislative Considerations:

None at this time.

Option 3

CMHC would fund essential improvements in Rural Housing on an agency loan basis through Chartered Banks and Credit Unions. The rate of interest to be charged would relate to income of borrower similar to the home owner assisted program.

Advantages:

- Would provide rural dwellers with opportunity to improve their housing and living conditions.

- Help preserve rural housing stock.
- Provide additional employment in rural areas.
- Loans on agency basis would permit more personalized local administration where problems and needs are better known.

Disadvantages:

- Additional use of federal funds.
- In view of relatively low incomes and present life-style of rural dwellers provision of loans may amount to token effort towards housing rehabilitation.
- May affect relocation program efforts in some areas.

Legislative Considerations:

NHA would have to be amended to permit CMHC to make home improvement loans at flexible interest rates and commission other lenders to act on its behalf. Subsidies should be recovered from federal funds in a manner similar to Section 44 (35E).

Option 4

CMHC would provide home improvement loans plus grants based on income as part of an overall provincially assisted rural/outlying area improvement program.

Advantages:

- Would financially involve provinces in resolving their own rural housing problem.
- Rural housing improvement program could be integrated with others such as relocation and training programs.
- May slow migration to urban areas where employment and housing opportunities are lacking thereby cutting overall welfare and subsidized housing costs.
- Help preserve housing in rural areas and upgrade housing and living conditions of rural dwellers.

Disadvantages:

- Requirement of additional federal funds in terms of investment and subsidies.
- There is a possibility that assistance to

welfare recipients for essential repairs from the Canada Assistance Plan may be withdrawn if the NHA is amended to provide this facility. Section 5(2) of C.A.P. prevents duplication.

Legislative Considerations:

NHA would have to be amended to permit the Corporation to finance home improvements and share losses with the provinces. Subsidies should be recovered from federal funds in a manner similar to Section 44 (35E).

Option 5

CMHC would fund and promote an across the country program of pilot projects of new housing for rural and outlying areas and their service centres. The object would be to develop and test building, planning, loan and credit criteria relating and best suited to the life-style and environment of the various regions. The purpose would be to use the knowledge gained from these pilot projects to develop realistic policies for future housing programs.

Advantages:

- Raises local aspiration levels and social standards of housing.
- Practical method of developing appropriate housing programs for the various and diverse areas of Canada.
- Would provide basis of involvement and participation of other levels of government, interested organizations and citizens' groups.

Disadvantages:

- Prolonged method of developing long term policy and programs.

Legislative Considerations:

No legislative revisions would be required.

Option 6

CMHC would fund projects on the basis of actual use rather than on the basis of proposed use.

At present, the only real option for a small stable

town to add to its housing stock and provide housing for its low income families is through the public housing sections of the NHA which is immediately stigmatized. To resolve this problem, agreement can be reached with the province and municipality for the Corporation to initially finance or insure a specific number of modest housing units. These units would be offered for sale by the builder at an agreed price. The units not sold after three months could be acquired by an entrepreneur or non-profit organization and rented at Section 16 rentals. The balance, if any, could be used as public housing.

Advantages:

- Maximum flexibility in terms of tenure.
- Housing would have maximum opportunity of income integration.
- Surplus existing housing could be acquired for public housing purposes which would mean that the newest houses would not necessarily be for families of low income.

Disadvantages:

- Would not be suitable for all small towns.
- May develop into protracted negotiations.

Legislative Considerations:

No legislative amendments required.

Preferred Options

Options 2, 4 and 6 are recommended as near term measures which could effectively improve housing and living conditions in rural areas.

10. AIDS FOR REHABILITATION

Aid for rehabilitation is a program area of significant importance to both the "low income housing" and "urban assistance" sectors. "Rehabilitation" elements of both sectors are included in an integrated report submitted separately.

11. HOUSING FOR TRANSIENT YOUTH

The Low Income Housing Task Force did not address itself to the housing needs of transient youth. The Policy Planning Division, in its work program, has not considered this as a priority issue.

Further in depth knowledge about the transient youth phenomenon, accommodation needs, preferences, etc. is required before an effective policy can be formulated and a program can be developed. Policy formulation would also be greatly influenced by the priority that the federal government assigns to this problem, by policies and programs of other federal departments (e.g. Secretary of State and Department of Health and Welfare) and by the role CMHC is prepared to assume in this field.

The priority of transient youth housing in relation to other issues will be considered by the Policy Planning Division during preparation of its 1972 work program.

NATIVE PEOPLES HOUSING

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Introduction

There is a substantial gap between the available housing and the housing requirements for Native People. In more or less precise terms, this can be measured, and based on past figures, a price tag can be tied to it. The studies done for this report estimate that the requirements to fill that gap over the next decade would be 55,000 new homes and 26,000 rehabilitations. The estimated cost of that would be approximately \$650 million.

The figure of \$650 million, while not precise, is a figure that will not fluctuate according to the program CMHC adopts. Some ways will be more or less efficient than others, but \$650 million is an estimate of the need for housing. There is no administrative technique that can diminish that reality.

In terms of its administrative capability, 55,000 homes over a decade is not large for CMHC. NHA loans regularly finance 10,000 starts per month. However, there are two significant problems. First the native people are characterized by extreme poverty and those most in need cannot afford housing. They have to be given it. The second problem is that they cannot be given it in just any way. Time and experience have shown that housing, even if given free is not well accepted unless it meets the varied criteria of the client group. Otherwise the housing, not accepted by its intended beneficiaries, rapidly deteriorates and soon the original problem of lack of adequate housing has recreated itself.

Thus CMHC is faced with a problem that is beyond its power to solve. It is a problem for which it is able only to facilitate a solution. What the actual solution may be is not determinable at this point in time. For that reason, the whole approach in this paper has keyed on the temporary and the experimental. The solution to the provision of native people's housing will be learned through practice, a continual process of trial and error. The approaches suggested here are the best guesses that we can assemble based on the information available. From here, CMHC must resolve itself on the need for patience, insight and, above all, flexibility.

THE SETTING

They are Canada's native people - Eskimo, Indian and mixtures between their races and those who came to this country over the past four centuries. At present they number more than 500,000 people scattered throughout the country but found for the most part in physical isolation from the rest of us - either in the hinterlands of the far north, the rural Indian reservations, the shack-town fringes of smaller towns and cities or in the rundown, core areas of large metropolitan centres. About half of them (Eskimo - 16,000; Indian - 245,000) have been numbered (disc numbers, treaty numbers, band lists) and are legally and administratively the responsibility of the federal government. The other half (Metis and non-status Indians) are the responsibility of the territorial or provincial jurisdictions in which they live. In theory, they have the rights, privileges and opportunities available to all other Canadians. In practice they do not and this has resulted in their exclusion from the mainstream of Canadian society. They are truly Canada's excluded people.

Every major study of native problems in Canada (and there have been many over the past fifteen years) has clearly described the appalling conditions in which these Canadians find themselves. Their environment is one of general social pathology characterized by sub-standard housing, chronic unemployment, ill health, inadequate or non-existent public services, low educational levels, alienation and crime. To this

list must be added widespread though seldom acknowledged discrimination against them by white Canadians.

Unfortunately the gap between these excluded people and other Canadians appears to be widening because general human development programs have proven largely unsuited to the special needs of the native people. Special programs directed to meet native problems have been equally ineffective. Later in this report we will examine some of the reasons why neither general nor specific programs are adequate to meet their needs and take a look at the obstacles in the path to making them relevant. For the moment, however, it can be validly and unequivocally stated that past programs have consistently failed to improve native conditions, and, without a major and drastic overhaul of such programs the outlook is dark.

It seems entirely likely that the problems and demands of the native people will magnify and intensify during the next decade due to the following factors:

50% are under 16 years of age.

Native birthrate is 3 times the national average.

Native expectations for change are increasing phenomenally.

Native leadership is becoming organized and vocal.

Compounding the difficulty of providing suitable programs and services for native people is the fact that they are in a state of tremendous transition which is neither smooth

nor uniform. Individuals and groups of natives are encountering and responding to transitional forces in different ways and to different degrees. There can thus be no single solution because there is no single native problem. The history of Canada's dealing with the native people clearly shows that inflexibility of approach and inflexibility of response to the needs and demands of native groups has contributed as much to the widespread failure of previous programs as has inadequate levels of expenditure.

In dollar terms alone the cost of meeting native needs is not great - indeed the volume of expenditure on present programs and services may well be adequate to the task if these funds can be redirected. For example, one federal agency, Indian and Northern Health Services, spends more than \$30 million annually to combat illness and disease among Indian and Eskimo people. Ironically, only a fraction of that amount is budgetted annually by the federal government to meet the housing needs of these people in spite of the fact that inadequate shelter is the major cause of native health problems. Other federal and provincial programs for educational, economic, social and cultural up-grading of native people come to represent a virtual wastage of millions of dollars of public funds in the absence of a basic shelter program. In dollar terms the priorities for expenditure lack logic. In human terms the priorities are criminal in their effect on the natives and a hoax on the general taxpayer. More than a change of priorities, however, is required: a change in direction and operation of programs seems necessary.

Most previous efforts to bring about change have taken the form of modifications and minor revisions of existing programs in the hopes they would work better. Unfortunately, streamlining a vehicle that is headed in the wrong direction only succeeds in getting it to the wrong place more quickly. There is probably no single path that ought to be followed to achieve real change - but the general direction or thrust of government policies can be suggested: governments at all levels must enter into partnerships with the native people and their organizations, placing the major responsibility on the native people to define their own goals and develop their own solutions with governmental support in the form of resource personnel and funds. Native organizations must be helped at their own pace and in their own way to tap or plug into those facets of Canadian society they can accept. They must also have the freedom to develop new programs and new instruments to meet culturally and socially different objectives.

There is a rapid growth in awareness by native people that they have been excluded and that they must initiate action to obtain redress. Native organizations at the local, provincial and national levels are developing quickly, with leadership that can articulate their frustrations and mobilize support for their right to their own solutions. These groups and their leaders are looking to governments (particularly the federal government) for financial assistance to establish, strengthen and operate their own organizations as the first step in the struggle to

obtain genuine participation. In many problem areas, including housing, their objective is to plan and operate their own projects. In others, such as health services and education, their objective is to obtain an adequate level of relevant programs complemented by ^especial provisions to restore or safeguard cultural values.

For the most part these organizations and their leaders are moderate in their requests and modest in their objectives. There is strong pressure, however, particularly from younger people in the well established native associations to pursue a course of militancy and, if necessary violence, as a way of obtaining results. At this point in time, such tactics have little support among the native population but factions do exist and will inevitably spread and grow if the public sector remains indifferent.

There is a growing recognition by most governments that "native problems" have reached crisis proportions and that present programs and policies are not only failing to meet the needs of the people but are actually aggravating the situation by their irrelevance. This awareness by governments is coupled with uncertainty and confusion as to what should be done, how it should be done, and who should do it. Almost all government officials espouse the "self-determination" approach but stop short of actually allowing native groups and organizations full partnership in analysis of problems and development of solutions. With few exceptions native people are brought

into the process at the "final draft" stage, at which point their contribution is, and can only be, token. We detect a new willingness, possibly born of desperation, on the part of governments to discard out-dated and unproductive methods of "dealing with the natives" in favour of flexible, experimental approaches that can make genuine native participation a reality.

PRESENT HOUSING PROGRAMS

1. Regular CMHC Programs

Most Canadians have no real contact with native people, and in consequence, little insight into the grave and complex problems they face. A vague feeling of uneasiness of the public conscience can be detected and occasionally the media focusses on specific problems or issues that give rise to public demand for corrective measures. A growing pre-occupation with the special problems of "disadvantaged minorities" and the whole thrust of the civil rights movement has touched upon the plight of native people but in a surprisingly peripheral way. International programs and issues on other "developing peoples" often elicit more active concern than do the persistent, domestic problems of our own native people. The point to be made here is simply this: governments will have to take the initiative in these circumstances, confident that general public support will follow in the wake of genuine progress.

Present home-ownership programs available to Canadians in general, through public agencies and private developers are not a real resource to the Indian, Eskimo or Metis people. These programs have been designed for persons in stable wage employment, with steady incomes who can make downpayments, regular monthly payments and can furnish and maintain their homes to at least minimal standards. Many non-native Canadians cannot measure up to these requirements. For native people, home-

ownership through public and private schemes is simply beyond their reach.

Rental housing schemes for low income families are seldom available to them. Few such projects are located in the northern settlements, small rural towns or the reservations where they live. In the urban setting native families seldom obtain shelter in scarce public rental accommodation due to a variety of reasons not the least of which is the unwillingness of housing managers and other tenants to accept them.

Private rental in the remote and rural areas is difficult because of the generally inadequate stock of housing in these places. This gives rise to "shack towns" on the fringes of settlements and villages usually located on unoccupied land that is unsuitable for dwellings and lacks services such as water, sewer and electricity.

In the urban areas native people invariably live in sub-standard housing in the slum areas, partly because they can afford nothing better due to low income levels or inadequate relief levels, but also due to a general shortage of suitable inexpensive rental accommodation. In any situation involving scarce accommodation, the native family is always the last to obtain shelter. There is ample evidence that housing that is "unfit for habitation" and has been condemned by municipal authorities, is rented to native people, often with rent payments being made directly to "slum lords" by the city welfare office.

Whatever the reasons and however legitimate they may be, the glaring inescapable facts of the matter are these:

1. Native people, wherever they live, have the worst housing condition in Canada.
2. Native people, wherever they live, get the least benefit from existing housing programs.

The provision of housing for native people in Canada has been recognized as a pressing need for decades. The earliest reports of Indian Affairs officials document this need and stress the importance of special programs to combat the problem. For Indian people, special programs have been in existence since Confederation but these have never kept pace with the increasing and changing requirements of this group. For the Eskimo people, special housing programs are relatively new, mostly because federal services of any kind or substance were not launched until the early 1950's. Relatively great progress has been achieved in terms of housing volume but much remains to be done because the backlog of need was so great. For Metis and non-status Indians, the situation is demonstrably worse than for either the Indians or the Eskimos because few provinces have special programs for them and there have been no federal initiatives to fill the vacuum created by provincial inaction.

2. Housing for Indians

At the present time, there are four programs under which Indian people may obtain housing. Three of these operate on Indian reserves only while the fourth is designed for those Indian

people who wish to live off the reserve.

I Subsidy Housing Program

Under this program the department makes direct grants from departmental funds to subsidize new construction up to a maximum of \$8,500.00 per unit. A contribution in the form of cash, labour or materials is required from the Indian family depending upon their income. The minimum contribution is \$135.00 for those families earning less than \$3,000.00 per year. The latest figures available reveal that fully 75% of all Indian families are in this category. Indeed some 60% have an annual income of less than \$2,000.00. In most cases the cost of the housing built under this program was equal to the maximum subsidy available so it is obvious that much of it was either incomplete, only partially serviced or of absolutely minimum standards. The number of units that could be built on any one reserve by the department in any one year was restricted by two factors:

- a) the budgetary appropriations
- b) the capacity of the field staff to get the houses built.

These two factors invariably combined to produce much less housing than was needed justifying a major complaint by the Indian people. Only minimal funds were available for maintenance through the operating funds of the department and even less was spent on repair and renovations (fewer than 100 renovations per year from 1965 to 1970 for all of Canada).

II Band Administered Program

Essentially this is an extension of the Subsidy Housing Program except that the Band Council administers the program itself using a combination of direct grants and band funds. Some 28 Indian bands in Canada currently operate their own programs but the department hopes to greatly increase this number over the coming years. This can be achieved by wider publicity among Indian bands about this program which is not generally well known and by a more flexible review procedure. At present, band councils undertake the complete operation and management of the program for a specified period of time (usually five years) with the objective of building units to meet the backlog, plus anticipated new family formations. They are also expected to develop revenue producing schemes through rentals, rental-purchase and outright sale which will generate sufficient funds to allow them to meet future housing requirements without additional government assistance. All housing so constructed must meet the minimum approved standards as set out in the NHA.

A wide range of other criteria must be met in terms of the administrative and accounting procedures that are to be followed by band officials who are administering the program.

Under the 1970 Innovative Loan Program, Central Mortgage and Housing Corporation began to make loans to band councils who were administering their own programs. At the time of writing some seven such loans have been approved to

provide for the construction of a total of 183 units. The bands will repay these loans using capital grants from the Department of Indian Affairs, band funds and other revenue generated from rentals, etc. An additional eight applications from Indian bands are being processed. The volume of housing produced in the past has averaged only 200 units per year but this can realistically be increased as more bands are brought into the picture.

III CMHC Loans On-reserve

Under this program money is available to Indians who wish to build houses on-reserves but who cannot qualify under the Subsidy Housing Program or to those who wish to borrow to supplement funds available under the Subsidy Housing Program. Financing is done by a first mortgage loan through CMHC or other approved lender. Repayment must be guaranteed by the Department, from band funds or from annual appropriations. The band council is required to pass a resolution recommending each individual loan. The volume of on-reserve housing under this program from 1962 to May 1971 was 213 units.

IV CMHC and DIAND loans - Off-reserve

Under this program Indians who are regularly employed off-reserve, who are guaranteed of continuing employment, who have good credit ratings and a good "responsibility record" may apply for a first mortgage loan through CMHC or

an approved lender and a second mortgage loan of up to \$10,000.00 from the Department of Indian Affairs and Northern Development. This second mortgage loan is fully forgivable if the borrower meets his payments regularly and maintains his home adequately. Under the provisions of this program either new or existing housing can be purchased by those who meet the criteria. Since its inception in May of 1967, 38 loans for new housing and 320 loans for existing housing have been granted.

3. Native Housing in the North

Native people in the Northwest Territories constitute a substantial majority of the population, outnumbering white residents by almost three to one. Unfortunately, their economic situation is every bit as bad as that of southern Canadian natives, compounded by the problems of a more severe climate, an incredibly high cost of living and a scarcity of amenities considered basic in the south. The gap between their general conditions and that of the white population is wider and more noticeable.

White people in the North are for the most part in permanent wage employment with the federal or territorial governments, the mines, the transportation companies or the business community that serves these major operations. Many white people live in housing that is provided by their employer, often at highly subsidized rates, as an incentive to live and work in such a high-cost area. Frequently special wage supplements or bonuses are offered to these employees to partially counteract the inflated costs of goods and services.

Accurate statistics on native employment levels are not available but general observation (and massive welfare costs) point to an unemployment rate of more than 50% at the best of times, often rising to almost total unemployment in isolated settlements during winter months. Hunting, fishing and trapping still provide the major source of income for most native people but returns are becoming progressively lower as this way of life loses both its viability and its appeal.

The extension of health, welfare and education services into the far North has encouraged native migration into established communities and settlements where such services are offered but few of them obtain employment other than as seasonal labourers. Government programs aimed at educational up-grading, vocational training and job placement are beginning to enlarge employment opportunities for native people, particularly those who are in the younger age brackets. Economic development of the North is still not well enough advanced to require large numbers of unskilled labourers, so for most native adults, permanent wage employment is not a real possibility. Many of them are not equipped with either the skills or the motivation to exploit the few opportunities that are available. Most can look forward to continued unemployment with decreasing income from hunting, trapping and fishing and increasing dependence upon welfare assistance.

Against this general background, it is apparent that housing programs for native people in the Northwest Territories must contain a high element of subsidy, with no prospect for an early withdrawal of massive financial support.

As a result of a federal-territorial agreement, all housing programs in the Northwest Territories are administered by the territorial authorities, including those for Indian and Eskimo people. Under a special territorial mortgage scheme any resident can borrow up to \$12,000.00 at a preferred interest rate (6%). Only a total of 70 such mortgages have been taken out in the Northwest Territories, 17 of which were extended to Indian or Eskimo people. Public housing accommodation, including shelter programs for senior citizens and single persons, is available to all residents but few native people appear to make use of these programs, partly because of overall scarcity of such housing (167 units in total) but also because special programs exist which offer superior benefits to them.

These special programs consist of the Northern Rental Program (for Indians and Eskimos) and the Territorial Rental Program (for "others" - mostly Metis). All houses built under these programs are single family dwellings on individual lots. Rental is calculated at the rate of 20% of total family income ranging from a minimum of \$2.00 per month (for totally dependent people) to a maximum of \$67.00 per month. A "one time only" furniture allowance of \$500.00 is available, and all services - water, electricity, fuel and scavenger services are included in the basic rental.

Purchase of the house by the tenant is possible under the terms of the Northern Housing Purchase Program of the Indian Off-Reserve and Eskimo Re-establishment Program. 33% of rent paid and a credit of \$100.00 per year of occupancy can be used by the tenant as a downpayment toward the purchase price. To date, however, only eight native people have made applications and none of these has been approved. In this situation there appears to be little incentive for a native to purchase his own home and assume responsibility for the high costs of water, fuel and electricity and maintenance.

The following table has been compiled from territorial records:

<u>Program</u>	<u>Indian</u>	<u>Eskimo</u>	<u>"Other"</u>	<u>Total (1970)</u>	<u>Forecast (1971)</u>
Northern Rental	240	1845		2085	115
Territorial Rental	0	0	112	112	50

From 1966 to 1971 the capital costs of these programs amounted to \$13,300,000.00, reflecting the special emphasis given to housing (particularly for Eskimos) by the federal government. The high degree of subsidy is revealed by statistics showing total rental revenues of \$401,000.00 during 1970 against operating costs of \$1,919,000.00, or an average subsidy of \$76.50 per month per unit.

Territorial officials estimate immediate housing requirements to be 850 new units in addition to an expanded program of repair and rehabilitation. For the most part, new units

are pre-fabricated in the south, shipped into the north during the summer season and erected by the Territorial Public Works Department. At present, they believe they have the capacity to deliver a maximum of 200 new units per year, which amount falls far short of the immediate need and will result in even greater shortages due to the pressure of new family formations.

4. Housing for Metis

We noted earlier that services to Metis people as a special group are practically non-existent in Canada because the Metis are treated for the most part as provincial or territorial residents who are eligible for only those programs of general application. It is widely recognized, however, (and many studies have substantiated this) that the Metis and non-status Indian Canadian is in even more desperate social and economic circumstances than are either the Indian or the Eskimo.

To date, no proper demographic survey has been done in Canada to determine the number of persons in this group, their living conditions, their location and distribution, their needs or their potential. It is believed, and the observations support this belief, that there are more of them than there are registered Indians.

In other words, there are at least 250,000 people of Indian ancestry whose way of life, whose self-image, whose value systems and whose general social and economic conditions separate them from the dominant society. They are not "Indians" within

the meaning of the Indian Act and thus are not entitled to services provided by the Department of Indian Affairs. Their existence as an identifiable group is widely recognized (by DREE, Secretary of State, National Health and Welfare) as is their need for special programs. Four provincial governments (Alberta, Saskatchewan, Manitoba and Ontario) have departments or agencies whose responsibilities include work with Indian and Metis organizations. There is, however, no firm, generally-agreed-upon definition as to who they are or how many of them there are.

In the past few years these native people have formed organizations to act as their spokesmen and to help them obtain special services and programs. In British Columbia, they call themselves the B.C. Association of Non-Status Indians; in the three prairie provinces they designate themselves as Metis Associations; in Ontario and Quebec, where they are just getting established, they include both "Metis" and "Non-Status Indian" in the name of their organizations. These associations have now joined together to establish a national office in the name of Native Council of Canada. Among other things, this body will actively promote the establishment of Metis and non-status Indian associations in the remaining provinces and territories of Canada. When this occurs they will be in a strong position to exert pressure at the provincial and federal levels for special programs geared to their needs. It is apparent that they will focus on housing as their first priority for govern-

ment action. Their case will be a strong one because of all natives in Canada, their housing conditions are the worst and, up to this point, practically nothing has been attempted other than token experimental projects in the three prairie provinces with a conspicuous lack of success.

The Northern Housing Program was initiated in 1965 with the Province of Saskatchewan under Section 35(a) of the National Housing Act. The Province of Saskatchewan undertook a pilot program to build 100 houses in remote parts of the province for sale to Metis families. Monthly payments were geared to income with a 75%-25% sharing between the federal government and the province of the capital costs and of the operating losses. The program was administered by the provincial authorities. A second agreement was entered into with the province in December of 1968 for a further 300 units. The average cost of the houses built under this project was \$8,500. A total of 256 housing units had been built by the beginning of 1971 but the program is in serious difficulties on a number of counts. First and foremost the Metis people were not involved in the planning of the program and had no voice in house design, location or selection of occupants. The cost of materials and building in northern and remote locations meant that only minimal shelter could be provided for \$8,500.00. The Metis people in Saskatchewan claim that the materials were inferior, the construction shoddy, resulting in homes that were inadequate to begin with that have rapidly deteriorated even further. From

an administrative point of view there has been a consistently high level of arrears reflecting not only the general poverty of the people but also their unwillingness to pay for houses they do not like. The total annual operating losses on these units exceeds \$100,000.00 and it is doubtful if the program should be continued in its present form.

In Manitoba the same program was commenced in 1969 and has produced a total of less than 100 houses. The total monthly subsidy on each of these units is estimated at \$31.00.

In late 1969, the Province of Alberta also entered into an agreement on the same basis. Less than 25 houses have been built to date and the Alberta Government does not plan to continue this program in its present form.

None of the other provinces have attempted special programs to provide shelter for Metis or non-status Indians although the Province of Ontario is conducting a modest experiment in four northern settlements. They are hoping to use a variety of building techniques (including the use of local materials) and assist native people to share in the construction program. A total of 16 houses are planned in this experiment.

It can be seen from this brief description that something less than 400 housing units for Metis people have been built during the past five years by government under the terms of special programs for them. These programs have been admittedly token and experimental and the experiments have not worked.

The Housing Situation as a Social Question

The Failure of All Programs

The following complaints are widely voiced by native people with respect to all housing programs.

1. Housing has been planned without reference to the wishes or needs of the occupants in terms of family size, economic status or life-style.
2. Few native people, including those with construction skills, obtained employment during the construction phase.
3. Houses were badly built, of sub-standard materials and occasionally left unfinished.
4. Little use was made of local materials even when they were suitable and readily available.
5. Housing was often located on unsuitable sites or in places where the people did not want to live.
6. Housing allocation was done by local committees or government officials without following consistent or known procedures. This created grave and lasting dissension among the people, particularly since so few units were available in relation to the need.
7. Few native people could obtain essential furnishings to make good use of new, usually larger housing. Cook stoves, refrigerators, washing machines, beds, tables and chairs, cooking utensils were generally needed, and not available. In some extreme cases, families occupied new housing that had no heating units.

8. Many native people did not understand the financial obligations of the housing program and were unable to meet the requirements of monthly payments. For others, unemployment or a reduction in usual income made it impossible for them to do so.
9. Few native families could afford, or saw the need for, regular maintenance to keep their home in livable condition.
10. Many native people simply lacked the basic living skills to successfully cope with the demands of operating a new home with new (to them) services such as sewer, water and electricity.

These criticisms are levelled at all government programs for native housing. Statistics on occupancy rates and housing starts do not reflect this kind of dissatisfaction. Resentment will show up in inadequate maintenance, and a high rate of arrears. The crucial point is that the social question of attitudes towards housing, rapidly translates itself into the technical question of what the 'gap' is at any given time between supply and need. "Irrelevance" has always been one of the major criticisms offered to CMHC (and for that matter DIAND) and CMHC must seek to ensure that what it offers is what is actually wanted.

What is equally frustrating for decision-making at CMHC, is that the programs must not only be relevant, but must

be seen to be relevant. A program that is not seen to be relevant, although it may actually have potential, will not enjoy the support of those it attempts to serve.

This is, of course, the operating rationale for 'participatory democracy' -- not simply that it is fairer or more just -- but that it enhances performance by allowing those affected by a given program to help shape it.

It is an interesting comment on the process of social change that while it now appears that a successful housing program is dependent on a level of social development, the native people are finding that the progress of social development depends on housing.

"It has been the decision of the Metis Nation of Saskatchewan, through the advice of their spokesmen and the acceptance of their leaders, that any initiation of development must begin through housing.....

It is our conviction that without and adequate housing, any project of education of work is destined to ultimate failure."*

For this reason, the Metis Society of Saskatchewan has decided to focus on housing for the foreseeable future, and housing has been defined as the highest priority by every native organization in the country.

That is, the native organizations have understood housing to be, not a technical matter of putting in place a given number of housing units, but a process by which those hitherto on the fringes of society define what it is they want, discover what it is they have to do to obtain it, and in the process discover themselves.

* Homes for Our People, Metis Nation of Saskatchewan

Further, the emergence of popularly supported native organizations, and the Metis Associations in specific, offers a greater possibility than ever before for success in approaching the problem. Not only are the native organizations developing the understanding of the relationship between social development -- they are developing an organizational and administrative ability to put their knowledge to use. The response by various organizations to Part V grants, and the establishment of self-help native-run housing corporations are proof of this.

Extrapolating from the requests of the Saskatchewan Metis Federation, there is a demand that native federations supervise the establishment of 15,000 - 25,000 homes over the next decade. There is every indication that they would be capable of doing it.

SUMMARY

1. The Technical Reasons for Failure

Approximately 78% of native families make less than \$3,000 per year. What this means is that for the foreseeable future there is no possibility of recovering perhaps as much as 75% of mortgage money put into native people's housing. The fiction, that the Corporation intends to recover it all must be dropped as at best misleading. Worse, it may actually be counter-productive as attempts are made to provide mortgages to those most likely to repay in order to minimize losses, with the effect that those who most need housing are not getting it.

It should be pointed out for purposes of balance that a substantial number of native families lacked both initiative and motivation in terms of up-grading their housing and did not take even minimal steps to look after their homes. These places have rapidly deteriorated and a substantial number will soon be unfit for habitation. These units will have to be replaced within the next five years even though they are relatively new. There are probably just as many houses built in recent years, however, that will have to be replaced because of basic design and construction flaws.

There are formidable obstacles to the establishment of effective, relevant housing programs for native people not the least of which are blurred lines of responsibility between federal, provincial and municipal authorities.

For the most part provincial authorities have consistently viewed the Indian and Eskimo people as the constitutional and administrative responsibility of the federal authorities and have excluded these two native groups from provincial programs and services. The Indian and Eskimo people for their part have resisted efforts of provincial or territorial agencies to provide special services, preferring to preserve their direct relationship to the senior government. In the Province of Quebec and in the Northwest Territories, it is apparent that the transfer of program administration from the federal to the provincial authority is not acceptable to the Indian and Eskimo people. Meanwhile, the provincial governments have barely begun to recognize that the Metis and non-status Indians have special problems and needs identical to those natives who are a federal responsibility.

Federal policy on such basic issues as recognition of aboriginal rights of Indian and Eskimo people has yet to be formulated; once formulated, its acceptance by the Indian and Eskimo is even more problematical. Provincial recognition of Metis people as a native group entitled to special treatment is by no means a certainty although several provinces do have special agencies to work with this group.

Historically, successive federal governments have never given the housing needs of Indian and Eskimo people the kind of priority their conditions warranted. Even during periods

of time when "major thrusts" were planned, the results were minimal. This has been due in part, we believe, to a chronic under-estimation of the actual need on the part of responsible officials and a consistent record of under-achievement of even modest objectives. In consequence, the goal of adequate housing for native people has always remained a distant one.

Several peculiar considerations have always escaped the attention of the planners when calculating native housing requirements:

1. The advanced state of deterioration of existing houses not only required extensive replacement housing but meant that the balance had little remaining useful life and was unsuited for even temporary life.
2. Many native homes were overcrowded with two or more families per unit, each of whom require and wanted a home of their own when the present shelter was replaced.
3. The rate of new family formations among native people has been, and remains, substantially higher than for non-natives but this was seldom taken into account.
4. Minimal acceptable standards changed dramatically with the initiation of housing projects and a standard of housing that was formerly considered acceptable could no longer meet the expectations. This means that some houses built under earlier housing

programs were no longer considered "adequate" either by the natives or by the authorities.

In 1965 the federal government embarked upon a five-year program designed to produce 12,400 houses for Indian people at a cost of \$75 million. This was to be accompanied by expenditures of \$37 million for utilities, roads and related community services for a total expenditure of \$112 million. The actual appropriations received by the Department of Indian Affairs were \$51,300,000.00 for housing and \$23,141,000.00 for related services. In other words, the appropriations fell short of their approved target by \$37,559,000.00. Partly as a result of this the program failed to achieve its own objective by 3,700 units. Furthermore, the backlog of inadequate housing had been estimated at 6,100 units in 1965 when it was, in reality, something closer to 9,000 units. The net effect is that the current backlog is still close to 9,000 units. In strictly numerical terms then there is a greater requirement for Indian housing today than there was five years ago when the program began.

\$61,048/unit

\$51,300/unit

In comparative terms, however, a dramatic improvement was made in the overall shelter conditions of the Indian people:

Services and Utilities
Indian Housing - Percentage

	<u>1965</u>	<u>1970</u>
Electricity	46%	79%
Sewer or Septic Tank	10%	25%
Running Water	15%	32%
Indoor shower or bath	8%	20%
Telephone	13%	26%

We emphasize the need to keep these achievements in perspective because the improvement is only relative to the incredibly bad situation that had previously existed. The fact remains that 21% of Indian families today have no electricity, 75% no sewer or septic tank, 68% no running water, 80% no indoor shower or bath and 74% no telephone. By comparison with all Canadians the gap in essential services becomes apparent:

Canadian Averages

Electricity	98.6%
Sewer and Water	96%
Telephone	95%

The latest estimate of the Department of Indian Affairs points to a requirement for approximately 15,000 new Indian housing units over the next five years with a further 5,000 renovations during the same period of time. At present average costs this would involve an expenditure of some \$250 million but it would totally meet the existing backlog of 9,000 units and keep pace with new family formations estimated at 1,200 per annum.

The department has been working for more than a year on a proposed new housing program that would rationalize and integrate existing schemes and would place greater emphasis on administration of these programs by Indian bands themselves. Included in their proposal is a system of on reserve public housing with a rent geared to income. They propose a much greater involvement of CMHC and even provincial housing agencies

not only to finance housing itself but to provide related services such as roads, sewage treatment and other major utilities.

2. The Social Reasons for Failure

Unfortunately, the special program for native people have had only minimal success in correcting the chronic growing problem of inadequate housing. While it is true that the dollar expenditure on these programs has increased dramatically (particularly since 1965), the gap between their housing situation and that of Canadians in general continues to widen and grow more visible. As other programs and services, notably health and education amenities, are extended to native people their need for decent housing shows a parallel but correspondingly greater increase that government programs have failed to match.

Past housing programs have been inadequate in volume and in scope but that is only part of the story. Lack of co-ordination and integration with other related development programs has further diminished their effectiveness in improving the lot of the native people. To these shortcomings must be added the consistent failure of housing authorities to involve the native people themselves in devising solutions and implementing them, although it ought to be admitted that, until recently, there was good grounds for being skeptical about the possibilities of such a process.

Until recently, the genuine involvement of native people in their own affairs was seldom considered necessary. The history of special housing programs for them clearly reflects this attitude. This has led to the widespread, almost universal, rejection by the native people of these programs which they consider irrelevant to their needs as they perceive them.

In the meantime, nearly every native organization in Canada has identified inadequate housing as the number one priority for improvement of their lives. They rightly see their appalling shelter conditions as the major deterrent to the use of other development programs. Their immediate objective is to develop and strengthen their own organizations so they can demand, and fulfill, an active role in the design and operation of self-help housing programs. For these organizations the logical starting point is a grant to enable them to conduct their own housing survey or to establish their own housing authorities.

Estimate of the Total Native Peoples Housing Shortage

	<u>Present Housing Gap</u>	<u>Houses Needing Rehabi- litation</u>	<u>New Family Per Year</u>
Eskimo	500	0	100
Indian	9,000	10,300	1,200
Metis Fringe Community	18,000	4,000	1,000
Metis White Community	4,500	12,000	
	<hr/> 32,000	<hr/> 26,000	<hr/> 2,300

Because of new family formations, a conservative estimate of new housing needed is 55,000 units over the next decade. An additional 26,300 units will have to be rehabilitated over that period as well.

While the problem thus faced is impressive there are a number of imponderables.

First, the Department of Indian Affairs and Northern Development does have a number of programs for both house construction and rehabilitation directed to the Eskimos and Indians.

Second, a CMHC policy on Low Income Housing policy would presumably address itself to all Canadians and it could be expected that at least some native people and most likely those in white communities would use it.

Third, a CMHC policy on Rehabilitation would also extend to Native people, and at least some of the rehabilitation would be done here.

This isolates Metis living in non-white communities in very substandard housing without any other recourse than to a CMHC Native Peoples Housing Policy. Any CMHC policy must keep

this group, representing approximately 18,000 households
uppermost in mind.

Objectives

The objectives of a native housing policy are twofold:

First, CMHC must provide the financial resources necessary to allow the gap between existing housing and the need for housing to be closed within the decade.

Secondly, CMHC must attempt to ensure that the housing that is provided is acceptable to the people for whom it is designed. Specifically, this means that this housing must be designed, located and constructed in such a way that it meets the perceived needs of native peoples and is seen as relevant to their concerns. This will entail a willingness to experiment boldly and a commitment to aid the development of native peoples organizations which are able to articulate those concerns.

Options

The approaches to the Native Housing question can be portrayed as a series of Policy Options and Program Options.

Policy Options

P1 - Native Peoples Housing is regarded as part of the low income housing, rehabilitation and other (pictures). No special provision would be made for it.

P2 - Native Peoples Housing is regarded as a completely separate question, for which a completely different set of policies and implementation structures would be created.

P3 - Native Peoples Housing would be a special temporary thrust supplementing other programs, by adding provisions to allow for the particular nature of the native housing question.

Delivery Options

There are delivery options in three areas, each having a number of options.

I Relations with Native People

RNP1 - Continue to deal with Native Peoples through normal CMHC structures.

RNP2 - Establish at CMHC for a limited period of time, a Native Housing Office (NHO).

RNP3 - Include Native Peoples as one of the constituencies to be served by the Client Operations Group.

II Support of Social Development

SSD1 - Enlarge the present CMHC social development staff, by the addition of personnel whose priority is Native Peoples' Housing.

SSD2 - Engage a small number of highly mobile social development officers to be directly responsible to the Native Housing Office for facilitating discussion between native people and CMHC regional offices.

SSD3 - Rely on seed money to native organisations to do their own social development work, aided where necessary by CMHC social development staff, or CLIOPS Native Peoples' Advisors.

III Native Housing Research

NHR1 - Increase Part V budget, with specific earmarking for Native Housing Research, and legitimise support of experimental and developmental projects.

NHR2 - Create a special fund for Native Housing Research, with specific authority to support experimental and developmental projects.

Discussion of Options

Policy

The Native Peoples Housing question can be viewed in a number of different ways, each view having certain implications for how the question should be dealt with. In fact, to pose the question as a 'Native Peoples Housing question' is already to take a stand in favour of one of the views and against the others.

In order not to prejudice the discussion by the nomenclature of this paper this is the issue that is addressed first.

Options:

P1 - Native peoples housing is regarded as a part of the low income housing, rehabilitation and other pictures. No special provision would be made for it.

Advantages

- Under this option there would be no explicit discrimination against Native People, who would be treated as any other Canadian citizen.
- There would be no need to devise separate programmes.

Disadvantages

- While not appearing to discriminate against Native People, this approach might do so effectively. The

cultural and other differences have proven to be severe barriers to Native People utilising regular programmes, and special means would have to be devised to ensure access by Native People to such programmes.

- This will engender some hostility among native groups who have been demanding more attention be paid to native housing questions, unless it can be shown that this system can deliver the housing they want.

P2 - Native Peoples Housing is regarded as a completely separate question, for which a completely different set of policies and implementation structures would be created.

Advantages

- Public acknowledgment would be given to the desire to tackle Native Peoples Housing.
- Special arrangements can be designed with the Native People in mind.

Disadvantages

- Historically the 'separate but equal' philosophy has laid more emphasis on separate than equal.
- The creation of what amounts to a separate CMHC division of Indian affairs might encroach on DIAND functions.

- There is a danger that special programmes may become a trap that furthers the dependence of Native People on white society.
- There could be a back lash from other disadvantaged groups who also want special treatment.
- 'Native People', defined racially would be difficult to mention in the Act.

P3 - Native Peoples Housing would be a special temporary thrust supplementing other programmes, by adding provisions to allow for the particular nature of the native housing question.

Advantages

- Allows for special consideration for native people, without weakening low income thrust.
- Does not lead to 'locking in' native people.
- Allows CMHC continued flexibility.
- Shows CMHC commitment to substantially reduce native housing problem in near future.
- Tackling this most needy client group may provide CMHC with valuable experience for dealing with other groups.

Disadvantages

- May be viewed as a half-hearted commitment to solving the problem.

- The temporary nature of the thrust may appear to be an expensive experiment.
- If this is to be embodied in the Act, there will be the definitional problem.
- Could lead to friction with DIAND.

Budgetary Implications

However the problem is viewed, it will take expenditure in the neighbourhood of \$650 million over the next decade to tackle the native housing question. Not all of this, however, need be put forth by CMHC since at least two other government departments, DIAND, and Veterans Affairs have a vital interest. If these departments continue to fund at their present rate, there will still be a gap of approximately \$400 million, of which a good deal, it must be remembered, will not be recovered.

That amount would be budgeted in different ways, however, according to the policy approach used.

Budget P 1 The whole allocation would show up as augmentations in the funding levels for public housing, assisted home-ownership and so on, since the native housing need would be included along with the needs of other Canadians.

Budget P 2 In this case, the whole of the funds directed solving the housing problems of native peoples would be set out in a separate budget which would include the \$400 million figure.

Budget P 3 In this case, the budget would be divided, with a large portion of the funds being included in the program allocations, but a substantial sum being separated specifically for Native Peoples housing. This fund might be administered in a different way, according to the operational options selected.

Based on estimates of the growing organisational capability of native groups, 15,000 - 25,000 homes could probably be built under their auspices. This would relieve CMHC of a good deal of decision making and would go a long way towards ensuring the kind of housing delivery stated as our objectives.

Legislative Implications

Legislative P1 No special legislation would be necessary for Native Peoples. The amendments suggested by the Low Income and Rehabilitation sector teams would be phrased in such a way as to

enable CMHC to tackle the problems of native people, without naming them in the legislation.

Specifically it would include:

(1) An amended section 58 (A.H.O.) to allow interest subsidies up to 100%, capital grants, and 100% loans with payments geared income in rural areas.

(2) An amended section 15 (N.P. and L.D.) to allow deep subsidy where per family income is less than a stipulated amount for use in urban areas particularly.

(3) Inclusion in the rehabilitation package of a provision for 100% grants for families with incomes up to a stipulated level (say \$3,000) (to be determined by Governor-in-Council).

(4) Inclusion in rehabilitation package of a provision for limited grants for rural patch-up programmes along 'Winter Warmth' lines.

Provision would also have to be made to ensure that CMHC would be reimbursed for losses so incurred.

Legislative P2 Under this option, the Act would be amended in such a way as to single out native people for special treatment by broadening the all-but-inoperative section 59, from its present concern with "Indians as defined under the Indian Act" to all native peoples. Further, this section would have to be expanded to explicitly allow loans off-reserve, and to allow for interest subsidies and capital grants.

Legislative P3 Under this option, both the amendments in P1 and P2 would be made. The Corporation could then proceed along either avenue, and would not be trapped either into treating native peoples differently from other Canadians on all occasions, or into being unable to make special dispensation where such is warranted.

Delivery Options

Delivery:

Having decided on a way of conceptualizing the problem, the next step is the design of certain tools which appear to be (more likely to be) useful in solving the problem. To do this it is necessary to re-examine the statement of the problem to decide what are the key elements and the critical points. This process yields three essential factors:

The most obvious factor is that there must be good relations with native people and native peoples organizations. The description of the problem has already emphasised the role that mistrust or resentment presently plays. In addition there is an increasing volume of mail that must be attended to, and native organizations are growing more sophisticated in their representations.

Secondly, if housing can only be utilised to the extent that there is an ongoing process of social development. That process must be expedited.

Thirdly, both CMHC and native organizations must be enabled to experiment freely with a number of widely differing ways of proceeding with the task. The response to the availability of Part V money this year makes clear the priority placed upon it, and the results bear testimony to its usefulness. In the eighteen months between January, 1970 August 1971, there were grants under Part V for two types

of activity - surveys and start-up costs, totalling \$433,000 to native groups alone. There is little doubt that the need and the capacity will expand rapidly to the benefit of CMHC programmes.

Options:

Relations with Native People

RNP1 - Continue to deal with native people through normal CMHC structures.

Advantages

- No disruption of existing CMHC structures.
- No danger of locking native people into a paternalistic organizational structure.

Disadvantages

- Corporation presently needs expanded facility to deal with native peoples questions.
- Normal CMHC structures have proven inadequate in dealing with Native People.
- No provision for co-ordinated experimentation to decide on methods for dealing with native peoples questions.

RNP2 - Establish at CMHC for a limited period of time, a Native Housing Office (NHO).

Advantages

- The act of creation will underline CMHC intention to deal seriously with native housing needs.
- Can facilitate liaison between CMHC and Native Peoples Groups.
- Can deal with increasing CMHC correspondence with respect to native housing.
- Can co-ordinate research and experimentation.
- Can participate in evaluation of new CMHC approach to Native Peoples' Housing.

Disadvantages

- Cost of approximately \$500,000 yearly

RNP3 - Include native peoples as one of the constituencies to be served by the Client Operations Group of PPD.

Advantages

- Utilise present PPD structure.
- Limit the possibility of growth of bureaucracy.
- Emphasise experimental and policy aspects and de-emphasise operational.
- Create a flexible position which can be subsequently modified.

Disadvantages

- Not as visible as a NHO.

Budgetary Implication

The requests of native people for increased attention will undeniably expand the operating budget of CMHC, irrespective of the option selected. Only actual practice can determine the extent of that expansion.

Legislative Implications

None of the options requires a legislative change.

Support of Social Development

SSD1 - Enlarge the present CMHC social development staff, by the addition of personnel whose priority is Native Peoples Housing.

Advantages

- The expert knowledge of the present social development staff could be best utilised.
- The social development that is recognised as essential to a successful housing problem would be tackled head on by CMHC.

Disadvantages

- CMHC would be assuming a directive role, or one which could be construed to be so.
- Native peoples organizations are beginning to do their own social development work.
- There might be crossing of lines of authority with the Native Housing Office.

SSD2 - Engage a small number of highly mobile social development officers to be directly responsible to the Native Housing Office for facilitating discussion between native people and CMHC regional offices.

Advantages

- CMHC would not compete with social development work already underway by native organizations.

- Branch Managers authority would be respected.
- Problem solving at local level would be encouraged.
- NHO officers could help regional people to be sensitive to native housing problems.
- Ability to monitor effectiveness of native peoples housing policy.

Disadvantages

- Does not ensure that the social development process will get started in areas where it is not now in progress.

SSD3 - Rely on seed money to native organisations to do their own social development work, aided where necessary by CMHC social development staff, or CLIOPS Native Peoples Advisors.

Advantages

- CMHC would not compete with native people's own organisations.
- Branch managers authority would be respected.
- Problem solving at local level would be encouraged.
- Capability of native people to deal with problems improved.

Disadvantages

- Greater difficulty in control.

Native Housing Research

NHR1 - Increase the Part V Budget, with specific earmarking for Native Housing Research, and legitimise support of experimental and developmental projects by native peoples.

Advantages

- No legislative amendment needed other than that proposed by Research and Development sector team.
- Would allow unused allocation to be redirected to other areas of research without reflecting on Native Housing Research needs.
- Would allow present research by native people to be completed and followed up.

Disadvantages

- Will substantially increase demands for Part V money.
- Might lead to carving up Part V among various factions.
- Failures might jeopardise other Part V projects.

NHR2 - Create a special fund for Native Housing Research with specific authority to support experimental and developmental projects by Native People Groups.

Advantages

- Emphasises special need in most destitute constituency.

- Allows different rules for different problems.
e.g. development could include social development for native peoples.
- Isolates Native Peoples Housing experimentation from other programmes.
- Facilitates evaluation of this approach to Native Housing.
- Does not jeopardise Part V Funds.

Disadvantages

- Focuses attention on most easily criticised allocation.

Budgetary Implications

Estimated demand \$2 million annually.

Legislative Implications

This would take the creation in the Act, of a new section either along with Part V, or with a native people's housing section that allows for research grants for studies and the funding of experimental projects.

Appendix A

LOW-INCOME HOUSING

Summary and Recommendations
of the Report of the Task Force
on Low-Income Housing

Note:

This is not intended as a comprehensive summary of all of the Task Force Recommendations. Rather, it attempts to highlight the major issues and policy thrusts, as a background against which the report itself should be read.

LOW-INCOME HOUSING

Summary

"Housing performance under the National Housing Act has been production oriented rather than distribution oriented, a quantitative operation qualitatively devoid of broad social objectives and economically inaccessible to many Canadians. The production of new houses should be a means to an end, not the prime policy objective."¹

Housing policy in Canada has been directed solely at starts. Its aim has been to increase the total stock of "decent, safe and sanitary accommodation" to the point where there is sufficient adequate housing for all Canadians, demolishing substandard housing and replacing it wherever necessary.

Little or no concern has been shown for: the distribution of either the newly produced or existing stock; the price of that stock and the ability of consumers, and of low income consumers in particular, to afford it; the environmental quality of new housing produced; the condition of the existing stock, except for "slum housing" which would have to be destroyed and replaced; the right to free and dignified use by the consumer of his home.

Instead reliance is placed on the market to allocate the stock, fix the price, determine the level of quality, and protection of the position of the low-income housing tenant is left to the Provinces. The only minor shift which has occurred to date, has been the recent expansion in the last two years of the public housing and low rental housing programs and a lesser attempt at assisted homeownership. Within those programs the emphasis is very much on quantity

1. Good Housing for Canadians, A Study by the Ontario Association of Housing Authorities, 1964, p. 49.

rather than quality. And units produced under these programs constitute a minute portion of the total housing stock (some 2%) and come nowhere near to meeting the need. The vast majority of low-income households are left to the vagaries of the market.

This despite recommendations to the contrary over the past 35 years.

For example, in 1935 a report warned:²

"The formation, institution and pursuit of a policy of adequate housing should be accepted as a social responsibility... There is no apparent prospect of the low rental housing need being met through unaided private enterprise building for profit..."

In 1944 the next report noted:³

"The desire for better housing and better living standards generally is a post-war objective which is firmly rooted in the minds of people in all ranks of life. Construction work in the housing field can be of particular importance...as a productive vehicle of both public and private investment such as will be needed for full employment policy under peace time conditions. Canada has lagged behind the example of European countries, of Great Britain, and of the United States in providing greater governmental assistance for housing as a matter of welfare and public concern... Special attention, in the advance preparation of plans, should be given to low rental housing and farm housing, in which this country has had little or no experience to date..."

In 1964, the theme recurs:⁴

"A constant claim of the proponents of 'pure' private enterprise that it could solve the housing problem should be considered against the evidence of an

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2. Housing, Report by the Special Parliamentary Committee on Housing, Ottawa, 1935.
 3. Report of the Advisory Committee on Reconstruction, 1944, Ottawa, volume IV, p. 9.
 4. Good Housing for Canadians, op. cit., p. 50.

historic ineffectiveness... Private enterprise seems to be at its most dynamic level when protected by extensive loan guarantees and substantial borrower's equity and when properties are all sited in a bustling urban market."

Last year the Castonguay Commission again pointed out:⁵

"Reconnaître l'accès à l'habitation comme un droit universel implique donc une intervention directe de l'Etat dans toute cette industrie qui, encore aujourd'hui, dépend presque entièrement de l'entreprise privée. De même que l'universalité d'accès à l'éducation et aux soins a exigé que l'Etat prenne la responsabilité de ces secteurs à la place de l'entreprise privée, de même la reconnaissance de l'accès à l'habitation comme droit universel implique une intervention directe similaire dans les services d'habitation."

Politicians and senior civil servants have consistently taken an opposite tack. In 1949, the Prime Minister of the country stated:⁶

"While we hope that as much of our new housing as possible can be provided through private and local enterprise, we recognize that privately initiated housing may have to be supplemented and stimulated by even further government support for low rental housing."

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5. "The recognition of access to housing as a universal right implies a direct intervention by the State throughout that industry which, even today, depends almost entirely on free enterprise. Just as universal rights to education and welfare meant that the State had to assume responsibility in those sectors in place of free enterprise, then equally the recognition of access to housing as a universal right implies a similar direct intervention in the field of housing service." Rapport de la Commission d'enquête sur la Santé et le Bien Etre Social, - tome 1, p. 184-5, Gouvernement du Quebec, 1971.
 6. Speech of Prime Minister Louis St-Laurent, April, 1949.

The Minister responsible for housing put the matter even more strongly in 1956.⁷

"It was the government's view, which I have stated publicly on a number of occasions, that we would be justified in using public funds for housing only where private enterprise fails to meet the need."

A senior civil servant and member of the Board of Directors of the Corporation elaborated on that position in 1957:⁸

"My main criticism of the statement is that it seems to assume that public housing is primarily an instrument of social policy to remedy directly the condition of those of the poor who are living in bad housing. Thus it... expresses the substantial preference for subsidized over full recovery housing... Public housing at this stage in Canada at least should be regarded primarily as an economic matter rather than as an instrument of social policy... We should not take tenants requiring the subsidy if we can avoid it."

The last clear statement of federal policy on the matter was that of the present minister in May of 1969.⁹

"We must, therefore, not only improve the operation of private markets in order to accelerate the total output of housing, but we must also stimulate the provision of modest accommodation for low-income people, augmenting it, if necessary, with what may be regarded as non-market devices in order to get a higher yield of new units out of the nations housing efforts."

7. Letter from R.H. Winters to S. Bates, June 8, 1956.

8. Memorandum, R.C. Bryce to S. Bates, Feb. 12, 1957.

9. Notes for Statement on Bill C-192, R.K. Andras, House of Commons, May, 1969.

The Housing Problem

For the last two or three years, federal policy makers have been concerned with whether there is a housing crisis or a housing problem or no problem at all. The most recent verdict is that there is no immediate housing problem, that there is an income problem for low-income families likely to be replaced by redevelopment and unable to find satisfactory alternative accommodations and that policies restricting the development of raw land for housing may lead to a housing crisis in the future.¹⁰ That position should be compared with the one taken by the Murray study in 1964:¹¹

"Aside from its physical qualities, a sizeable segment of Canadian housing is economically troubled... The new housing production, whether for ownership or for rental, is completely out of reach of something better than one-third and something less than one-half of the population. The existing housing stock is almost equally inaccessible because of the combined effect of high prices and inadequate financing terms."

The situation has not improved. In 1967 approximately 400,000 urban households spent on average in excess of 40% of their incomes for shelter alone. (When household operation, telephone, furnishings and equipment are added, the percentage is more than 50). 800,000 urban households spent on average in excess of 25% of income for shelter alone, and 1,200,000 spent on average in excess of 20% of their incomes for shelter.

Somewhere between half a million and one million buildings (with the data at hand, no better guess can be made) probably require rehabilitation simply to bring them up to the

10. Urban Problems & Prospects, Research Monograph 2, Housing in Canada, Ottawa, 1971, p. 19.

11. Good Housing for Canadians, op. cit., p. 58.

standard of decent safe and sanitary accommodation. They either lack heating, plumbing and electrical systems or have faulty ones or are in need of structural repairs. Perhaps 1/3 to 1/2 of these units are in rural areas and small towns where the annual cost of shelter may not be a problem, but incomes are too low to permit the necessary investment to upgrade the housing. About 800,000 low income households are tenants. That number is likely to increase by 75% - 100% over the next decade.

These tenants are not only plagued by high shelter to income ratios and poor physical conditions, but also do not have the security of tenure and the freedom to use their homes in a reasonable fashion that low-income owners possess. Most of them are on month to month leases (outside Quebec) and are subject to arbitrary control by their landlords. Although there have been improvements recently in provincial landlord and tenant legislation, landlords' attitudes have not changed and their precarious economic position and sense of powerlessness prevent the poor from asserting the rights which they do have.

The majority of low income households are located in city centres or in rural areas where community services and facilities are lacking. In cities, they are frequently located in industrial or commercial areas where noise and air pollution are high. Newer government low income programs have located them on the fringes of developing areas which are devoid of community facilities.

Equal Access to Decent Housing

That is the rough picture, in absolute numbers. The relative position is even worse. If one compares the shelter to income ratio for the bottom 20% of the income distribution with that of the average family, the bottom group spends twice as great a proportion of their income

for shelter (31% - 16%). When the comparison is made with the top quintile, the bottom group spend $2\frac{1}{2}$ times as much. If one looks at renting households only, the situation is even worse, with the bottom 20% spending three times the proportion which the top group spends (35% - 12%).

When one looks at specific social groupings, the comparison is even more striking. The bottom quintile of the elderly, single individuals and single parent families all spend about three times the proportion of income spent by the top 20% of the same groupings. If one looks only at renters the proportion climbs above three. If one includes household related expenses to the cost of bare shelter, it rises still higher.

Similarly the poor are much more likely to live in older housing which is in need of structural repairs or lacks essential plumbing or heating facilities. In 1961, those in the bottom quintile were three times as likely as the average household to be living in a unit in need of major repair and eight times as likely as the top quintile. They were almost twice as likely as the average, and almost four times as likely as the top quintile to lack adequate heating systems.

Housing and Poverty

The housing poverty described above is partly a function of low incomes. It is also a result (as are the low incomes themselves) of having the status of a poor person. Societal attitudes ensure that the rewards go to the producers, to those who make the economy grow. Those who cannot produce, or can no longer produce, the elderly, handicapped, single parent families, rural families get the residue after the producers have been rewarded.

To a considerable extent this results from the shared attitudes of public decision-makers and producers.

Equally important is the unequal access of the poor to the decision-making process. Public agencies - particularly housing agencies - provide limited information about policies and practices, except to producers who are actively sought out for participation and voluntarily supplied with information.

Middle and upper income consumers are only beginning to organize themselves to participate in housing decisions. Better education, superior financial and technical resources, available time, and social psychological characteristics are far more likely to result in quickly organized, independent, initiative activity by them. The poor by contrast are not accustomed to exercising control over their own lives and are far more likely to feel a sense of powerlessness in the face of public decisions.

Housing and Inflation

The country and its government are very concerned about inflation. In an effort to combat that malady a substantial level of unemployment has been created.

Construction generally and residential construction in particular play a substantial role in inflationary processes. Housing has a weight of one-third in the Consumer Price Index, the bellwether in the fight against inflation. The shelter component in the Consumer Price Index has increased by over 50% in the last decade. The gross debt service on new NHA bungalows has increased by 136% during that period. Construction wages have increased by 74%. Land prices in the period from 1964 to 1970 increased by more than 100%. Interest rates on NHA loans increased by 47% from 1964 to 1968. And property taxes more than doubled over the last decade.

It is clear that housing price inflation hurts those on fixed incomes, like the elderly. Their incomes have

not risen as fast as housing costs, nor have the incomes of those receiving welfare. The middle income group appear to be relatively better off in that housing costs and incomes have increased at the same rate. But with costs rising at an equal rate, the middle group seeks more income. The inflationary spiral follows.

Government response has been to turn off the money tap when inflation gets too hot. That simply leads in the housing field, to another round of inflation; initiated by demand pull and carried on by cost-push. The classic example was the response to monetary policy in 1965-66. The effect of the cutback in funds was to reduce the supply of rental dwellings, increase the price and worsen the housing situation for those at the bottom of the economic ladder.

There has been no national attempt to deal with housing price inflation since the rent controls of the Second World War. Present day policy discussions have not advanced beyond the possibility of reinstituting such controls.

Housing and Employment

In 1944 it was expected that housing would be a key tool in the kit of a full employment policy. No attempt has been made to give effect to that expectation. Instead housing has been used as a tool for overall economic stabilization, providing increased employment when the economy is slack and reduced employment when a decision is taken to take the steam out of the economy. It is only recently that a quantitative goal for housing starts has been established, but it is aimed solely at housing requirements, without consideration of the employment effects.

The Production of Adequate Housing

Housing built during the last 15 years tends toward higher densities, a limited range of standardized accommodation, reduced variety, limited common facilities and a segregation of unit types. What is being built at present is largely the same kind of housing as that produced at the beginning of the period. New low-income housing resembles the form of housing for any other sector of the population made cheap by tight costs and a reduction in size.

In all housing, the form of the dwelling units is determined by the economics of building, rather than by user needs. The user is fitted into what can be built. Federal policy has promoted the construction of low density suburban homes, neglecting the development of alternate forms of higher density urban housing. Little attempt is made by the builders and no attempt is made by CMHC to determine user response to the existing models. CMHC's residential standards have had limited effect on housing form. Their function has been to regulate and prevent blatant defects, rather than promote improvement and innovation. The review procedures are essentially policing actions.

The building industry will not substantially improve its product or innovate without government intervention. Building firms are becoming larger and more bureaucratic. Their primary concern is the development and marketing of land. The profits made on the construction side are minimal, land profits are high. The developer attempts to contain costs by standardizing the product and producing a product which simply meets the administrative requirements of the lenders and the rigid planning requirements of municipalities, and thereby allows him to make his land profits as quickly and on as large a scale as possible.

The real capacity to innovate is found in the sub-contractors who do the actual construction. The majority of

large builders now subcontract out more than three quarters of the work done. Subcontractors are becoming increasingly more productive, but are not growing in size. Contractual arrangements leave them completely dependent on the builder-developer and prevent the harnessing of their innovative capacities.

Municipal Planning and Land Availability

Municipalities also view their role as that of policemen, i.e. approving authorities. Within the context of zoning and subdivision control bylaws they respond to developer applications. Those bylaws are frequently aimed at keeping out even moderate cost housing to protect the municipal tax base.

Similarly, problems of rapidly increasing expenditures and a weak tax base have led municipalities to abandon their traditional function of servicing raw land to be made available for residential construction. By default that function has passed to builder-developers, who initially undertook it to assure themselves of a supply of serviced land on which to build and now continue it because it is far more lucrative than their construction operations.

Increased land acquisition and servicing costs, together with lengthened holding periods pending planning approval have multiplied the holding costs of the land to the point where substantial sums of capital are required. As a result, in most metropolitan centres some half-dozen builders control the majority of the land in the path of immediate development. A large number of multinational corporations, many of which are British and American, have recently entered the land development business. In other cases financial institutions have invested in land development companies or joint ventured with builder-developers.

These oligopolistic market patterns are reflected in increased land prices. From 1964 to 1970, the land com-

ponent of NHA loans increased by more than 100%. The proportion of the value of a single family house represented by the land component rose from 10% to 18% of the cost per unit. In some high growth centres it reached 30% to 35% of final cost.

Programs

The present method of dealing with low-income housing problems consists of three programs: a public housing program, with deep operating subsidies, run on a shared cost basis; an entrepreneurial and non-profit low rental housing program, with preferred lending rates and virtually break-even, controlled rentals; and a variety of assisted homeownership programs, provincial and federal.

I. Public Housing

This is the only program serving the lowest income group. Our findings reveal that the physical aspects of the program have improved considerably since the report of the Hellyer Task Force. Nevertheless, we recommend the abandonment of the program, at least in its present form, for the following reasons:

(1) New housing produced solely for the poor bears an inevitable stigma, given existing social values. This is seen in the attitudes of tenants, surrounding neighbours, program administrators and politicians.

(2) The program involves very deep subsidies. Present subsidy levels are approximately \$1,200 per unit and by the end of the decade should run some \$2,400 to \$3,000 per unit.

(3) Cost considerations limit the number of units produced. At present production levels there would be 250,000 units available by the end of the decade. There

are presently at least 1.2 million urban tenant households paying in excess of 20% of their incomes for rent. By the end of the decade, the number will be closer to 2.0 million. If production were increased by 250% to 50,000 units per year, only one-quarter of the need would be met with subsidies of from 1.25 to 1.5 billion dollars per annum.

(4) They also limit decisions on location and design. Public housing sites are frequently marginal and corners are often cut on construction to hold down costs. The result is the production of less than satisfactory living environments which will be with us for a considerable period of time.

(5) Decisions regarding need are taken by public intermediaries, not by the housing consumer. The intervention of public middlemen means that the most serious need is frequently excluded. For example:

The bulk of the units have gone to the Province of Ontario, which is best able to afford the cost shared subsidies;

Only 5% of units have gone into urban centres from one to thirty thousand in size, which have one-third of the urban population;

Most provinces have limits, explicit or implicit, on the number of welfare families which can be admitted to any project. Other examples of "creaming" (i.e. selecting more desirable, less problematic families) can be found.

(6) Despite federal initiatives aimed at improving public housing management, there has been little progress in this field over the last several years. The societal and administrative attitudes noted above impede such developments.

II. Entrepreneurial Limited Return Housing

In 1964, dissatisfied with the results of the program, CMHC in effect shut it down. In 1968 the program was restored, but the same problems have returned to haunt it. They include:

- (1) Poor, marginal locations;
- (2) Inadequate site planning and facilities;
- (3) A propensity for one and two bedroom, high-rise units in what is nominally a family housing program;
- (4) Underutilization of existing larger units, and "creaming" out of undesirable tenants;
- (5) Increased income limits. In its early years, the program was competitive with public housing. Today the program starts where public housing leaves off. The result is a substantial gap in the groups which can be served by the two programs.
- (6) Heavy-handed management over which CMHC exercises no control;
- (7) Funding at a level which does not begin to meet the need;
- (8) A big-city bias, similar to that found in the public housing program.

III. Assisted Homeownership

The federal government steadfastly avoided involvement in such programs until the last two years. A number of provinces initiated programs which were aimed at the lower-middle and middle income groups. The latter, confronted with rapid price inflation, found themselves unable to afford new housing. In most provinces, provincial efforts were a response to the resultant pressures.

To its credit, the federal government, in its \$200 million program, aimed at a lower income group, in effect the top half of those eligible for public housing. The results parallel those in the entrepreneurial limited return rental program:

- (1) Reduced costs resulted from substantially reduced quality. In a number of cases corners were cut, units were finished poorly, space standards were reduced drastically, project amenities were minimal;
- (2) Locations were poor, on the fringes of cities;
- (3) Purchasers were small, young, upwardly mobile families who probably could have afforded to buy in a couple of years at any rate;
- (4) Income limits were frequently revised upwards, as builders claimed to be unable to produce or find purchasers at lower levels;
- (5) Almost all units were produced in major centres, because of the emphasis on the need for a large volume of starts in a short period of time.

IV. Non-Profit Housing

The non-profit housing program has funded, for the most part, municipalities and service clubs providing housing for senior citizens. The expectation of the federal government was that the provincial governments would make capital cost contributions and the municipalities might provide land more cheaply and/or tax abatements. Without such further assistance the program cannot serve the really low income elderly and the provinces are now moving towards the use of subsidized public housing for that purpose. Non-profit operators of senior citizens housing are subject to

criticism from the elderly for charging more for the units than public housing does. Similar problems of location, design, etc. existed in this program, but are easier of solution in some cases, because municipalities, churches, etc. supply better sites, and because high-rise, high density projects can be employed. (Little research has been done on the suitability of very high density projects for the elderly).

V. Cooperative Housing

The Curtis Committee Report in 1944 pointed to the European experience and clearly anticipated a substantial cooperative housing effort. During the 1950's the federal housing agency supported the activities of building cooperatives, self-help groups which built single family dwellings for individual ownership. No support was given to continuing cooperatives, non-profit groups which wanted to build multiple projects to be owned collectively and rented to individuals. They were denied preferred lending rates under the limited dividend section of the Act on the basis that they were really a form of homeownership. There was concern that such loans would open the door to claims for preferred lending rates by individual homeowners.

Legislative provisions requiring that the Corporation be satisfied that at least eighty percent of the units in the project will be occupied by members of the cooperative have been interpreted to mean that no advances can be made on loan commitments until 80% of the members have been signed up as shareholders and accepted as borrowers. Difficulty in meeting this requirement virtually precluded the development of cooperative housing.

Opposition to cooperative housing within the Corporation has arisen because of basic philosophic differences. This is best seen in the statement of one of the Corporations'

Advisers:¹²

"Home is a very private thing and anything to do with one's own private affairs is best kept independent and separate from the friendly contact with neighbours... I can't think of anything more likely to jeopardize this kind of stability of family life than becoming involved in a venture of cooperative housing."

The Corporation has funded a national Cooperative Housing Foundation and then left it to the cooperatives to stand or fall on the rules of the marketplace. It has refused to change its general policies adopted fifteen years earlier.

VI. Rehabilitation

The federal government's initial policy prescription for deteriorated housing was clearance and replacement. Under pressure from the households to be cleared and displaced, this changed to an emphasis on partial clearance, together with rehabilitation and conservation of existing dwellings. Very little rehabilitation was carried out under urban renewal schemes before that program was shut down. For improvement in urban housing, reliance was placed on guaranteed home improvement loans by banks. These served the middle income group and have fallen off drastically in the last decade.

CMHC lacks the legislative tools to tackle the rehabilitation problem. It was not until 1969 that it was empowered to lend directly for home improvements under the NHA. No loans have been made specifically for home improvements (as distinct from improvements made when an existing unit is acquired) under the 1969 changes.

12. Memorandum, H.S.M. Carver to H.W. Hignett, October 11, 1963.

Even under that legislation it cannot lend at interest rates below its own borrowing rate nor make grants to low income households. Experience has shown that low income households cannot afford to and will not incur further debt to upgrade their housing.

While the Corporation put forward specific proposals in 1965 and 1968 to deal with the housing problems of rural families no action has been taken on them. The only rural rehabilitation ongoing today results from grants under the Canada Assistance Plan and the FRED program in Prince Edward Island. Yet from one-third to one-half the units needing rehabilitation are in rural areas.

Government Organizations and Their Roles

Pressure for low income housing programs has come from the ground up, from interested citizens groups and municipalities. Until 1964 none of the provinces betrayed real interest in the public housing program. The federal government initially developed the federal provincial public housing partnership arrangement to force provincial participation in what was considered an area of provincial jurisdiction, to provide a buffer from direct involvement with municipalities, and to contain costs to the federal government. In 1964 the public housing loan provisions were enacted, permitting loans to provinces and municipalities. It was expected that responsibility for project development and implementation would thereby be devolved to the municipal level. In most jurisdictions this has not worked out and the provinces have assumed control of the program or are about to do so.

Under either arrangement, one of the senior levels is effectively responsible for project planning and development and the other retains a power of veto. Under the partnership 35A arrangement the federal government, together with the municipality does the planning, with the province

(in effect) reserving the right to disapprove, primarily on the basis of cost. In the case of the loan provisions, the federal government retains a similar right of individual project approval.

In neither case has the system worked smoothly. At no level of government has there been even mid-term planning for the number, type, distribution, quality, etc. of the units produced. The familiar pattern is seen: there is a problem, starts are required, any kind will do. In the absence of policy guidelines, approval authority is exercised on the basis of ad hoc decisions, depending on the policy of the administrators and Ministers of the day. The planning problem is compounded by the failure of the federal government to commit funds for social housing for more than one year.

Recommendations

In the future, the majority of low-income households will continue to live in existing units. We make the following proposals with respect to that housing.

Rehabilitation

The first task is to deliver on the 20 year old pledge of decent, safe and sanitary accommodation for all Canadians. That goal cannot be achieved in the next decade simply by constructing new dwellings. Particularly in rural areas, such construction is out of the question, when what is required for the most part is the upgrading of existing units. The expense of tearing down existing units and rebuilding is out of all proportion to the cost of rehabilitation. We therefore recommend a large scale rehabilitation program.

Because the low-income group will not undertake additional debt loads, we suggest grants to homeowners and small landlords of 2/3 of the cost of providing adequate heating, plumbing, wiring and structural systems, for all buildings having a useful life of fifteen years. In designated centre city assistance areas and rural development areas the grants may be increased to 4/5 of cost.

For larger landlords, or for small landlords who so prefer, we recommend the provision of preferred interest rate loans, coupled with code enforcement. All loans or grants to landlords to be in consideration of agreements not to increase rents for a period of 10 years, except to cover increased taxes and operating costs. Grants should also be made available to municipalities or non-profit groups purchasing existing larger rental projects and operating them on a non-profit basis.

In order to conserve the existing stock and improve it home improvement loans should be made at preferred lending rates to low income homeowners and to landlords prepared to agree to control rents for a ten year period.

Urban Assistance

Low-income neighbourhoods should be improved by the provision of community services and facilities as recommended in the reports of the Task Force on Urban Assistance and the Urban Assistance Sector Team of the Policy Planning Division.

Shelter Allowance

To bridge the gap between ability to pay and rising housing costs, we recommend a universal shelter allowance program, the cost of which is likely to be in the neighbourhood of \$1.5 billion per year. We would prefer to see a full fledged guaranteed annual income, as proposed by the

department of Health and Welfare two years ago, but understand that the cost is felt to be prohibitive. The program is universal, covering rural as well as urban areas, owners as well as tenants. It is based solely on income and family size. If the cost is felt to still be excessive, further refinements based on location, tenure, family size and age are possible. We should, however, note that restricting the program to urban areas might simply speed rural-urban migration and that confining it to tenants might cause some owners to sell in order to qualify.

The average cost per household would be about half the cost of housing it in a subsidized new unit. Introduction of the program might obviate the need for the introduction of rehabilitation grants, though loans would still be required.

Assisted Homeownership

To reduce the cost of homeownership for low-income households, we recommend a program of lending at preferred interest rates for the acquisition of existing units. The savings to purchasers in lower interest rates and "bonus-free" mortgages would be considerable. There will be a trade-off between the use of these funds to assist low-income homeowners and to enable non-profit groups to acquire existing units.

The other major expense incurred by many low-income homeowners is the property tax (a consumption tax on the order of 20%) the burden of which has doubled over the last decade. Relief from that burden entails the assumption of expenditure responsibilities by the senior levels of government or the provision of additional revenue sources to municipalities.

New Production - Supply Strategy

At present, some 15 to 20 per cent of new production goes into low and moderate income housing. The remainder is directed at the upper two fifths of the income distribution. We recommend that in the coming decade, some 40 to 45% of new construction be directed to the low and moderate income groups. That end can be achieved in one of two ways -- by lending to municipal and non-profit groups at preferred lending rates (1) for the construction of full recovery housing, to be rented at controlled rentals, to serve the lower and middle income levels, some of the low-income group obtaining access by means of the proposed shelter allowance; or (2) if the shelter allowance is rejected, for the construction of units for the same groups, with operating losses provided for units occupied by the low-income group. Projects would have to serve this broad income range to avoid the stigma of low-income housing. Subsidies could be by way of interest rate write-down, capital contribution or present operating loss subsidies. The first two put the risk of increased operating expenses on the owner-manager of the project, and would probably lead to creaming and perhaps a failure to maintain the project adequately.

Our strong preference is for a shelter allowance program, subsidizing people rather than units. It brings immediate relief (subsidizing units will depend primarily on the number of new subsidized units which can be produced); it is universal and meets the entire need; it does not lock the government into subsidies for fifty years; it does not depend on the willingness or ability of government or non-profit intermediaries to construct new stock; it creates freedom of choice, allowing low-income households to remain in existing neighbourhoods or to move into new ones as they desire.

On the supply side, we propose the construction of

one million urban non-profit (full recovery units) over the next decade and one hundred thousand rural and small town assisted homeownership units. The program would rise from 75,000 to 80,000 units in 1972 to 1,300,000 units in 1981.

A floor would be placed under social housing production ensuring that that was the minimum number produced in a given year. Social housing production would be protected, both to meet quantitative housing goals and as part of an anticipated full employment policy.

The program should greatly increase access to decent housing for the lower income group. In the short run, shelter allowances will allow access to new construction for some of them. Moreover, as incomes rise and rents on units produced remain steady, those at the very bottom of the income distribution will be able to afford 10 year old non-profit units. This influx, in the middle of the market, of from 1/3 to 1/2 of the total urban low and middle income rental stock should have the effect of creating a true filtering process. Units aimed at the top of the income pyramid do not trickle down to the bottom quickly enough. Aiming at the middle of the income band should result in a greater turnover of units for the low-income group.

It would also slow down the rate of housing price inflation. Firstly because the cost of that one million units will be controlled. Secondly because that new production will permit "price leadership" for older existing units. Thirdly, because it would be combined with a program of land banking and taxation to control the increase in land prices.

Cost reductions can also be achieved by moving from the production of suburban detached houses to medium density multiple projects to house families. The reaction of the building industry to an increased need for family units will be to produce suburban bungalows -- profits are higher on the more expensive units and more expensive build-

ings are felt to be necessary to justify high land prices. Public lending combined with non-profit construction will greatly increase government leverage to affect the kind of unit produced. That will result not only in reduced construction cost per unit, but in substantial reductions in the cost of community infrastructure.

The long term benefits are also important. In 35 or 40 years the housing can be paid for in full. Rather than paying for the acquisition of an asset by a landlord or individual homeowner, the amortization component of the rental payment is directed towards the acquisition of social capital, which when paid for can be pooled with newer housing stock to reduce the rents on it.

Assisted Homeownership

It is these combined effects of controlled housing costs and long term acquisition of social capital which lead us to propose a substantial non-profit rental program, rather than an assisted homeownership program. Homeownership is inherently inflationary (in the absence of substantial capital gains taxes). Each owner treats his purchase as an investment and looks forward to a substantial capital gain over time. That gain results from the process of urbanization and increased production costs. It is a gain on the capital cost of the unit rather than the owner's investment, which may be minimal. It is a gain which does not accrue to those who can afford only to rent, although they frequently pay an equivalent amount for their shelter.

The one area in which we do recommend an assisted homeownership program is in rural areas and small towns, where rental forms of tenure may be unacceptable and housing price inflation is less of a problem.

Municipal Planning

Some changes in municipal planning will be required to ensure the success of such a strategy. Most suburban municipalities have, at present, almost completely zoned out medium density family development. They are concerned, as noted above, with the municipal expenditures required for a family household as compared with the revenues generated by the property tax. This leads to zoning provisions requiring single family dwellings, larger lots and larger units to increase the property tax base and therefore revenues.

Municipalities must be persuaded to assume more direct responsibility for the type, quality and cost of housing produced. A prerequisite for such a role is the release of municipalities from the financial squeeze in which they find themselves so that they can move from tax planning to community planning. That requires either (1) assumption of responsibility for part of present municipal expenditures by the senior levels; or (2) provision of increased revenue sources to municipalities, probably by giving them a share of income taxes; (Almost all taxes are paid out of income at any rate. The property tax is a notoriously regressive tax on consumption.) (3) conditional grants which would cover the taxes foregone by the reduction of minimum requirements that lead to inflated costs.

If more than lip service is to be paid to the development of local capabilities, it seems clear to us that increasing municipal revenue sources unconditionally is the preferred choice.

Land Policy

A key problem will be assuring an adequate supply of suitable land for a social housing program. We noted above that most of the land in the immediate path of develop-

ment is held by speculative builder developers and that the land provided under the existing programs has been marginal.

To deal with that situation and with rapidly increasing land prices, a large scale land banking program is recommended. It would entail the acquisition of a sufficient supply of land to meet all urban residential requirements for a five to ten year period, although the land would be marketed over a much longer period of time (at least twenty years). The public land banks would market from one quarter to one half of the land required in any given year and thereby set the pricing pattern. They would be in a position in any given year to flood the market and thereby depress prices.

Land acquisitions would occur both in the centre city and in developing suburbs, although most of the land would be suburban. Use could be made of existing governmental holdings.

The program would be combined with a system of development charges, aimed at taxing away the speculative portion of price increases and thereby reducing speculative pressures and returning to the public domain profits resulting solely from the process of urbanization.

The land banks would also provide the sites needed for social housing projects. Large scale public planning of new neighbourhoods, integrating housing for various income levels and other mixed uses would be facilitated. Municipalities would have to plan for future housing needs, rather than merely react to developer proposals.

Social Housing Developers

The housing would be developed and operated by co-operatives, non-profit institutions, service clubs, community groups, municipalities (and provinces where the municipalities were unwilling or unable to act). The entrepreneurial program, which has demonstrated little concern with user needs

and does not permit the long term acquisition of social capital, would be phased out.

Cooperative and Non-Profit Housing

Recommendations for the development of a substantial cooperative housing program, both middle income and low rental, were first made by the Curtis Committee in 1944. It noted:¹³

"Because of the nature of the undertaking, the period of previous education and preparation, and the environment of the project once it is established, there is a strengthening of the ideals of neighbourliness, self help and mutual aid. In individualistic house-building, the social value of community effort is neglected if not actually discouraged."

It went on to recommend the enactment of special sections dealing with middle and low income cooperatives, financial assistance in the development of cooperative organizations, and public funding where funds are not available from credit unions and societies.

In 1965 the Advisory Group of CMHC made similar recommendations¹⁴ with respect to Non-Profit Housing Companies and Housing Agencies for low income housing. It proposed 100% loans to non-profit corporations, grants in aid of public and private housing agencies concerned with initiating, coordinating and supporting programs of housing for low income people, to alleviate the considerable difficulties involved in organization and financing and embarking on the responsibilities of management. It suggested that the Corporation both help develop effective agencies in

13. Advisory Committee on Reconstruction, volume IV, op. cit., p. 269.

14. Report to the President, November 12, 1965.

each community to offer expertise to low income groups and itself directly provide services of consultation and technical aid. We repeat those recommendations. CMHC should:

- (1) Make 100% loans to cooperative and other non-profit institutions and groups;
- (2) Provide seed money for organization and development;
- (3) Provide technical expertise directly, through the establishment of independent advisory bodies, and by funding groups to directly hire the necessary expertise. (The Corporation does presently provide funds for activities falling under items (2) and (3). The scope must be expanded greatly.)
- (4) Adopt internal procedures which make it far more accessible and receptive to those groups. It must cultivate them in the same way as producers. A full flow of information on policies and programs must be established.
- (5) If the shelter allowance proposal is not adopted, legislation requiring that a minimum of one-third of the units be occupied by low-income households and defining those households and authorizing subsidies for non-governmental non-profit housing or supplements for individual households would also be required.

To the extent that these non-profit groups could not supply a sufficient number of units, we recommend that the function be undertaken, wherever possible, at the municipal level. It has been national policy since 1938 to allocate responsibility to that level of government which is closest to the people affected, is in the best position to understand the needs and to plan for and observe the

implications of the decisions which are taken. We recommend that the housing function be undertaken directly by the municipalities, rather than by the creation of municipally-sponsored non-profit corporations, in recognition of the essentially political nature of the decisions involved.

If municipalities assume responsibility for the housing of the lower half of the income band, they may change their perspective on disputes between area residents and private redevelopers seeking to clear existing lower cost areas and redevelop them for luxury use.

Housing Quality

Hopefully, if social housing is no longer aimed at the poor, its environmental quality can be improved. Attempts to build housing which is "just good enough for the poor" will be abandoned. Pressure from the middle income group will result in better locations, improved design and more responsive management.

Housing policy must, however, move beyond reacting to such pressures. A National Housing Inventory must be developed, covering the cost, condition, form, etc. of existing low and moderate cost housing. Comprehensive reviews and evaluations of existing low income housing projects, both those built under the NHA and others must be undertaken, so that those planning new projects can consider the successes and failures of existing ones, and not have to reinvent the wheel.

We recommend the development and adoption of a National Environmental Code on Good Housing to which projects directly financed by CMHC must conform and which provinces might be persuaded to adopt. The Code would be developed from a functional analysis of user requirements and be correlated to performance criteria for dwellings and residential environments. It would deal with subjects

not covered or poorly covered by the National Building Code: standards for dwelling amenities in housing; standards for the grouping of dwellings in residential areas; guidelines for the homebuilding industry relating the above standards to homebuilding processes.

Housing Innovation

As well as developing new criteria for project approvals, the federal government must take the lead in developing new housing forms and ways of improving the built environment. We suggest that the federal government build innovation into its programs. This should not be done by way of massive, special programs like the 1970 \$200 million program or the recently publicized \$40 million demonstration project in Longueuil. Rather, it should aim at a large mix of small projects with modest, clearly defined aims. Advance notice and ample opportunity must be given to provinces and municipalities to enable them to prepare and adapt their own requirements. Equal stress should be placed on process as product, both governmental planning and approval processes and the organization of the building industry. Preference should be given to non-profit groups, municipalities, smaller builders, subcontractors, etc. Reliance should not be placed on large builders who have demonstrated their reflex response to calls for innovation.

The Corporation must be prepared to waive some of its own operating requirements and standards. It set aside \$100 million for innovative projects this year and as of the end of August had been able to disburse less than \$10 million. In part, failure to relax standard procedures accounts for the limited success. It can also be explained by the difficulty faced by the groups suggested above in attempting to innovate without the necessary resources and expertise to organize and prepare plans.

We recommend: that CMHC implement a limited \$50 million innovative program next year; that it limit maximum project size to 100 units and aim at an average size of 50 units; that it announce the program immediately and begin lending in 6 months; that preliminary proposals be invited from the groups mentioned above and that the hundred best ones be given grants of up to \$5000 to develop more detailed proposals, (the grants to be converted into part of the building loan in the case of successful proponents); that it be prepared to waive its own Code requirements and General Instructions, where necessary; and that it invite other levels of government to do likewise. We feel that a broadly based, small scale, user-oriented program, harnessing existing know-how and expertise, entails far less risk than grandiose Operation Breakthroughs and Demonstration Projects.

Government Roles

Whether programs of deep unit subsidies or of full recovery housing coupled with shelter allowances are adopted, we see the role of the federal government as primarily one of planning, program development, research, experimentation, coordination. Our review of a number of programs makes it clear that their major defects (both at the federal and provincial levels) stem from a lack of clearly stated goals and a failure to monitor implementation to determine the degree to which stated goals have been achieved.

Rather than continue the present system of project planning by one level of government and approval by another, we recommend that the federal government enter into block lending agreements, similar to those made with Quebec, allowing the provinces to lend money for social housing purposes without individual project approval by the federal agency. Little is given away under the proposal as federal leverage under the existing funding arrangements is minimal.

It would be a condition of the agreement that the province submit a plan for social housing within its jurisdiction, that the plan conform to broad national housing goals, and that before the next agreement was signed for block lending the provincial government would table in its legislature an evaluation of the housing program and its success in meeting its goals.

The federal government would commit funds for a five year period, conditional on the province meeting its own objectives. If periodic reviews showed that it was not meeting them, funding would be frozen at previous levels (although not cut off) and the federal government could run a competing lending program. Those provinces which did not want responsibility for the lending program could continue to avail themselves of CMHC's services. The provinces would, however, still be expected to develop housing goals, to which CMHC lending in the province would adhere.

They would not be afforded the luxury of the present partnership arrangement, where CMHC develops a program for them which they are free to veto. That arrangement would be abandoned.

Block lending would be conditional on the provinces being in a position to offer the same level of services to the public as CMHC offers. Provinces might choose to accept block lending for some programs and not others. All direct federal lending in the province would have to meet both the national housing goals and the stated provincial objectives.

The federal government should encourage the provinces to learn the lessons of its experience and to avoid the pitfalls of a highly centralized, passive approving authority position. Government owned social housing should be built by municipalities. Provinces should be encouraged to make similar block loans to the larger, more sophisticated municipalities which are capable of planning and implementing

their own programs. We recommend, as an added incentive to such decentralization, that loans for housing to be built by the provinces cover two-thirds of the capital cost of a project and that loans for projects to be built by municipalities cover the entire cost.

The federal government will have maximum leverage in adopting national housing goals and entering into block lending agreements to achieve those goals if the program does not involve the sharing of subsidy costs. (Such sharing per se entitles each party to an equal voice and leads to the veto positions mentioned above.)

If a shelter allowance were adopted, then there would be no question of cost-sharing (only one of loan-value ratios). In that case we recommend that the federal government bear the entire cost of the program, on the basis that it has the most progressive tax base for income redistribution purposes and that the program has strong aspects of regional equalization for which the national tax base is again most suited.

If unit subsidies are continued, we would again recommend that the federal government bear the entire cost, for the same reasons.

If that is found to be unacceptable for either income supplements or unit subsidies, then we recommend that an equalization formula be built into the cost-sharing arrangements. When that was first proposed in the middle 1960's, the suggestion was rejected on the basis that the matter was best dealt with within the framework of general equalization agreements, not specific programs. However, we have seen some dissatisfaction at the recent Federal-Provincial meeting with the workings of general equalization formulae, and a feeling that progress resulting from such transfers cannot be measured and may not exist.

We therefore suggest that general equalization be

frozen at existing levels and that any increases be built into specific programs. If both the federal and provincial governments establish clear, complementary goals, then the usefulness of the transfers can be weighed when the programs are evaluated.

Participation

Participation by consumers, particularly low-income consumers, is specifically political. Politics -- political decisions -- determine who gets what, where, when and how; they determine distribution of resources in society, the distribution of power. To the extent that participation by low-income consumers may lead to redistribution demands, it is political, but no more so than the participation of high income consumers or producers who may demand a different redistribution or support the present distribution of resources and power. Refusal to fund low-income groups or seek their active participation on the grounds that the groups and their goals are "political" is patently unacceptable, particularly in the present system that simultaneously maintains and encourages the participation of other groups equally concerned with "political" ends.

Largely for analytical purposes, participation may be broken down into two major categories: policy-oriented and direct action. Although there is nothing to prevent a given group from participating in both respects, there is a tendency for groups to focus on one or the other. Although both require similar changes from the administrative structures, it is useful to distinguish the two to avoid submerging the potentially more thorny policy participation in the rush to promote direct action.

Policy participation is, as the name implies, participation in the traditionally political field. It is the area -- opponents of participation will suggest -- that

is reserved for the public sector, the elected and appointed officials charged with securing the public good. Within this context, community groups and their members (low-income or otherwise) can vote, organize election campaigns, stand for office, make briefs and deputations, lobby, appeal decisions, etc. And increased activity in this regard is something to be encouraged.

To limit the policy participation to group-initiated, external contact discriminates in favour of the policy participation of producers. The expert, commercial interests -- the producers -- are well-represented on a wide variety of policy making and advisory bodies; consumers are systematically excluded. The resulting elitist, closed-system pattern of policy making must be broken and the demands for policy participation by low-income consumers recognized as a legitimate counter balance to the policy participation of producers.

Participation by direct action means assuming part or all of the roles played by both the public housing agencies and the commercial producers. Direct action means participating in the delivery of the service.

Direct action takes a variety of forms, depending upon the nature of the group, its housing circumstance, and the kind of extent of resources available to the group. Thus to a public housing tenants' association, direct action may mean tenant management, to a neighbourhood group it may mean planning and overseeing a major rehabilitation project, to a service club it may mean providing senior citizen housing, to a labour union it may mean a cooperative housing venture.

The particular form of participation should be left to the particular group. What must be recognized, however, is that the vast majority of housing programs have been tailored for delivery by either the public sector or the commercial sector. The different needs, priorities, and

possibilities for action of the private non-profit sector may well require a full re-thinking of programs and their requirements. Not to do so would again be to place a de facto ceiling -- and with present requirements it would be a low one -- on direct action participation.

Housing, Politics, and Goals

In closing, we note that the source of Canada's weak low-income housing policy over the last two decades has been the lack of political leadership. At both the federal and provincial levels, autonomous crown corporations were created and left to their own devices. No attempts have been made to define national or provincial housing goals. Worse yet, repeated pressure by CMHC for an expanded social housing program, over a ten year period from 1956 to 1966 was resisted by the federal cabinet and its senior policy advisers. During that period the Corporation advocated an increase in the volume of low income housing produced, increasing the share of subsidies borne by the federal government, the establishment of a substantial non-profit housing sector, devolution of authority to provinces and municipalities and a number of other recommendations repeated in this report.

Faced with continuous opposition, it appears to have abandoned its initiative position. This has occurred at a time when there has been a substantial increase in low-income housing produced. Faced with both quantitative and qualitative changes in the nature of the problems confronting them, neither the federal nor provincial governments have put themselves in a position to do strong, strategic, anticipatory planning.

To reach such a position the fiction must be rejected that housing decisions centre on what are essentially technical, banking issues. The issues of who gets what, where,

when and how are political. We recommend that at both the federal and provincial levels social housing should be a departmental responsibility. (That recommendation was made by the Glasco Commission in 1963, the Ontario Association of Housing Authorities in 1964, the Hellyer Task Force in 1969.) Greater political involvement than a periodic check into the affairs of a crown corporation is required.

The crucial political task is the definition of the goals of a national housing policy and the monitoring of the economic and social systems and evaluation of programs to ensure that those are met.

As an initial statement of housing goals, we propose:

- (1) Providing equal access to decent housing for all Canadians;
- (2) Using housing as a basic element in a full-employment economy;
- (3) Controlling housing price inflation;
- (4) Improving the environmental quality of all housing;
- (5) Conserving and upgrading the existing stock;
- (6) Maximizing the dignity and freedom of choice of the individual housing user, and
- (7) Creating a decision-making process that is both open to user input and whose locus of authority is as close to the user as possible.