TASK FORCE ON LOW INCOME HOUSING.

WORKING PAPER Nº 5

nova scotia and new brunswick: an institutional analysis.

central mortgage and housing corporation

1971

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NOVA SCOTIA AND NEW BRUNSWICK:

AN INSTITUTIONAL ANALYSIS

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CENTRAL MORTGAGE AND HOUSING CORPORATION

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INTRODUCTION

The problems of the Atlantic Provinces are legion. A predominantly rural population relies heavily on a dwindling resource-based economy. An unemployment rate of over 10%, coupled with seasonal employment patterns and underemployment, accounts for an average family income is only 70% of that of Ontario.

The lower income levels are aggravated by higher costs. This is particularly true for housing. A small population, thinly scattered around four provinces, means a small volume of housing activity with proportionately higher overhead and transportation costs. The result is a real shortage of low-income housing that will not readily be overcome by public efforts to stimulate private, market oriented operations. In addition, the shelter that is available is bought with unusually large proportions of income.

This paper examines the problem of housing the poor in the Atlantic Provinces -- in particular in the Provinces of Nova Scotia and New Brunswick. Emphasis is primarily in the urban centres -- Halifax and Saint John -- but a section on the problems involved with rural and small town housing has been included in Part II under Programs.

Chapter I

THE ORGANIZATIONAL CONTEXT

A study of housing policies and policy options must be viewed through the prism of the organizational structures and relationships -- both formal and informal -- that are available for the implementation of these policies. Without adequate or responsive structures, policies and their resulting programs will die of bureaucratic strangulation. Five basic classes of structures have been identified that, either singly or in various combinations, play a role in the planning, building and administration of housing for low-income groups: the federal, provincial and municipal levels of government, the private sector and the community. This paper has attempted to examine both the formal and the infromal roles each plays.

FEDERAL

Two federal agencies play an important role in housing: Central Mortgage and Housing Corporation and the Department of Regional Economic Expansion.

The Regional Office of CMHC for the four Atlantic Provinces is in Halifax, Nova Scotia. There are, in addition, Branch Offices in Halifax (covering the provinces of Nova Scotia and Prince Edward Island), Fredericton (for New Brunswick) and St. John's (for Newfoundland). Sub-offices are located in Sydney, N.S., Charlottetown, P.E.I., Moncton, N.B., Saint John, N.B., Gander, Nfld., and Corner Brook, Nfld. The Atlantic Region is large with area offices dealing with different provinces. Regional office control tends to be greatest in Halifax, but diminishes in the outlying areas -- especially where contact with the other three provincial governments is involved. Although distance and a multiplicity of provincial governments reduces control, the situation is far from dysfunctional. Quite a different situation exists, however, between area offices and Head Office. In this case, Head Office attempts to "control" -- especially for Section 16 monies and the 1970 $200 Million program -- have had some curious results.

Branch Offices of CMHC and, on occasion, Regional Offices are responsible for the day-to-day working-out of details for current or proposed projects with the private developers. Head Office, supposedly, acts as a final review and is available for technical advice when it is a matter of overturning field decisions unfavourable to developers and deciding instead in favour of the developer's proposal. The $200 Million program provide an excellent example.

On December 31, 1970, the final day for commitments under the $200 M Program, a loan was issued to Centennial Properties Limited for $6,671,150.50 at 7 7/8% for 346 row houses and 102 one and two bedroom apartment units under Section 16 of the N.H.A. This project, the Atlantic Region's "piềce de résistance" under the Program, had been plagued with problems from its inception. Of particular interest, however, is that the Branch Manager, at the beginning of December, 1970, asked his technical staff for their final comments. The Branch Architect/Planner wrote: [1]

> Despite ... any special program, the units, either in townhouses or in apartment buildings, do not seem to be a real bargain from a long term point of view.... Minimal standards seem to be about the right expression to use for the structures which comply with the minimal requirements but slide to the substandard level by the time all "minimums" are added up.

The Branch Appraiser wrote: [2]

> In summary, for reasons stated above, it is not possible for us, as appraisers, to recommend the proposal as being a viable one now or in the foreseeable future. There is little doubt in our mind that this project would be undertaken now or in the near future under the circumstances of normal development risks by this or other private entrepreneurs. If the

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1. Memo dated December 11, 1970, from Mr. Vit to Mr. Osborne in file no. 143-2-H1 - 3/70

2. Memo dated December 17, 1970 from Mr. Fraser to Mr. Osborne in file no. 200-LLD-1

> project is approved and developed the possibility at some early future date of an appeal to the Corporation for some sort of "bail out" such as conversion, for example, to 35A partner ownership should not be discarded.

On December 21, 1970, the Branch Manager, in spite of the above comments wrote to the Director, Mortgage and Property Division stating: [3]

> We would recommend that a commitment be given to Centennial Properties Limited on a blanket mortgage at 7 7/8% interest rate for the overall project totalling 735 housing units including the commercial-community centre.

Why did the Branch Manager recommend the project? The explanation may be clearer when it is know that on the following day (December 22, 1970) the Director, Mortgage and Property Division in a letter to the President indicated that Mr. Medjuk (President of Centennial Properties Limited) had already been in touch with the President. He concluded his memo with: [4]

> The Project is highly recommended by Atlantic Region and we support the recommendation. In terms of architecture, the comments are lukewarm but there are no objections. In terms of engineering there are innovations in methods of construction especially for the area and Mr. Work has followed the development so far. In terms of price, they are substantially below those for equivalent family accommodation in Halifax. In terms of location, it is in the City of Halifax on one of the few remaining available serviced building sites.

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3. Memo dated December 21, 1970 from Mr. Osborne to Mr. Sigouin in file no. 220-LLD-1

4. Memo dated December 22, 1970 from Mr. Sigouin to Mr. Hignett in file no. 143-2-H1-3/70

The paragraph is somewhat imprecise. In fact, the reason why as of at least June, 1971, -- six months after final approval was given -- there has been no more than a token start on the project, is that the developer and the City are still dickering over who will pick up the tab for servicing that must be put in before the site can be developed.

Although by mid-1970 the population of the four Atlantic Provinces represented 9.4% of Canada's total, [5] and although the Atlantic area is demonstratively poorer than the other regions, only 7.7% of CMHC funds for low-income groups (as measured by activity under Section 16, Section 35D public housing, Section 36B student housing, Section 35A federal-provincial rental and sales housing and Section 40 portion of the $200 Million Program) in 1970 went to the Atlantic Provinces. [6] An area that clearly needs considerable assistance is not getting it.

The emphasis on unit starts is a major factor in the low level of assistance. 'Starts' presuppose a well-organized, established provincial housing agency and a building industry that can be quickly mobilized. The larger the agency and the more sophisticated the industry, the easier it is to plan and act a large number of starts. Because

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5. Estimated Population of Canada, by Province, DBS (91-201)

6. Based on figures given in table 44, Canadian Housing Statistics, 1970

the Corporation has budgeted on the basis of the number of starts expected, the system heavily favours the wealthy provinces. An additional federal unwillingness to plan and commit funds on a multi-year basis has further discouraged strong provincial action.

In June, 1969, the Department of Regional Economic Expansion was formed. It brought under one department several federal development programs. The ones of most immediate concern to the Atlantic Provinces were the Agricultural and Rural Development Act (ARDA), Area Development Agency (ADA), Atlantic Development Board (ADB), and Fund for Rural Economic Development Act (FRED).

DREE was designed as "the instrument for a major federal effort to reduce the economic and social disparities between the various regions of Canada" [7] but between its inception in 1969 and 1970 the philosophy had altered. Gone was the emphasis on rural development; growth centres (eight of the twenty-two being major urban areas) were in vogue.

With DREE's emphasis being placed on the larger urban centres -- particularly Halifax -- with the view to increasing the industrial base and thus expanding employment

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7. DREE Annual Report, 1969-70

opportunities, the provision of serviced land and housing took on additional importance. Close cooperation between CMHC and DREE would be a natural result. But this has not been the case -- particularly in the field. The result has been a lack of attention to the housing implications of various plans and a tendency to keep CMHC inputs into the DREE planning process at a minimum.

Although working relations between the federal agencies are less than desirable, the general working relationship between CMHC and the Nova Scotia Housing Commission and the New Brunswick Housing Corporation is fairly good.

The Nova Scotia Housing Commission has been in existence for more than forty years but it had less than a dozen people up until three years ago. The New Brunswick Housing Corporation was formed in 1968. Clearly, Central Mortgage Corporation has the experience and the expertise lacking at the provincial level. Although this would seem to provide an excellent opportunity for a strong federal initiative, it has quiet but persistent federal encouragement of municipal activity. Results have been mixed. At times, the provinces have failed to respond at all, and at others, responded too vigourously. In the latter case, the Corporation has been left in the position of being politically unable to refuse approval of questionable proposals. [8]

In Nova Scotia, precisely because the Province has been reluctant to act to provide low-income housing, direct federal-municipal relations became common.

Halifax was named the agent of the province for the City's first Federal-Provincial public housing project, Bayers Road. The project was well received. When negotiations began for Mulgrave Park -- a project more than twice the size of Bayers Road -- the City again bacame the agent of the Province. In February, 1958, CMHC's Assistant Regional Supervisor wrote: [9]

> The Province continues to show a remarkable reluctance to get very involved in the project.... The Province seems to take the attitude that the whole deal is of the City's doing. While the Provinces have agreed to participate and while they have asked us to draft the agreements in accordance with normal Federal-Provincial procedure, they feel that the bulk of the decisions are for the City to take. They feel further that if the City has no particular

8. The Amherst Land Assembly provides an excellent example where CMHC had sought provincial participation for a considerable period of time. When Nova Scotia brought forth the Amherst proposal, it called for 114 lots. The Corporation did not feel anything in excess of 40 lots would not be viable. The 114 lot proposal was formally approved on May 25, 1967 - by the end of 1970 only 17 lots had been sold.

9. Memo dated February 12, 1958, from the Assistant Regional Supervisor to the Advisor on Public Housing in file No. 119-2-H1-2.

objections to the agreements they are prepared to go along.

Direct dealings between CMHC and the City had some obvious advantages, namely a reduction in time and red tape. As long as the Province was reluctant to participate, it too saw political advantages in permitting the City to undertake negotiations. Within the last two years, however, the NSHC begun to increase its size and flex its muscles, suggesting a much decreased future role for the City.

The Housing Development Act, however, continues to provide for direct municipal involvement. Of interest is Section 28, subsection 2 which reads in part: [10]

> (2) Without restricting the general powers conferred by subsection (1) a municipality may:
>
> (a) acquire, or expropriate, or take possession of lands within the municipality for any or all housing and urban renewal purposes under this Act...
>
> (b) enter into and carry out agreements for any of all housing and urban renewal purposes under this Act provided all such agreements involving expenditures by the municipalities shall be subject to the approval of the Minister of Municipal Affairs;

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10. Housing Development Act, Chapter 129, Revised Statutes of Nova Scotia 1967. As amended by 1969, Chapter 52 Queen's Printer, Halifax, Nova Scotia, 1969.

> (c) subject to the provisions of the Municipal Affairs Act, borrow on the credit of the municipality such sums as may be required to defray the municipality's share of any or all housing or urban renewal or land assembly projects...

The extent to which municipalities will make use of this section depend on political considerations and the relative activity and expertise of the NSHC.

PROVINCIAL

Within the past year both Nova Scotia and New Brunswick have had a change in government; from the Conservative leadership of G.I. Smith to Liberal Premier Gerald Reagon in Nova Scotia and from the Liberal leadership of Louis J. Robichaud to Conservative Premier Richard Hatfield in New Brunswick. Policies have changed little; if anything, perhaps both the new governments are a little more conservative than the old.

The Nova Scotia Housing Commission Act was passed in 1932 following a survey which reported inadequate housing in Nova Scotia. The first Commission was appointed on February 24, 1934. Until 1966, however, the Commission did little more than facilitate the work being done by the St. Francis Xavier University Extension Department in the field of co-operative housing. Provincial efforts finally culminated in the federal-provincial agreement signed in 1953 whereby the federal government undertook to finance co-operative building in the Province of Nova Scotia on a 75% basis, the remainder of the financing being provided by the Nova Scotia Housing Commission.

In 1966, the character of the Commission changed considerably with the passing of the Housing Development Act which was designed to allow the Commission to take full advantage of the shared programs outlined in the National Housing Act.

The powers of the Commission, as outlined in the Act, are very broad. It has the power to enter into agreements with the various levels of government, corporations and individuals. It can acquire property; provide services; construct, hold, maintain and manage housing projects; and improve and convert existing buildings. It can utilize all sections of the National Housing Act including those dealing with public housing, co-operative housing, housing for rental purposes, student housing, land assembly and urban renewal. Three additional powers that the Commission enjoys but which are somewhat unusual are: [11]

> Section 21A:
> The Housing Commission may be borrower under Section 16 and Section 16A of the National Act.
>
> Section 24D:
> Where in the opinion of the Housing Commission a loan is not being made available to a person eligible for a loan under Part I or Part II of the National Act, the Housing Commission, with the approval of the Governor in Council may make a loan to the person.
>
> Section 34C:
> The Governor in Council may make regulations authorizing the Housing Commission to make grants or loans to individuals for the purpose of financing the rehabilitation of or necessary improvements to existing housing accommodation.

The administration of the Act is to be carried out by the Housing Commission which consists of eight or more persons appointed by the Governor in Council. The Housing

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11. Housing Development Act, Chapter 129, Revised Statutes of Nova Scotia, 1967, as amended by 1969. Chapter 52 Queen's Printer, Halifax, Nova Scotia, 1969.

Commission meets "from time to time at the call of the Executive Committee to advise on matters submitted by the Executive Committee. The Executive Committee -- which is composed of the Minister, the Executive Director and three members of the Housing Commission -- has the "power, authority or privilege" of the Housing Commission under the Act. The Executive Director is appointed by the Governor in Council and is appointed under the Civil Service Act.

There is also an advisory committee to the Housing Commission provided for in the act. It consists of seven or more persons including one person employed by the Departments of Education, Finance and Economics, Labour, Municipal Affairs, Public Health, Public Welfare and Public Works. The Act also provides for the establishment of local housing authorities.

By comparison, the legislation setting up the New Brunswick Housing Corporation is quite simple. The Corporation consists of six directors appointed by the Lieutenant- Governor in Council. One of the directors is designated President; another Vice-President. Each hold office for five years but are eligible for reappointment. The other four members are appointed for three years. The President is the chief executive officer and is subject to the provisions of the Public Service Supperannuation Act. The Corporation reports to the Legislature through the Minister of Municipal Affairs.

Within the Nova Scotia Housing Commission, the organization is divided between Head Office in Halifax and four Regional Offices; one in Sydney covering the Cape Breton Region, one in New Glasgow covering the Central Region, one in Middleton covering the Western Region and one in Halifax covering the Western Region and one in Halifax covering the Metro Region. The organization of Head Office appears to be in a state of flux but, roughly, under the Executive Director there are four directors, one each in charge of cooperatives, field services, planning and accounting. This varies slightly with the New Brunswick Housing Corporation where, under the President and Vice-President, there is a Director of Development, a Manager of Co-operatives, a Comptroller and a Director of Urban Renewal and Housing Administration. The NBHC remains a relatively small organization, totalling no more than thirty while the NSHC has over seventy employees.

Co-operative housing remains the primary focus of the NSHC. Provision has been made in the budget for 1,000 new co-operative units in the 1971 calendar year. The NBHC budget anticipates fifty co-operatives, but the president has suggested that there is unlikely to be more than a few. Public housing under Section 35D of the National Housing Act continues to lead the programs for New Brunswick; approximately 700 units will be built this year. In Nova Scotia projections are for 1,300 units of public housing under Section 35A and 35D, which will make the public housing program share of the budget slightly less than that of the co-operative program. Land assembly is a poor third in both provinces, with budget allocations of under $500,000.00.

In addition to differences in size and founding date, there appear to be significant differences in capability between the two housing agencies. New Brunswick has been characterized as efficient, attentive to detail, and concerned with delivering low-income housing. The NBHC has followed the pattern -- begun in Ontario -- of staffing the provincial housing agency with ex-CMHC personnel.

The NSCH, on the other hand, has been characterized as inefficient and lacking in sophistication. Unlike the NBHC, Nova Scotia has a stated policy of hiring on Nova Scotians. CMHC personnel taken on board (and, presumably, bringing housing expertise) will be considered only if they are Nova Scotians. The main result of so sharply limiting the pool for recruitment appears to be a real problem of finding staff with the needed skills. This may, in turn, lead to an ad hoc continuation of direct federal-municipal negotiations until NSHC can develop the necessary housing capability.

On April 24, 1970, the Residential Tenancies Act was passed. Superceeding the Old Tenancies and Distress for Rent Act and the Overholding Tenants Act, the New Act did away with such provisions as allowing a landlord to seize "goods or chattels" for non-payment of rent. In total, it was a fairly progressive Act protecting tenants from arbitrary actions of landlords and establishing Residential Tenancies Boards to ensure that landlords and tenants abided by the rules.

From the point of view of low-income tenants however, the Act has three serious drawbacks. First, it does not cover public housing tenants.

Section 12 (2) [12]

> Where any provision of this Act conflicts with the provision of a lease granted to a tenant of residential premises that are administered by or for the Government of Canada, or the Province or a municipality or any agency thereof, developed and financed under the National Housing Act, 1954 (Canada), the provisions of the lease shall govern.

After the Residential Tenancies Act had been passed and after the Halifax Housing Authority had received a copy of CMHC's "model lease", the Authority still produced a lease that was incredibly one-sided. If it had not been for the organized protest of the tenants' associations together with certain local social agencies, the proposed lease which contravened the new Act in at least seven areas. As it stands, the major difference between the new lease and the new Act is in the amount of time that must be given the tenant for a notice to quit. The Act states notice to quit may be given a tenant if the rent is in arrears one rent period, to be effective at the end of the next rent period. The lease states that notice to quit may be given a tenant ten days notice to quit in writing to the tenant.

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12. Residential Tenancies Act, April 24, 1970. Chapter 13, Acts of 1970, Province of Nova Scotia as amended by Chapter 74, 1970-71.

The second drawback as far as low income tenants is concerned is that while the Act states that: [13]

> The landlord shall keep the premises in a good state of repair and fit for habitation during the tenancy and shall comply with any statutory enactment or low respecting standards of health, safety or housing.

Halifax is the only municipality in Nova Scotia that has a minimum standards by-law.

The final, and most serious, drawback of the Residential Tenancies Act, is that the Residential Tenancies Boards -- set up as watchdogs -- have no teeth. In March, 1971 the Halifax-Dartmouth Residential Tenancies Board presented a brief to the Government calling for over thirty revisions of the Act: [14]

> The Board's brief would have extended the power of the Board to all matters of landlord-tenant relationships, empowering the Board to order damages, reduce or increase rent, order repairs and charge them to the landlord, investigate any violations of the Act and hear all complaints under the Act.
>
> Because the Board now can only hold rent in trust and try and mediate disputes, it can't act when action is necessary.

Although much more is needed, the Province has taken a short halting step towards tenants rights.

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13. Residential Tenancies Act, op. cit
14. The 4th Estate, May 27, 1971, Vol. 3 No. 7.

At present, relations between the Province of Nova Scotia and the City of Halifax, are strained. The main point of contention is the provincial-municipal grant structure. Halifax receives payments in lieu of taxes from Ottawa which come close to matching the property tax equivalent of federal properties; provincial grants represent only about 10% of equivalent taxes on provincial properties. The City receives only a 20% subsidy for trunk water and sewer lines, no capital support for in-city arterial roads, and no capital support for education. [15] The City is unable to take full advantage of shared cost programs offered in the National Housing Act.

The reorganization in New Brunswick following the Report of the Byrne Commission resulted in a centralization of several functions. In particular, New Brunswick centralized the levy education and water and services so that the amount is set by the Province. The Province then allocates a certain amount back to each municipality on a formula that takes the average of three year projected growth (including an equalization element). While the system has taken considerable pressure off the smaller, stable growth areas, it has not worked too well for the growing urban centres. Any expenditures in excess of the allocation must be made up through local taxes.

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15. A Royal Commission is now underway to examine a variety of things, including the government structure. Regrettably, no results are expected for at least two years.

DREE activity, that has resulted in occasionally quite sharp bursts in growth -- in light of the assistance formula -- has placed a strain on the urban centres that has an adverse effect on the provision of low-income housing.

MUNICIPAL

Halifax, with a population of 86,792 (1966 figures) is the largest urban centre in the Atlantic Provinces. As with most large cities it faces rising social and welfare costs and a deteriorating tax base. It has the highest per capita taxes in the nation while, at the same time, it has one of the lowest per capita incomes. There are approximately 2,000 people on welfare in Halifax -- not including dependents. More than one-third of the families in 1967 had incomes below $5,500.[16]

City Council consists of the mayor, elected by a general vote of the City, and ten aldermen, each elected by one of the City's ten wards. Halifax operates under the council-manager system of civic administration.

> Although the city government of Halifax may be described as the council-manager system, it retains some of the features of the council-committee system. The powers granted to the City Manager are not, in some respects, as broad as in some other city-manager-operated cities. 17

Responsibility for low-income housing rest primarily with the social planner, whose responsibility it is to integrate housing and welfare activities in the City.

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16. Adapted from figures given in DBS (13-534 Table 2)

17. Thomas J. Plunkett, Urban Canada and its Government -- A Study of Municipal Organization. (Toronto: Macmillan of Canada, 1968,) p. 138

The City has long been pressing for some sort of regional government in the Halifax-Dartmouth area. The suggestion has been resisted strongly by Dartmouth (the more affluent residential area). Although the Province appears to prefer the Dartmouth position, considerable pressure in favour of a regional government is being applied by DREE.

Meanwhile, encouragement should be given to all attempts that are made at regional planning and regional coordination.

Some efforts to serve regional planning and coordination were made with the formation of the Metropolitan Area Planning Committee in the fall of 1969. MAPC was established to coordinate the efforts of the Halifax-Dartmouth area's three municipal governments and the provincial government in the formulation of a development program for the region.

The eight-man Committee includes the Minister of Health (who is also Minister in charge of Housing) the Minister of Municipal Affairs, the Mayor of Halifax, the Mayor of Dartmouth, the County Warden, and an alderman/councillor from each of the municipal units. Until its dissolution, the secretary of the Cabinet Committee on Planning and Programs (the Provincial Secretariat) was also secretary to MAPC. A representative of the Department of Regional Economic Expansion attends MAPC meetings as an observer.

MAPC is assisted by a Core Organization made up of groups organized, around specific functions, into four main task forces: Task Force on Basic Services, Task Force on Social Services, Task Force on Economic Development, and Task Force on Government Organization, Administration and Finance. Within the Task Force on Social Services there is a Task Group on Housing whose membership includes representatives of the NSHC, CMHC, the Metropolitan Home Builders Association, the Urban Development Institute, the Community Planning Division of the Department of Municipal Affairs and the planning departments of Halifax and Dartmouth.

The problem with the Core Organization is that the people are all volunteers working part-time without pay. This, coupled with varying degrees of commitment, means that intensive research is almost ruled out. Recognizing this MAPC (in the Task Force on Social Services) is considering a mixed model -- i.e. volunteer work groups for discussion and full-time consultants to do the leg-work. The one full-time person is a planner who also works part-time with the Housing group.

MAPC has had some very real problems in the past few months, stemming largely from the fact that MAPC was an off-shoot of the now defunct Provincial Secretariat. When the Secretariat was disbanded MAPC lost most of its technical expertise. But, perhaps more importantly, MAPC does not appear to have the support and confidence of the provincial government from whom it receives 50% of its budget (the other 50% coming from the three municipal governments).

The administration or management of public housing -- as distinct from planning -- is undertaken by a local housing authority. Local housing authorities are corporate bodies created by provincial legislation to manage and operate National Housing Act. They were created, apparently, because the federal government did not want to get involved in the day-to-day operations of the projects and the provincial governments did not at the time have the necessary expertise to assume the responsibility. There are, at present, eight local housing authorities in the province of Nova Scotia.

The authorities consist of three or more citizen appointees who have "freedom of action within broad policies" to carry out their duties, which include the hiring of supervisory, clerical and maintenance staff for the housing projects. Authority members do not receive remuneration. They are chosen by a nominating committee consisting of a representative of the federal minister, a representative of the provincial minister, and the mayor of the municipality. The method of choosing a member for the local housing authority is straightforward but very time-consuming. The whole process often takes two or more months. This, to fill a post in which no money is involved! As a result, several alternatives have at various times been proposed; everything from suggestions on how to eliminate one or two of the steps to eliminating totally the federal role in selection. To date, no changes have been made in the selection process.

There is some similarity in the composition of the Saint John Housing Authority and the Halifax Housing Authority. The former consists of a social worker, a doctor, a businessman, a labour man and two tenants; the latter consists of a priest, a social worker, a labour man, a pharmacist (a black man -- important in Halifax), a chartered accountant, a lawyer and the Housing Manager. Halifax is trying to get a tenant as the eighth member of the Authority but there appears to be some opposition. Apparently, the City and CMHC have agreed to the request but the Province has yet to give final approval.

Besides the two housing authorities for 35A projects in New Brunswick (the one in Saint John and another in Moncton), the Province set up four additional authorities to manage 35D projects. There are also five "advisory committees" which appear to be more popular than authorities with the NBHC. Each committee is responsible for an area; the members are appointed by the NBHC, in keeping with the more centralized management system used in New Brunswick.

The housing authorities, as originally conceived, are paternalistic and out of touch with the real world of public housing. Their primary function today should be as a stepping-stone for effective tenant participation in the administration of projects.

COMMUNITY GROUPS AND TENANT ASSOCIATIONS

There are many community organizations in Halifax, and many of these have been formed to protect tenants and tenants' rights. There are public housing tenants' associations in Mulgrave Park, Uniake Square, Bayers' Road and a senior citizens' tenants' association in Gottingham Street -- all of which are represented on an overall city co-ordinating committee. There is the Association of City Tenants' Association of One-Parent Families and CASH (Committee Against Slum Housing). The Neighbourhood Centre and the Black United Front are particularly vigorous in their current campaign against slum landlords in Halifax. Nova Scotia was apparently the first province to have a province-wide public housing tenants' association -- the Nova Scotia Public Housing Tenants Association.

Although the public housing tenants' associations have had a range of problems, they have succeeded in establishing themselves. And they have been effective. When the Halifax Housing Authority came out with an incredibly harsh lease (after receiving CMHC's "model lease"), the tenants' association -- with assistance from a few social agency workers -- met with the Authority and presented seventeen demands. Sixteen of these were met by the Authority; the seventeenth asked that the rent-to-income scale be based on net income. In addition, the tenants feel that since the formation of their association they have been treated with more respect by the housing manager.

In Saint John, the primary organization is the South End Tenants' Association. Begun as a committee on tenants' rights of the larger South End Improvement Association, it later split off to provide a more visible focus on tenants rights. With grants from the Department of National Health and Welfare, the City, and the United Fund, the Association has embarked on an ambitious program to upgrade the South End -- perhaps the worst district in Saint John with an unemployment rate of upwards of 60%.

There is a public housing tenants' association in Saint John which covers several of the federal-provincial projects, but interest in it is not great. Ironically, this has been attributed in part to the housing manager who, while encouraging the formation of the association, has run the projects in such a tenant-oriented manner that they have not really been needed.

There is one further aspect of community that should not be discounted: the churches and labour unions. The Catholic Church working through the St. Francis Xavier University Extention Department in Sydney has for thirty-five years been the force behind the co-operative movement. It has recently switched its attention to rehabilitation in a program that will provide housing for the lowest group in the income spectrum -- the welfare recipient. The Catholic Church also began agitation for a low-income housing program in Halifax which later joined with other churches and is now called the Inter-faith Non-profit Housing Corporation. The United Church of Canada provided $45,000.00 for the North Preston housing program. The labour unions -- whose members, one would think, would profit most from a similar involvement -- have been reluctant so far to become involved (although the vice-president of the Saint John District Labour Council has been the instrumental figure in recent meetings and organizational efforts to promote co-operative housing in that area).

Chapter II

PROGRAMS

A program of primary interest in both Nova Scotia and New Brunswick is subsidized homeownership. A very recent program, the details of its operation have not yet been worked out with CMHC in either province; both provinces, however, are placing heavy emphasis on it. In terms of budget allocations -- both for capital and operational purposes -- public housing remains the dominant program. The planning, building and operating of public housing will be looked at and the recent lessening of its popularity accounted for. Next, the history, future, accolades, criticisms, advantages and disadvantages of co-operative housing will be given followed by the recent, controversial, CMHC-sponsored shell housing program.

Involvement of private industry (apart from the building aspect of other programs) with low-income housing is centred almost entirely upon limited dividend housing. The advantages and disadvantages from the point of view of the developer, the tenant and the government will be examined. Rehabilitation, the Cinderella of housing programs, will be reviewed with emphasis on the one non-profit private group that is utilizing the idea. Next, an examination will be made of existing and possible land assembly and land banking programs and the possibilities that such programs will actually affect the escalating land prices. A brief look will be given to senior citizens' housing, condominiums and bulk leases, and the chapter will close with a major section on rural and small town housing.

SUBSIDIZED HOMEOWNERSHIP

Although subsidized homeownership has not been a popular program with CMHC, the Atlantic Provinces feel they must accept subsidized homeownership if they are to accept the idea of homeownership at all, a position clearly reflected in the White Paper on Housing in Nova Scotia. [18]

There is an increasing gap appearing between the percentage of families who could afford to own their own homes in the past and those who will be able to do so in the future. To date, families in Nova Scotia have been able to span this gap by such measures as the co-op program, by family-assisted home-building and by the building of homes -- financed by family members or local credit unions -- that are below CMHC standards and thus do not qualify for NHA loans (which might explain why the rate of NHA-financed starts in the Atlantic Region - 22.1% in 1969 - is well below the national average of 38.3%). But the increasing cost of land, labour and materials, coupled with the continuing economic problems in the area, is altering traditional patterns.

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18. The White Paper contended that conventional mortgage rates had soared so high that no family with an income less than $8,500 a year could afford to build or purchase a home. 87% of Nova Scotia's families earned less than $8,500.

Traditional values have not changed as rapidly. In an area where 75.1% of the homes are owner-occupied (compared with 63.1% for Canada as a whole) the concept of homeownership is deeply entrenched. For this reason both Nova Scotia and New Brunswick have announced new subsidized homeownership programs within the past four months.

The two programs vary substantially. The one in Nova Scotia is broader in scope, involves the three levels of government and claims to be able to reach the $3,947 income range. The more pragmatic New Brunswick program envisages seventy-five low interest loans that will reach the $3,800 income range.

The Nova Scotia program consists of the subsidization of the interest rate by the three levels of government for low-income families using the shell or phased house construction technique. Estimating the cost of the shell house (including land) at $10,554 a family with an income of $5,000 a year could buy a home with the help of a 5½% interest rate (subsidized by the federal and provincial governments) and have a monthly carrying charge of approximately $104.74. If the municipality agreed to enter the scheme the interest rate could be lowered to 3½% with a monthly carrying charge for a family earning $3,947 a year of $75.34. The White Paper states: [19]

19. Quoted in the Chronicle - Herald, April 3, 1971

> The mortgage loan will be granted on the basis of a 25-year amortization term, with a possible extension to 30 years if required. The subsidized interest rate is to be renegotiated every five years. These renegotiations will be based on the same income to interest rate sliding scale as originally established. The owner of a house financed under this program, may sell at any time; but immediately a sale takes place, the interest rate on the loan will revert to the maximum rate established at the time of making the loan.

The program, envisaging federal participation of "at least $3 million",[20] has two major drawbacks. The most important one is that, if the programme is to reach below the $4,347 income range it must have municipal participation as the following chart given in the White Paper indicates. (see Table I)

But the Municipal governments are unlikely, for financial reasons, to get involved. It is under review in Halifax, but not expected to be funded unless the costs prove to be less than public housing, in which case it would likely replace the public housing program.

The Provincial Minister of Housing has stated that two municipalities have been approached so far and both have rejected the program. One of the municipalities was Sydney. Although it is believed that it was not a rejection of the subsidized aspect of the program as much as a rejection of shell (or phased) housing (the second major drawback). (Local opposition to shell housing will be examined in a later section.) The Province does not expect more than a 20% municipal participatin with only the larger municipalities likely to come into the plan.

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20. Ibid

TABLE I

ASSISTED HOMEOWNERSHIP SCALE

Annual Income Range of Family		Proposed Interest Rate Subsidy			Interest Rate Charged to Borrower	Monthly Payment Required (incl. taxes)	Annual Debt Ratio to Income	Cost of Subsidy Per Loan Per Month		
Min.	Max.	Fed.	Prov.	Mun.				Fed.	Prov.	Mun.
5,151	UP	-	-	-	8¾%	108.16	25.2	-	-	-
5,069	5,151	¼%	-	-	8½%	106.45	25.2	1.7	-	-
4,987	5,069	½%	-	-	8¼%	104.74	25.2	3.42	-	-
4,906	4,987	¾%	-	-	8%	103.05	25.2	5.11	-	-
4,826	4,906	1%	-	-	7¾%	101.38	25.2	6.78	-	-
4,747	4,826	1¼%	-	-	7½%	99.71	25.2	8.45	-	-
4,647	4,747	1¼%	½%	-	7%	96.46	24.9	8.45	3.25	-
4,547	4,647	1¼%	1%	-	6½%	93.24	24.6	8.45	6.47	-
4,447	4,547	1¼%	1½%	-	6%	90.07	24.3	8.45	9.64	-
4,347	4,447	1¼%	2%	-	5½%	86.96	24.0	8.45	12.75	-
4,247	4,347	1¼%	2%	½%	5%	83.90	23.7	8.45	12.75	3.06
4,147	4,247	1¼%	2%	1%	4½%	81.16	23.5	8.45	12.75	5.80
4,047	4,147	1¼%	2%	1½%	4%	78.22	23.2	8.45	12.75	8.74
3,947	4,047	1¼%	2%	2%	3½%	75.34	22.9	8.45	12.75	11.62

SOURCE: White Paper on Housing as quoted in the Chronicle-Herald, April 3, 1971

The program and the above statistics are, unfortunately, somewhat misleading, for it is unlikely that even a shell house can be bought today for $10,554. It certainly cannot be found in the Halifax-Dartmouth area where the need is greatest. Sale price information given in March, 1971 for shell houses in Lower Sackville quoted $10,799.20 as the lowest price and this was for a two-bedroom, semi-detached unit. The four-bedroom, semi-detached units were being sold at $11,596.00. The three-bedroom bungalows ranged from $12,952.00 to $13,245.00.

The program differs somewhat in New Brunswick. In that province, only the provincial government is involved in subsidizing interest rates, and the program is not tied to shell housing but is tied to CMHC's $100 million program. The apparent intention is to provide a second mortgage where the applicant cannot obtain a maximum Section 40 loan due to restraints imposed by the 27% gross debt service ratio.

The NBHC loan is interest free with an amortization period of twenty-five years. Presumably for shell houses -- priced at $12,000 -- the program can reach the $3,800 income range. (100% loans are available on shell houses as CMHC considers future materials needed as the owners' equity.) For a $16,000 completed home the program can reach the $4,800 - $5,500 income range. NBHC has allocated $300,000 for the subsidized homeownership program and they expect to make 75 loans averaging $4,000 each.

Since the programs in both provinces have only recently been announced, the actual operating procedures have yet to be worked out with CMHC. The programs do have some clear advantages. They would provide homeownership for a wider range of families, reducing the prospect of large, concentrated and unmanageable public housing projects. The programs would also, presumably, result in an acceleration of house building (i.e. the time from when a loan is made until the owners move into the unit). The main disadvantage is that in both provinces the subsidized homeownership programs are being instituted at the expense of public housing and other types of programs that would reach the lowest end of the income scale.

PUBLIC HOUSING

By the end of 1970, there were 1,989 units of public housing in Nova Scotia and 1,981 units in New Brunswick. Projections for 1971 are 839 units in Nova Scotia [21] and 684 units in New Brunswick. [22]

Despite the similarity in numbers, the actual distribution of units within the provinces is quite different. Of Nova Scotia's total of 1,989, 1,698 or 85.4% are in Halifax-Dartmouth, while Saint John has only 44% of New Brunswick's total. [23] The apparently more equitable distribution of public housing in New Brunswick is attributed, however, not to relative need but to politics. It is a status symbol for small communities to have their small public housing projects. A member of the New Brunswick Housing Corporation who accepted -- but disapproved of -- the method cited the example of Buctouche where a needs survey was actually carried out. One public housing unit was needed. Eight were built. Future activity, however, is likely to be concentrated in the "growth centres" of Saint John and Moncton with the new pressures put on these areas as the result of the DREE program.

Although considerable progress has been made in the construction of public housing in the past three years, the

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21. These figures were taken from the NSHC program budget dated April 30, 1971, and represent the projects which were to be "proceeded with immediately". A total of 1410 units could be used if the projects that were considered a possibility "in the event additional Federal financing is available" were also considered. This latter figure corresponds to the Provincial Minister's statement that "the projection is for 1300 units of public housing under Section 35A and 35D this year'

22. The Montreal Star, March 27, 1971.

23. The maps given in Appendix A show the actual distribution of public housing units within the two provinces. The accompanying tables give the number of units in each municipality and the size of that municipality.

Maritime Provinces continue to dislike the program. There are several reasons for this attitude. First, ideology and, more importantly, tradition are strong supporters of home-ownership, as indicated in the preceeding section.

Second, the question of "stigma" must be considered. Public housing tenants do not associate "stigma" with public housing per se, but with particular projects. This appears to be true of the general populace as well, who seem to have dropped their earlier prejudice -- at least as far as the smaller projects are concerned.

The third reason for the negative attitude toward public housing is that public ownership usually means public management, and there are too many problems associated with the management function.

The final and most important consideration is financial; in particular, the cost of subsidies. In a speech to the Community Planning Association of Canada, Mr. Jean Paul LeBlanc, Minister of Municipal Affairs in New Brunswick, stated that:[24]

> ... a program of subsidized rental housing on the scale currently being built would soon utilize more than one half of the New Brunswick Housing Corporation's total budget for payment of subsidies alone... While there remains a need for this type of accommodation we must begin to review the alternatives.

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24. The Fredericton Gleaner, February 22, 1971

In Halifax, the subsidy cost per unit per month in 1970 was $106.09. Under Section 35A arrangements the municipality picks up 12½% of the total. In Nova Scotia a municipality's responsibility for subsidy costs under Section 35D is determined by the Education Foundation Grant scale which is heavily weighted in favour of the smaller municipalities. For this reason, the larger municipalities -- Halifax, Dartmouth and Sydney -- have built only under Section 35A.

This is in sharp contrast to New Brunswick where nothing has been built under Section 35A since 1962. Conditions in that province are quite different. The competent provincial corporation prefers the independence of Section 35D, and the municipalities are not tempted by Section 35A as rental subsidies are shared on a 50-50 basis in ARDA areas by the federal and provincial governments, and in non-ARDA areas the municipalities are responsible for only 5% of subsidy costs.

An examination of the factors involved in the provision of public housing can be divided into three sectors: planning, building and administering. The following subsections will deal with each separately, although some overlap will be inevitable.

In neither Saint John nor Halifax is there a single person or office responsible for initiating public housing. Apparently in Saint John the former city manager was the great "spark" until his death. Now the final decision is usually made by the secretary of the Urban Renewal Commission, although he does not appear to be a great promoter of public housing.

In Halifax, the Social Planner is heavily involved, but, again, there is no clear assignment of authority for initiating proposals. In both provinces the municipality formally asks the province to begin negotiations for public housing and provides the province with evidence of need. NBHC, however, is far more active in the initiation of projects than is the NSHC. This is partly a result of politics and partly a reflection of the capability of the two corporations.

Verification of need differs according to the size of the municipality. In Halifax and Saint John the waiting lists kept by the Housing Manager are used as proof of need; the totals presently stand at 1,500 for Halifax and 809 for Saint John. The smaller communities in New Brunswick receive public housing projects as much for political considerations as for need. In Nova Scotia, however, smaller communities apparently advertise in newspapers asking who will be looking for what kind of housing in the coming year. The housing need "studies" are usually accepted by NSHC.

The South End Tenants' Association in Saint John recently did a survey of their particular area. It was undertaken when it was learned that the new public housing units going up in their area would consist of one and two-bedroom units. Their conclusions are instructive: [25]

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25. Housing Survey conducted by South End Tenants Association Inc., May, 1971

It is interesting to see that the requirement for 3, 4, 5 bedrooms and over is quite high with a total of 131 compared with the total need for one and two bedroom units which is 101. There is a difference of 30 units.

In addition, the highest percentage of families are in the $40.00 to $69.00 rental bracket with a total of 156 families.

For a total of 983 people encompassed in the survey, there is a total of 532 bedrooms and there is a stated need as shown in the survey for approximately 764 bedrooms. This leaves us with a deficiency of bedrooms totalling 232.

The number of people wishing to enter public housing far outnumbers the number of people who do not wish to enter public housing.

While the verification of need is being undertaken, the site for the future public housing project is chosen. In the past, public housing in both Halifax and Saint John was built either on urban renewal land or as a result of urban renewal. This could account for the large size of the earlier projects; all five public housing projects built in Nova Scotia prior to 1967 were over 100 units, the largest having 348 units. It could also account for the concentration of public housing units in one section of the city. In Saint John there is a higher visible "public housing section of town". In fact, from a hill overlooking the valley it is possible to take one photograph that will show the 394 units of federal-provincial projects #1, #2, and #3; the 108 low-income veterans' housing known as the Rifle Range; the 102 unit senior citizens project now under construction; and 20 units of Section 16 senior citizens' housing. While the situation is not as dramatic in Halifax, the north and north-central end of the City contain 817 of the city's 1,175 public housing units plus 450 units of Section 16 limited-dividend housing. [26]

CMHC has a multitude of rules concerning how public housing should be built. Location is not a secondary factor. Without crippling the desire of municipalities to acquire public housing, some rules of thumb should be followed to prevent public housing from always being built in a certain section of town or "the areas of least resistance".

CMHC does not formally get involved in a public housing project until the provincial corporation approaches the Branch Office with a request for a loan. In actual fact, however, CMHC is in constant touch with the Province and knows, informally, what it is contemplating. This is true for both Section 35A and 35D projects. For example: on December 2, 1969, NBHC applied for a Section 35D loan for a senior citizens' project in Saint John but as early as May of that year an introductory letter was sent to the Branch Manager from NBHC saying they were thinking of this project. Presumably, informal contact had been made previously.

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26. It is interesting that the two public housing projects that are considered "superior" -- both by the tenants and by the city in general -- are the only two projects that are not in the north end. They are in the west end.

Once CMHC has received the loan application, its involvement differs according to whether it is a 35A or 35D project. An employee of the NSHC explained the difference in this manner: under 35A CMHC is generally in control; it does most of the inspections with NSHC inspection maybe once a month. Under 35D this process is reversed.

Another difference is that under Section 35A tender calls are usually used and not proposal calls. The question of tender versus proposal call has interesting complications.[27] In New Brunswick proposal calls are generally used although CMHC's Branch Planner feels the Province is "shying away" from these -- both because of the calibre of the proposal received and because of the price range usually quoted. Instead, the Province appears to be moving in the direction of "negotiated" proposals. 28

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27. A tender call involves competitive bids to construct a project (already designed by the government) on a designated piece of land. A proposal call usually involves a competition for proposals to build a project (designed by the builder) on land owned or optioned by the builder. The government has a much reduced control over design and site selection under this method. There are two variations on the proposal call: (a) the builder proposal - where the land is designated by the public sector and builders submit proposals for project design, and (b) the negotiated proposal - which does not involve a competitive bid since the public sector approaches a particular builder and "negotiates" the details of site and project design according to what the builder is willing and/or able to do.

28. Cf., the Ontario and British Columbia experience in this regard.

In Nova Scotia, the projects have usually been built by tender call with CMHC doing the design work. Tender calls, however, appear to be out of favour with virtually everyone. According to the CMHC Branch Manager, tender calls result in more expensive units. Local builders are not accustomed to Ottawa designs so their real costs and "nuisance costs" go up, and with the red tape involved in government projects builders automatically increase their bid. (One builder indicated that he automatically added on $2,000 per unit when Section 35A was used.) Largely, for these reasons, the Branch prefers proposal calls.

Proposal calls have been used for the past two projects in Halifax, a practice the Development Direction for the City expects to continue due to the scarcity of land. NSHC does not like the proposal call, feeling that it works to the advantage of the two or three larger builders. For this reason, the Corporation is trying a variation on the builder proposal technique in Sydney. NSHC is optioning land and calling for proposals for 50 single-detached and duplex houses in scattered lots. A builder may bid on part of the total, and, if his bid is accepted, he will receive a serial contract. This will allow a small builder to build the type of house he is used to, in numbers he can handle.

Apart from CMHC's involvement in tender calls and in inspections, it also acts as advisor to the provincial corporations (more often with NSHC but more effectively with NBHC) and, on occasion, accepts contract work from the provinces. CMHC is currently designing a 50 unit family housing project for Moncton and a social recreation centre for the public housing projects in Saint John.

The problems in the building aspect of public housing involve the interplay of government, builder, costs and time.

It was stated earlier that a developer automatically adds to his costs if the government is involved -- particularly under 35A. The following example illustrates the problem. A proposal call for a public housing project in Halifax was issued in 1970. Two proposals were received -- both by the same developer. One was for Carson Street, to be constructed by a Montreal firm; the other was for Parkmore, to be constructed by a Newfoundland firm. CMHC rejected the first one because of high costs, and the second because of its location. Because public housing was needed, CMHC suggested that the Newfoundland firm move to the Carson Street project, combining lower costs and better location. Although the switch was made, the firm eventually withdrew citing numerous delays and restrictions. Another construction firm was hired but at this point, CMHC requested a design change. Approval was finally given, but not before a considerable investment in time and cost.

CMHC is not always to blame. At least twice the NSHC had awarded a contract before a loan commitment was made by CMHC. Apparently, CMHC has felt obligated to actually make the loan to bail the Province out, but hard feelings between the two corporations resulted.

A second major building problem is the lack of builder response to both proposal and tender calls. There are numerous examples: a tender call for 26 units of public housing in Saint John received one response; a proposal call for 104 units of limited dividend housing in Saint John received two replies; a proposal call for 450 units of limited dividend housing in Halifax received one response; and so on. With builders responding in such a lukewarm manner, it is inevitable that costs will be higher. In the Saint John project -- where only one response was received -- the price averaged $18,000 per unit. After negotiations the number of units was raised from 26 to 30 and the price lowered to approximately $16,000 - $16,300 a unit.

Related to costs, of course, is time. The time factor varies according to the number of units, the section of the NHA used, and whether it is tender call or proposal call. Generally, large projects take more time than small, Section 35A takes more time than Section 35D and tender calls take more time than proposal calls. A recent example of time required in Nova Scotia: negotiations leading to an Order in Council took approximately a year; the Order in Council was received in October, 1969; the last tenants moved in in February 1971. This was for a Section 35A project of 20 units!

The administration of public housing projects can logically be divided into two areas; the selection process for public housing tenants and the actual day-to-day operation of the project.

The formal selection process varies little. There is a point system -- according to income, present accommodation, number of children, etc. -- and the family with the most points gets the unit. Emergency cases take priority. In actual fact, however, the Housing Manager has the final say in selection. This has caused many problems, particularly in Halifax where the Manager prefers to intersperse his many emergency cases with "the deserving poor" from the waiting list.

The related problem of "creaming" -- putting all the "problem cases" in one project -- was mentioned in both cities. The Development Director in Halifax called the Bayers' Road project (in the west end) "token public housing". The President of the tenants' association for Bayers' Road said the units were larger so the larger families went there but a tenant at Uniake Square -- with six children -- said you were chosen according to "who you know". In Saint John, the tenants feel the selection process is more vigorous for Courtney Place than for Crescent Valley. The Housing Manager maintains that the "problem families", which are usually larger than normal, must go into the larger units in Crescent Valley. 147 of the 388 families in Crescent Valley are on welfare compared with 2 out of 205 in Rockwood Court.

Perhaps statistics on vacancy rates will give a clearer picture. There were 70 vacancies in the federal-provincial public housing projects in Halifax in 1970; 50% of these were in Mulgrave Park which has only 29% of the public housing units in the city.

In Saint John, there were 71 vacancies in the federal-provincial projects; 73% of these were in Crescent Valley which has 66% of the public housing units in that City.

The day-to-day administration of the projects is done by the Housing Managers. Most of their working time appears to be devoted to the budget. This was brought out during the seminar for public housing managers held in February of this year. The managers complained of a lack of communication between the provincial corporation and themselves, with most contact coming at budget time -- reinforcing the idea that a manager is judged by his ability to keep costs down. Tenant participation in management is thus discouraged as costly and inefficient. A sharp we-they dichotomy exists. Provincial officials tend to equate themselves with industrial management and the tenant associations with unions. Encouraging tenant groups is thus seen as beyond the role of a housing agency.

CO-OPERATIVE HOUSING

There are approximately 3,800 units of co-operative housing in the Province of Nova Scotia. The program was founded by St. Francis Xavier University in Sydney in the mid-thirties as a means of extending home-ownership to the lower-income family range (then defined as those earning below $1,200 per year).

It would be stretching a point, today, to say that the co-op program reaches low-income groups; in fact, families with an income less than $3,500 are not eligible for the plan. The White Paper on Housing states that the co-operative program is designed to aid families of "moderate income", defined as those in the $3,500 to $8,000 income bracket. Because of its past role in aiding low-income groups and because today it continues to aid those who are still fall between public housing and market homeownership, the co-operative housing program is included in the analysis.

PLANNING

Planning, or more precisely the activities involved from the initiation of a project until the actual construction begins, is the responsibility of NSHC. It usually begins in the spring or summer of one year and ends when construction starts the following spring. The process consists of NSHC promotion, advertising, and public meetings held throughout the Province to encourage families to join a co-op. Applications are received by NSHC either from an already-formed group or from individuals who are then given a detailed list of other applicants in their area from which they can choose their own members. At this stage, a credit rating is apparently done on each individual, but usually only a very negative report will lead to rejection.

During the fall and winter months the newly-formed co-operative units enter the "study stage". The groups become incorporated (costs of the procedure are borne by NSHC), land and house plans are acquired (both must be approved by NSHC), a formal loan application is made by the co-op group to NSHC, and a series of study sessions are held to familiarize the members with financial procedures as well as construction techniques.

It was in this planning stage that St. Francis Xavier University played a dominant role. Three years ago, NSHC began to supervise the co-operative program more closely and became particularly active during this stage. In 1970, the NSHC requested that St. Francis Zavier withdraw, which the University agreed to do. Although some of those who had worked with St. Francis Xavier on the co-op program for many years were unhappy about the change, the feeling was by no means universal. According to a younger St. Francis Xavier worker, less than five years ago the program was reaching the $3,000 to $4,000 income range: today the maximum income allowable is $8,000 and the

NSHC is making strong representation to the Federal Government to have this raised to $9,000. This is certainly not even lower-middle income in Nova Scotia and, to the extent that the Province wishes to shift the program emphasis, the University appears to prefer a far less active role.

It is in the building stage of the co-operative program that the members reap most the benefits of the plan. There are several advantages. The members themselves do most of the work on their house and their "sweat equity" represents the greatest savings.[29] If the co-op members are sufficiently well organized, they can buy some of their materials in bulk and thus save. The co-op program spans the income range of most trades people and when they enter a co-op the sharing of their ability constitutes a major saving. Finally, although there is less and less co-operation in the sense that each member helps build the other's house, the moral support gained by being a member of a group in a new venture is important.

Throughout the building phase, NSHC inspects the construction and technical advice is available.

CMHC's only involvement in the co-operative housing program in Nova Scotia is in granting loans for the co-ops under the terms of Section 35A of the NHA.

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29. Co-operative housing is almost entirely single-family detached bungalows in Nova Scotia. Recent legislation in the Province has paved the way for condominiums but the concept is not popular; neither are continuing co-ops. Nova Scotia co-ops remain simply building co-ops.

The procedure is as follows. Under an agreement entered into in 1953 by the Nova Scotia Housing Commission and the Central Mortgage and Housing Corporation, the Federal Government provides 75% of the funds for the construction of co-operative housing projects under Section 35A. The NSHC provides the remaining 25% and looks after the administration and supervision of the projects. The co-op members purchase the land and pay excavation costs and fees for surveys and legal services. These costs, plus the value of the owner-labour, represent the owner-equity.

The title of the property acquired by the co-operative is conveyed to NSHC, which then enters into a building contract with the co-operative. On completion of construction, the project is conveyed to the co-operative and a blanket mortgage is taken in the name of NSHC. Houses are leased to the occupant members who make monthly payments in amounts equal to the amortization payment on the mortgage plus an allowance to cover taxes, fire insurance, and a reserve fund. Members are jointly responsible for the total mortgage payments.

When the mortgage is paid in full the properties are deeded to the individual members. In the past, a member could only withdraw from the group by (a) arranging alternative financing and obtaining a partial discharge of a portion of the blanket mortgage in favour of NSHC or (b) finding a new member who purchased the shares of the outgoing member. As a result of repeated representations by co-op members and eventually by NSHC, the Federal Government has recently announced that co-op members will be allowed individual mortgages after five years at the current Section 40 interest rate.

The co-op program is losing favour. Between 1953 and the end of 1969, more than 2,600 co-op units were built, approximately 1,000 of these were committed in 1969 alone. It was expected that the 1970 program would be even larger but, in fact, only 539 units were begun. For 1971, NSHC is predicting 1,000 co-op homes will be built. This would indicate that either the NSHC is being overly-optimistic, or that in their present negotiations with CMHC they hope to obtain certain concessions. Three such possibilities are: (a) raising the maximum income allowable, raising the average income allowable, raising the loan amount; (b) subsidization of the program for low income families; and, (c) a revision of the septic tank policy which limits the use of septic tanks in developed areas.

There are several reasons why the co-op program declined last year and is likely to make only modest gains in 1971. The first, and most obvious problem is lack of serviced land. Available serviced land at modest prices is one reason the co-op program is most effective outside the urban centres. The jump in co-ops in 1969 can be directly related to the availability of lots as a result of the Sackville land assembly. But land costs, particularly in the Halifax-Dartmouth and Sydney areas, are skyrocketing.

Second, according to a member of the St. Francis Xavier University, the Gross Debt Service of 27% of income introduced by CMHC in 1969 resulted in a great leap in the income groups served. This, he felt, was unnecessary and unfair: unnecessary because the default rate has never been above 1%, unfair because the only alternatives are public housing and slums.

The third factor in the decline of the popularity of co-ops is that, with St. Francis Xavier no longer involved, it simply becomes another government program. One immediate problem is that civil servants work restricted hours that often are not suitable for assisting certain groups. Another difficulty is the far more active and outgoing role a non-government agency will often play in promoting a program.

Finally, the attitudes of those in charge of housing programs in Nova Scotia are changing. CMHC is more interested in shell housing; the Province appears to feel that co-ops have hurt the building industry. Without the support of these two organizations, and without the services of St. Francis Xavier University, it is quite possible that the co-op movement in Nova Scotia will go into a sharp decline.

New Brunswick which has recently passed legislation that would provide for co-operative housing is also unlikely to have many co-ops. Although the Saint John District Labour Council has recently tried to stir up interest, it is not ready to assume the role played by St. Francis Xavier in Nova Scotia. Although both the provincial corporation and CMHC people in New Brunswick are willing to aid co-operative units, they are not inclined to "push" for them. So far, New Brunswick has two co-ops (both formed in 1970).

SHELL HOUSING

Shell housing can best be described as a bastardized form of co-operative housing. The shell housing program gives formal recognition to the practice of occupancy by the borrower prior to completion. As originally conceived, it would be particularly useful when there is a movement of families from one area to another where housing is required in advance, and therefore, co-operative techniques are not possible.

The idea in shell housing is to bring a unit to the shell stage of construction. The exterior is completed and the interior has plasterboard on the inside of the exterior walls, ceiling, bathroom, and stairwell. Electrical, heating, and plumbing work, as well as insulation and the kitchen shelving and counter are all in place. Interior partitioning is installed to enclose the bathroom and to provide bearing walls. The floors are plywood. Having brought the house to this stage of completion by a builder, it is sold (regular Section 40 loan) and the owner is expected to complete the house within three years.

Shell housing is very new. Initiated and fought for by the Regional Office (over Head Office concerns that standards were dropping), it was first tried -- successfully -- in Newfoundland. Last year, approvals were given for 50 shell houses in Nova Scotia, 100 in Newfoundland, and 65 in New Brunswick under the $200 million program. This year, NSHC has tied its new subsidized homeownership program to shell housing and New Brunswick is contemplating 100 units of shell housing.

The cost of the shell unit is still a problem. In Lower Sackville earlier this year, the cheapest shell bungalow was $12,952.00 -- although Nova Scotia's subsidized home-ownership program calculated the shell units at under $11,000.00. A social worker in Halifax felt the current prices were closer to $13,400.00 and the Branch Manager in Fredericton said the average price was about $12,000.00 in New Brunswick.

There are exceptions of course. In Yarmouth, ten shell units were sold at prices ranging from $8,950.00 to $9,350.00. This was partly possible because serviced lots for the shell units were being sold at $770.00, part of the servicing costs being borne by general taxation. In North Sydney, serviced lots were being provided by the municipality for shell houses at $300.00 a lot. When it is realized that the lots in Sackville are being sold at $4,000.00, then the necessity of available serviced lots for the success of the shell program is realized.[30]

But shell houses have hidden costs (i.e. the cost of completing the unit). One of the major reasons for hesitation on the part of housing authorities in the Atlantic Provinces is the fear that an owner might go into serious debt in an attempt to complete the house. These fears were allayed somewhat by a recent survey done in Yarmouth. By December, 1970, all ten units of shell housing in Yarmouth were sold. The average

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30. See the section on land assembly.

income of the buyer was $4,100 (lowest: $3,682, highest: $7,100). GDS ratio ranged from 15.7% to 26.9%. The Assistant Manager for the Halifax office visited the homes in April, 1971, and reported that all but two had begun work on the interior and one unit was completed. Concerning the method of financing, he wrote: [31]

> I found that none of them went to a finance company to borrow money. The one who has completed his interior required a $1,000 loan, however, I believe he got this from his parents. The remainder are completing the work with their own savings, buying material as the money becomes available.

In addition to cost problems, there is some concern that shell housing as a concept will be met with opposition. In an interview with the Regional Information Officer in Halifax in March, 1971, great relief -- and surprise -- was expressed over the fact that during an open-house show for shell houses in Sackville the previous week-end there had been no serious confrontation with co-op members who had previously formed an organization and petitioned the government in an attempt to stop the building of shell houses in their neighbourhood. The co-op members identified shell owners as low-income people and were afraid the latter would not finish their houses, reducing the property value in the area. Similarly, in Yarmouth, co-op members on an adjoining street opposed the construction of shell units in their area.

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31. Memo from D.A. Hughes to R.L. Mersey dated April 27, 1971

The Provincial Minister of Housing felt that the people considered shell units substandard and this is tied, in part, to the name "shell" which conjures up pictures of buildings burning with only the "shell" remaining. For this reason, the Province insists that they be called "phased housing" although this hardly gets to the root of the problem -- really a resistance to low-income people in the neighbourhood.

The problem with shell housing is principally that it has not been thought through. It is now being regarded as the replacement to co-ops and at least a partical answer to the low-income housing problems, whereas in its original form it was to be used to answer an immediate housing need in a specific area as a result of unusual conditions. What we have now are rather expensive "shells", a normal Section 40 loan (with the possibility of participation in the province's homeownership program) and considerable work required by the owner.

Although the Executive Director of the NSHC considers shells (phased housing) the answer for those earning less than $5,000.00 it can be no more than one of the answers. Shell housing should be an option available for low-income groups but it must be one of many options available and not pushed as the only or the best solution.

LIMITED DIVIDEND

Loans to entrepreneurs under Section 16 of the National Housing Act have increased substantially in Nova Scotia in the past couple of years. The total number of loans made under that section to the end of 1970 was 17 for 1,519 units; 10 of these loans for 1,073 units were made in 1969 and 1970. This contrasts with New Brunswick where three of the total of nine Section 16 entrepreneur loans were made in the past two years. The reasons for the difference in popularity will be seen later.

A limited dividend project can come about either on the initiative of an entrepreneur or as a result of CMHC initiative. In particular, Section 16 funds appear to be used to ensure that an adequate number of unit starts will be attained in a year. The Corporation thus maintains close contact with developers in an effort to attract them to the program. But builder response has been poor. Few submissions have been received and those that have been have tended to be of unacceptable quality.

There are several advantages in limited-dividend projects usually cited as the reasons for its popularity. First, it is used to unload large projects on marginal land. This is admitted quite openly by the developer and accepted by CMHC personnel. In Saint John, a developer-builder who received a loan for 104 units of limited-dividend housing last year stated frankly he had land he "couldn't do anything with". The Branch manager admitted the land was on the outskirts of the City and the developer could not interest approved lenders in it.

Second, for a developer who must continue to expand his operations every year or be caught with crippling taxes, limited-dividend provides an avenue of escape. (It also provides a means of keeping his labour force always employed.) It is probably for this reason that Centennial Properties Limited in Halifax (the only developer large enough to take advantage of this) has built so many limited-dividend units; both under Section 16 and, using the Halifax Senior Citizens' Housing Corporation and various Lions' Clubs, under Section 16A.

Third, by having the project appraised higher than its worth, a developer can mortgage out. Again, this was admitted openly by the developer in Saint John and in Halifax; CMHC officials take it for granted that Centennial Properties Limited mortgages out on all limited-dividend projects.

Fourth, with the tight money situation in the last couple of years, developers have found that Section 16 has relatively favourable terms. There is also a realization that there is a growing market now for low-income housing and developers are gearing up to it.

Finally, limited-dividend projects can be used as a tax write-off as the developer can usually show a paper loss.

The above are immediate advantages of limited dividend projects. There are also long-term (after fifteen years) benefits. For example, if a project is constructed in such a way that minor additional investment (e.g. addition of a swimming pool) will permit high rentals after fifteen years the project is "sound". Conversely, if the project is built cheaply enough but on land that will escalate in value, the project itself can be written off after fifteen years and the land redeveloped for a more lucrative return.

The popularity of limited-dividend is not by any means universal. It was designed to benefit the larger developers. In New Brunswick where it is doubtful anyone fits the description "large developer", the drawbacks seen in Section 16 are: (1) builders, or small developers, are not eager to own and administer buildings and are not on the treadmill that makes limited-dividend attractive and (2) builders and small developers are not interested in getting involved in time-consuming government projects.

Another reason for the lack of popularity of limited dividend in New Brunswick is related to the socio-economic situation of that Province and may not be applicable elsewhere. The situation, namely, is that New Brunswickers do not like paying high rents,preferring lower-standard accommodation. Partly for this reason and partly because of the depressed wages to begin with, rents -- even in the largest city, Saint John -- are low enough that limited dividend rates (on new projects) could not offer a low-income family any savings. In fact, in a letter to the Chairman of the non-profit First LDH Co. in Saint John, the Branch Manager in Fredericton points out that for the proposed new project, the monthly break-even rent per unit would have to be $157 for a two-bedroom apartment which would be unrealistic since: [32]

> ... the top of the rental market for a two bedroom apartment in a frame building in Saint John is approximately $145 a month.

The developer in Saint John was aware of this problem, but is expecting relief from (a) CMHC who will "up" their income range for tenants once they discover that no one within the present range can afford the units, and from (b) NBHC to whom he has leased 25% of the units for public housing tenants (he is hoping the percentage will be increased).

According to the Branch Manager in Halifax, limited-dividend serves the income range $8,000 - $10,000 (which can hardly be classed as low-income). He went on to cite the example in Sydney where the income limit was set at $8,000 but the units were not being filled. So by special agreement with CMHC 25% of the tenants can have incomes of $9,000 and 25% will be public housing tenants who by a bulk agreement with the province will live in the limited dividend project with individual leases for the full amount of which the public housing tenant will pay according to the rent-to-income scale established under Section 35A. This is somewhat the same arrangement as Saint John except in that city the project was built on the firm commitment from the NBHC for a bulk lease for 25% of the units. The Provincial Minister of Housing in Nova Scotia said that so far

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32. Letter to Mr. Anderson from Mr. Fraser dated March 9, 1971

no one is building a limited divident project in that province on the understanding that they would get a public housing bulk lease although he could foresee a move in this direction.

The trend is obvious: developers are using the already lucrative Section 16 terms to put up what is in effect, quasi-public housing (with a guarantee of occupancy) and after only fifteen years what few restrictions are now on the project are totally removed.

REHABILITATION

The characteristics of the housing stock in the Atlantic Provinces show that the percentage in need of major and minor repair is greater than that for Canada as a whole. In the Atlantic area, New Brunswick has the worst record. [33]

	Dwellings in Need of Major Repair	Dwellings in Need of Minor Repair
	1961	1961
New Brunswick	12.0	28.7
Atlantic Provinces	8.9	25.0
Canada	5.6	20.3

It is perhaps because the problem is greater in New Brunswick that the Province is planning to introduce home improvement loans as a major new program in 1972. At present, some funds are available for rehabilitation but the program is apparently tied to the Department of Welfare and is not generally available for low-income groups. The President of NBHC, while critical of the standards set by CMHC as a condition for funds. NBHC's criteria for rehabilitation is primarily safety, which is really the only standard that is necessary. Building standards -- like statistics -- are geared to the average and the average Canadian's middle-class three bedroom bungalow does not reflect Maritime reality.

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33 Brief to New Brunswick Task Force on Social Development by Central Mortgage and Housing Corporation, Atlantic Regional Office, October 15, 1970.

While the rehabilitation program (which will probably be subsidized interest rates for rehabilitation and home improvement loans) will not be available until next year in New Brunswick, it is quite certain to be well-received by all segments of the society. Apart from NBHC which is introducing the program, various City officials in Saint John (in particular, the influential secretary of the Urban Renewal Commission) are receptive to the idea. The South End Tenants' Association, while afraid that funds will be sunk into substandard housing that is past the rehabilitative stage, is currently involved in a survey of housing in their area, identifying units that can be improved. A developer in Saint John also felt some sort of subsidization program should be available for rehabilitation in the City.

Nova Scotia, on the other hand, is unlikely to introduce a similar program; the executive Director of NSHC felt that for most housing, it would be too costly.

St. Francis Xavier University Extension Department in Sydney has devised a rehabilitation program and, as they did with co-ops, are leading the way in housing programs for low-income families. The program is relatively straight-forward: from a $400,000 Section 16 NHA loan advanced to the Family Services Institute under the $200 million program last year, a home is bought, put in sound structural shape and then "sold" (actually it is a "contract to purchase" which is signed) to the resident.

Costs are working out well. It was originally estimated that a unit could be bought and renovated for $8,000.00 but their prices are actually coming in at closer to $6,500.00. There are several reasons for this: (a) one supplier has agreed to give the Institute a 1/3 discount; (b) another supplier provides lumber at cost plus 10%; (c) unions have allowed retired workers and moonlighters to work on the units; (d) "spotters" are used to identify houses about to go on the market so the Institute can approach the owner before realtors hear of it; (e) the "spotters" as well as assayers, inspectors, etc. are volunteers; and (f) the program has the same enthusiasm, drive and sometimes gentle coercion of St. Francis Xavier people that made the original co-op program a success.

Approximately fourteen families have moved into the rehabilitated houses and another twenty or so are in various stages of readiness. It is expected that 65-70 houses will be made available as a result of the initial $400,000 loan and it is estimated that there are 1,000 homes in the area that could be rehabilitated. The monthly payments ($40-$60) are geared to meet the ability of welfare families who presently are restricted, according to a worker with St. Francis Xavier University, to 10% of the public housing units with the only alternative being slums.

St. Francis Xavier University is not the only organization capable or interested in rehabilitation in Nova Scotia. A similar type of program has been drawn up in Halifax as the result of organizational work by the City's Social Planning

Department. They currently have a request into CMHC, the Province, and the City for funds. The Community Planning Division of the Provincial Department of Municipal Affairs has also been involved to a degree with rehabilitation with their projects -- Downtown Paintup and Project Downtown -- and might be receptive to involvement in a rehabilitation program; perhaps in identifying and acquiring homes needing repair.

Under our present laws, rehabilitation programs, if picked up by the landlords of the units most in need of repair, would result in higher taxes and higher rents. It is for this reason that rehabilitation is usually spoken of in conjunction with some form of rent control. Unfortunately, in both New Brunswick and Nova Scotia, the prospect for rent control is extremely slight.

There is a way to overcome the problem, however, without adopting complicated formulas or building administrative nightmares. It was stated previously that three-quarters of the homes in the Atlantic Provinces are owner-occupied. There are many of these that are in need of repair. Loans for rehabilitation could thus be made for units that are owner-occupied without increasing the burden on lower income families. (There would have to be sufficient control over the program to insure that loans for rehabilitation were, in fact, used for rehabilitative purposes and not simply to add a rumpus room in the basement of a surburban bungalow.)

In cities like Halifax and Saint John where many of the tenement units are owned by absentee landlords, an effective two-stage remedy could be applied. First, the municipal by-laws concerning minimum standards should be rigorously enforced and those buildings that do not meet the requirements should be bought or expropriated by the City with the aid of CMHC funds. Then, the units would be brought up to standards and re-sold to the occupants in a manner similar to that used by St. Francis Xavier University. The loans for the rehabilitation of both the owner-occupied and city-owned units must be available directly from CMHC as "approved lenders" are not eager to make the comparatively small loans necessary for rehabilitation.

LAND ASSEMBLY

As in the rest of Canada, land assembly programs went largely unnoticed in the Atlantic Provinces until the late 1960's. In fact, of the seventeen land assembly projects approved under the NHA to date in Nova Scotia, twelve were approved in 1970. Similarly, of the sixteen in New Brunswick, nine were approved last year. Actual expenditures by CMHC for land assembly projects in the two provinces until the end of 1970 were as follows: [34]

Province	Program	Total Expenditures - Federal
Nova Scotia	35A	$ 191,000
	35C	$4,173,000
New Brunswick	35A	$1,328,000
	35C	$ 550,000

It is interesting that two of the largest of the projects -- the 870 acre project in Spryfield (Halifax) and the 510 acre Champlain Heights project in Saint John -- came about as the result of DREE grants to finance the municipalities' share of the cost. These two projects -- as well as most of the others in the Atlantic area -- were initiated to provide as quickly as possible serviced lots for urban growth.

Land assembly projects provide (to date) the only alternative to spiralling land costs. Even in the Sackville area outside Halifax, where a provincially-financed land assembly project will eventually provide serviced land for about 7,000 dwellings of single-family and low-density multiple

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34. Adopted from Table 57, Canadian Housing Statistics, 1970

design, lot prices have increased from approximately $2,200 three years ago to $3,300 today. The Executive Director of NSHC said that even with DREE help the new land assembly lots could not come in at less than $4,000. Average lot prices in Halifax run about $10,000. The situation is not as desperate in the slower-growth centre of Saint John where serviced lots in the city average approximately $3,000 - $5,000.

Although the population of Halifax (86,792 in 1966) and Saint John (51,567 in 1966) is not great by Ontario standards there are sound reasons for the high land costs. The reasons are related to topography. Halifax was built on a peninsula. It can only expand in one direction and in that direction there is only rock. Halifax recently annexed this land but it is now faced with the tremendous costs of providing trunk services for an area that had only septic tanks. It has already been noted that the financially-strapped City receives only 20% grants from the Province for water and sewer trunk lines. Most of the costs, therefore, fall on the developer (whether private or public) who passes them on to the consumer. The Sackville land assembly project, while affording some measure of relief, also faced high servicing costs. It had the added disadvantages of (a) being restricted mainly to co-ops, (b) being too far out of the City by Maritime standards and (c) being "tainted" by a scandal during its planning stages which not only increased lot prices (although this should not be over-emphasized) but, more importantly, made the Province wary of future land assembly programs.

Saint John was not built on rock -- but water. A developer in the City indicated that raw land in or near the City could probably be brought for $500 but it would take an additional $3,000 to service it. Thus, Saint John also has the problem of being surrounded by a septic tank area. Although from an ecological viewpoint, septic tanks are unacceptable, the relative costs are hard to ignore. This was illustrated in the case of Port Hawkesbury, the new deep water port created in the Strait of Canso area. [35]

> Lots assembled and serviced by CMHC in this area are priced at about $4,500 but the normal costs prior to and in the early stages of industrial development were about $50 for a lot, $175 to $200 for a septic tank, and a further $175 to $200 for an artesian well.

Both cities have political/administrative problems that add to the difficulty. In the growing City of Halifax, speculation is a very real problem and expropriation is out for obvious political reasons. Saint John (which is reportedly smaller now than at the time of Confederation) appears to be regressing in its policies as well. If the proposed zoning by-law is passed, it will increase the minimum lot size in an RS-2 district (one- and two-family suburban residential) from sixty feet to seventy-five (whereas the minimum lot size for the Sackville area may be lowered from sixty to fifty feet).

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35. A Background Sketch of DREE Programs; and their effect on CMHC - internal document prepared for CMHC by Peter Chesson, March, 1971. p. 12

Both cities, however, have factors that would encourage future land assembly projects within the City. In Halifax, the main factor is the amount of land reportedly held by the three levels of government. A good amount of this land is in the "poor" North End and could be bought cheaply and developed in such a manner as to revitalize this section of town. But there is 8,000 acres in the watershed that would be prime land if the City could up date its archaic method of obtaining water. In Saint John, the principal factor is that land is not moving; for example, the Branch Manager in Fredericton in discussing a quiet land assembly program of 4½ acres now underway was encouraged by the fact that a landlord who two years ago was asking $30,000 for a block of land had dropped his price to $20,000.

As with public housing projects, CMHC is not formally involved in land assembly projects until the provincial corporation, at the urging of a municipality, applies for CMHC funding either under Section 35A or 35C of the NHA. In fact, CMHC personnel have been encouraging land assembly for the last several years. In a previous section this was illustrated in connection with Nova Scotia's first land assembly project which was at Amherst.

The Regional Economist explained the actual procedure as follows: serviced land is calculated by the Branch Manager ... the Regional Economist looks at it and recommends to the Branch Manager where and how much should be developed by land assembly ... the Branch Manager then goes to the municipality and convinces them ... the municipality goes to the province in turn and convinces them ... then the municipality through the province asks CMHC for aid at which time the Branch Manager formally requests verification of need from the Regional Economist... then the loan is negotiated and a tender call made -- usually by the municipality.

While the above procedure was undoubtedly that used for the earlier projects in Nova Scotia, a safe assumption would be that -- at least for the larger centres -- the municipality now does the actual urgings and, if it can be arranged, it is done with DREE backing. The Champlain Heights project in Saint John, for example, was to be a back-up for accelerated growth in the area to result from DREE activity.

It is impossible to give an example of land assembly procedure that will hold true for all or even most of the projects. In the Champlain Heights project, NBHC, CMHC, the Provincial Department of Public Works, DREE and the City's Secretary of the Urban Renewal Commission were involved. In the current land assembly project in Saint John (which is being kept very quiet as speculators moved in on the Champlain Heights area and almost succeeded in sabotaging the project), only the City Manager, the Vice-President and President of the NBHC, the Branch Manager of CMHC, and the Mayor of Saint John are involved. In fact, it appears that the land will be acquired without the knowledge (and thus approval) of City Council.

Both provinces have used both Sections 35A and 35C of the Act for land assembly projects, there is a definite shift towards Section 35C. In 1970, eighteen loans were made in the two provinces under this Section whereas only three were made under Section 35A. The reason for this, according to the Regional Economist, is that land assembly projects under 35C are more quickly executed -- and thus cheaper -- than under 35A.

The final remarks concerning land assembly have to do with its marketing procedures. With the exception of the twelve acres assembled in North Preston, land assembly projects have not been used to reduce land costs but, if anything, simply to keep them stable. While this is preferable to no action at all, it does not help, it does not even affect, low-income groups. Servicing costs are exorbitant and present procedures and standards should be examined. In addition, a much larger program of land assembly and land banking is the only way to effectively reduce land costs in the absence of the public ownership of land.

At the same time, the practice of leasing land should be encouraged. Indications, both from city officials and private developers in the area (although, as yet, not from the politicians) is that government-leased land would be acceptable. Apart from the advantages this would have in controlling the market, the practice would also allow the municipality better control over future urban growth.

RURAL AND SMALL TOWN HOUSING [36]

The twin Atlantic headaches of a declining population (from 10.5% of the Canadian total in 1960 to 9.6% in 1969 [37]) and low income levels (personal income per person amounted to 69.8% of the personal income per person in Canada in 1969 [38]) reinforce each other. Because population is declining, industry is not attracted to the area; what jobs are available are found in the low paying primary sector, a sector whose employment possibilities are declining. [39] And because jobs are not available, the labour force moves to Ontario and, thus, population declines.

What is true for the Atlantic Provinces as a whole is even more applicable to its small towns and rural areas. From 1961 to 1966, the percentage of the population defined as "rural" declined in all four Atlantic Provinces; from 49.3 to 45.9 in Newfoundland, from 67.6 to 63.4 in Prince Edward Island, from 45.6 to 42.0 in Nova Scotia and from 53.5 to 49.4 in New Brunswick.[40] Similarly, of the 109 centres in the Atlantic

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36. This section provides a brief scan of housing activity in these areas and should not be viewed as comprehensive.

37. A Strategy for the Economic Development of the Atlantic Region, 1971-1981. Atlantic Development Council, Ottawa, 1971, p. 26.

38. Ibid., p. 23.

39. The Atlantic Development Council reports that "a decline of approximately one third in the size of the labour force employed in the extractive industries can be expected over the next decade". Ibid., p. 61.

40. Data from Table 1-4(b), Urban Centres in the Atlantic Provinces, Atlantic Development Board, Ottawa, 1969 p. 8

Provinces with a population between 1,000 and 15,000 in 1966, 28 (or 25.6%) had a lower population level than what was recorded in 1961. The de-population of these areas has been quickened by DREE's policy of "growth centres", a policy aided by CMHC's lending practices (which will be examined in the following chapters).

Nevertheless, with 75% of the population living in "small towns" and rural areas, the Corporation can hardly justify ignoring the situation until all the people move to the better-understood and easier-administered "major urban" and "metro" areas. In addition, the housing situation of the low-income sector is much worse in these areas.

62% of households in centres of under 15,000 population in the Atlantic Provinces have an income of less than $5,000. Although the households in this income bracket are 88% owner-occupied, 44% do not have an indoor toilet and 27% are without running water. The following table gives some relevant data. It correlates four income and regional groupings -- Atlantic households with incomes under $5,000; total Atlantic households; Canadian households with incomes under $5,000; and total Canadian households -- with four area classifications -- "metro", "other", "small urban" and "rural".

TABLE II

Household Facilities

a) of Atlantic Households with Incomes under $5,000
b) of Atlantic Households (all income levels)
c) of Canadian Households with Incomes under $5,000
d) of Canadian Households (all income levels)

	Metro (30,000 over)				Other (15,000-29,999)				Small Urban (1,000-14,999)				Rural (under 1,000)			
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d
Average Household Size (People)	3.2	3.9		3.39	3.2	4.1		3.8	2.8	3.4		3.6	3.8	4.3		4.08
Average Household Size (Area)	4.7	5.3		5.08	4.9	5.4		5.2	5.1	5.4		5.45	5.8	6.0		5.8
People/ Room	.68	.7		.67	.65	.76		.73	.55	.63		.66	.65	.7		.70
% Owners	48	56	37	54	66	62	55	58	66	69	67	71	93	91	89	87
% Single-Detached	43	54	35	50	68	69	58	63	70	75	74	76	94	93	91	91
% Pre-1940	64	49	52	37	61	42	55	40	68	60	54	46	59	56	51	53
% Without Water Supply	4	2	1	.6	10	4	4	2	9	7	4	3	31	25	23	16
% Without Toilets	7	3	2	.8	13	7	6	3	18	12	6	4	50	41	30	23

From this table, the following observations can be made:

1. The number of people per household in each area classification in the Atlantic region is less for low-income groups than for the total Atlantic population.
2. The number of people per household in rural areas is larger for each grouping than the corresponding grouping in any of the three urban classifications.
3. The size of the household is smaller in each of the area classifications for the low-income grouping in the Atlantic region than for the total Atlantic population in the area, but the smaller the area, the larger the dwelling, both for low-income groups and the total population.
4. Density is less for low-income groups. Presumably, although their house size is smaller, this is more than offset by the fewer people per household.
5. Except for the "small urban" centres where there is little difference, the percentage of homeowners is greater among low-income groups in the Atlantic than for low-income groups in Canada.
6. In rural areas, both in the Atlantic region and in Canada, the percentage of low-income households, which are owner-occupied, is actually higher than the average for the area and (with the exception of "small urban" centres where there is little difference) low-income households are more likely to own their own homes in any of the area classifications in the Atlantic region than in Canada.

7. Again, low-income families are more likely to live in a single-detached dwelling in the Atlantic region in any of the three areas (exception being "small urban") than they would in Canada; although, except for the rural area, the proportion of their number living in single-detached homes is less than the average for all Atlantic households.
8. For all groupings, the smaller the area, the more likelihood there is of living in a single-detached dwelling.
9. The statistics for age of structure, while seemingly randomly distributed, actually show that:
   a) of all Canadian households, the smaller the area the greater the percentage of older homes;
   b) in all classifications, a greater percentage of low-income households occupy pre-1940 houses than does the population as a whole.
10. For all area classifications, the under $5,000 grouping in the Atlantic region is worse off than any of the other three groupings in terms of indoor water supply and indoor toilets.
11. The smaller the area the greater the lack of these facilities in each of the groupings (although there is little distinction between "other" and "small urban").

While the above confirms some old prejudices (i.e. the poor are more likely to live in older houses, without adequate facilities), it challenges others (i.e. statistics show that the poor actually have smaller families and have a large percentage of homeowners).

Although Table II is as accurate a statistical picture as one is able to obtain, it also suffers from the effects of aggregation. Conditions in the relatively prosperous York County, N.B. offset the poor conditions in Gloucester County, N.B.; Kings County, N.S. offsets the conditions of Shelburne County, N.S., and so on. This was brought forcibly to the attention of some provincial government officials by the "Brief Submitted to the Task Force on Social Development (N.B.) by the Citizens of Lavilette and Alainville in Northumberland County", dated December 9, 1970.

In a survey of 84 of the 88 or 89 houses in their two communities, they reported overcrowding (2.7 persons per room), lack of facilities (79.7% without running water, 89.3% without an inside toilet, 16.7% without electricity, 58.3% with no central heating system and 55% heated only by a stove in the kitchen) and poor construction (91.6% of the houses needed repairs). Yet, these small homes (average size was 781 square feet) were owner-occupied (91.6%) and the people did not want to leave them (only 21.5% expressed willingness to move).

The housing situation in Lavilette and Alainville may not be typical, but neither can it be termed unique. Northumberland County is far from being the poorest county in the Atlantic Provinces. Statistics for these two small communities were included to show the multi-faceted nature of the housing problem in rural areas -- areas seldom touched by Central Mortgage and Housing Corporation.

Clearly, a need exists in the small town and rural areas of the Atlantic Provinces for an effective housing program. What role has CMHC played in responding to this need.

The following table gives the number of housing starts made in the Atlantic Provinces since 1966 by principal source of financing. Some facts are immediately noticeable. Total activity under the NHA makes up a small percentage of total housing activity (from a low of 20% in 1968 to a high of 35% in 1970; at the same time, in 1970, 55% of all starts in Canada were financed under the NHA). While the number of units financed by approved lenders has risen since 1966, the number of direct Section 40 loans has declined even more. There has been a dramatic increase in the past two years in the number of units designated for low-income groups. This is accounted for by the number of units financed under Section 16 of the NHA, which went from zero in 1968 to 510 in 1969 and 1,048 in 1970. The number of units financed by other than the NHA or conventional loans has remained very consistent (ranging from a high of 43% in 1967; in 1970, only 21% of all starts in Canada were financed by other than the NHA or conventional loans).

TABLE III

STARTS BY PRINCIPAL SOURCE OF FINANCING
- ATLANTIC PROVINCES -

	National Housing Act					Conventional	Other Financing	Total
	Approved Lenders	Sec. 40	Aid to Low-Income Groups	Other	Total			
1966	188	1,315	204	376	2,083	2,964	2,969	8,016
1967	421	1,642	255	76	2,394	2,337	3,649	8,380
1968	613	920	299	481	2,313	4,596	4,130	11,039
1969	1,370	675	1,000	176	3,221	5,262	5,297	13,780
1970	1,185	562	1,860	779	4,386	3,364	4,730	12,480

Source: Statistical Handbook, April 23, 1971, p. A-57

Unfortunately, CMHC appears not to keep a record of the number of starts by principal source of financing and size of area. The best that was available was a breakdown between "total" figures and figures for "centres under 10,000 population". However, even this much was revealing as the following table shows.

TABLE IV

STARTS BY PRINCIPAL SOURCE OF FINANCING
- ATLANTIC PROVINCES -

	National Housing Act		Other Financing	Total
	Sec. 7 & Sec. 40	Other		
1968 - total -	1,533	780	8,727	11,039
- centres under 10,000 pop.	604	93	5,288	5,985
1969 - total	2,045	1,176	10,559	13,780
- centres under 10,000 pop.	560	163	6,240	6,963
1970 - total	1,747	2,639	8,094	12,480
- centres under 10,000 pop.	712	1,106	5,336	7,154

Source: Economics and Statistice Division, CMHC, July 30, 1971

It is important to note that the majority of units are still being built in the small towns and rural area (from a low of 50% in 1969 to a high of 57% in 1970; in 1970, only 20% of all starts in Canada were in centres of under 10,000 population); and that starts financed by the NHA (including approved lenders) do not parallel the total activity as the majority of units are built in centres with a population over 10,000 (from a high of 78% in 1969 to a low of 59% in 1970).

As of August 9, 1971, CMHC had made 246 direct (Section 40) loans in the Province of New Brunswick. 107 of these were for units in the eight "rural zones" [41] or 43%. This, however, is a distorted picture as over three-quarters of all CMHC loans have gone into shell houses this year in New Brunswick. In the "rural zones", 90% of the loans went for shells. Therefore, only 25 houses have been financed so far this year in nine counties of New Brunswick under the normal Section 40 procedure.

If Section 40 loans are not being made, it might be assumed that the approved lenders are operating in the small towns and rural areas (as Section 40 loans are ostensibly to provide funds for areas unserviced by the approved lenders). This is not so in New Brunswick. This year, 90 percent of

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41. The "rural zones" are those which do not have a centre of over 15,000 population in them. This excludes six counties: Albert and Westmoreland (Zone 300); Saint John (Zone 310); York and Sunbury (Zone 320); and Gloucester (Zone 331), which have respectively, Moncton, Saint John, Fredericton and Bathurst.

loans made by approved lenders have gone into the four zones containing the four cities with a population over 15,000.

A similar picture emerges for the total Atlantic region. In a report dated July, 1971 on "Interest Rate and Lending Conditions Survey - Atlantic Region" it is revealed that two of the five chartered banks lending under the NHA are lending only in large urban and metro areas; three of the seven trust, savings and loan companies lend only in the large urban and metro areas; and all the life insurance companies (a total of six) lend only in large urban and metro areas.

Although CMHC and the approved lenders are not lending in the small towns and rural areas, the people appear to be finding other means of financing new construction; presumably through conventional loans at higher interest rates or "other" financing (e.g., private savings and family help).

The lack of CMHC lending is usually justified by citing a lack of interest on the part of the potential borrowers. There are several possible reasons for the lack of interest:

1. the people may not be aware of the government funds, notwithstanding occasional CMHC publicity drives.
2. although NHA loans apparently cannot be made for less than eight years, it can be paid off after the second year -- a fact that is little known. To rural people who are used to buying and building what they can afford, long term payments may themselves be unacceptable.

3. the loan forms are extremely detailed and less educated people could well have difficulty filling them out.

4. for the individual building his own home or the small builder building three or four houses a year, the inspections and standards of CMHC are not worth the 1% interest difference. This is not say that the houses are necessarily below standard, but such things as the requirement that only graded lumber be used (which is often not available in non-urban areas) inhibits the rural builder.

If the rural people in the Atlantic Provinces are not attracted to CMHC, neither is CMHC attracted to rural areas. Again, several reasons are cited:

1. lack of staff to provide services in the large rural areas;

2. CMHC's standards prohibit the making of many loans (such things as graded lumber are often important obstacles);

3. a higher mortgage risk is presumed to exist in the rural areas:[42]

> As the records will indicate this office has refrained from any substantial activity in the smaller outports of Newfoundland because of mortgage risk. <u>We probably could have doubled our volume if this policy had been otherwise than to ensure that each loan equates reasonalby well with the values of better housing in any given community</u>.

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42. Memo from Mr. A. Vivian (Branch Manager) to Director, Loan Insurance, Head Office dated August 28, 1963. File No. 112-1-9-1 (emphasis added).

The paper thus far has concentrated on those aspects of the housing activity best known and best understood by CMHC -- housing starts. However, in an area where in 1961, 33.9% of the dwellings were judged to be in need of repair [43] (8.9% in need of major repair), it is necessary to also look at the role of the NHA in improving or rehabilitating existing housing.

That role is both minor and diminishing. The total number of Home Improvement Loans (Section 24) insured by CMHC has declined steadily since 1961.

TABLE V

HOME IMPROVEMENT LOANS - CANADA

	No. of Loans	Loan Amount (in '000's)
1961	28,097	42,629
1962	23,895	38,022
1963	22,024	36,722
1964	19,800	36,009
1965	18,846	35,589
1966	18,042	35,931
1967	16,631	35,247
1968	10,524	23,869
1969	9,142	22,131
1970	7,057	16,852

Source: Canadian Housing Statistics, 1970, Table 60.

Similarly, the number of loans for home improvement in the Atlantic area has dropped. In 1970, the number of

43. Statistics are from the 1961 Census as given in the "Brief to New Brunswick Task Force on Social Development", by Central Mortgage and Housing Corporation, dated October 15, 1970. (Note: statistics for New Brunswick are higher than the Atlantic average)

Section 24 loans declined by 9.4% from the previous year; but the total loan amount for the area dropped by 27.7%. The only further breakdown available is the number of Section 24 loans which go into centres with a population below 15,000 and in the Atlantic region at least for the past two years slightly less than half the loans went into the smaller centres.

It should be kept in mind that Section 24 loans are simply insured loans as are Section 7 loans. In other words, CMHC has no program of direct loans for rehabilitation although it is possible to get money for "rehab" under a normal Section 40 loan. But this requires that a first mortgage be taken out.

This year, the budget for Section 40 is broken down for the region between "assisted home ownership", "aid to rehabilitation" and "residual lending" as the following table shows.

TABLE VI

1971 CAPITAL BUDGET-COMMITMENTS

FEDERAL INITIATIVE IN LOW-INCOME HOUSING

(in millions of dollars)

A- current approved allocation

B- suggest revision (April 1971) (Head Office break-down)

C- proposed Regional revision

Section 40	Total for Region		
	A	B	C
assisted home ownership		11.0	10.45
residual lending		5.6	6.15
aids to rehabilitation		4.9	4.9
sub-total	21.0	21.5	21.5

Source:
Regional Office files: "1971 Capital Budget-Commitments".

By the middle of August, 1971, however, no loans have been made for rehabilitation and there had been no starts (in Nova Scotia) under the $90 Million Program. As the Region is able to switch funds around to some extent, it appears that what loans are made under Section 40 will be either for the usual Section 40 loans or for the shell housing (particularly in New Brunswick and Newfoundland [44]). Clearly, present housing programs -- and their administration -- are not meeting small town and rural housing needs.

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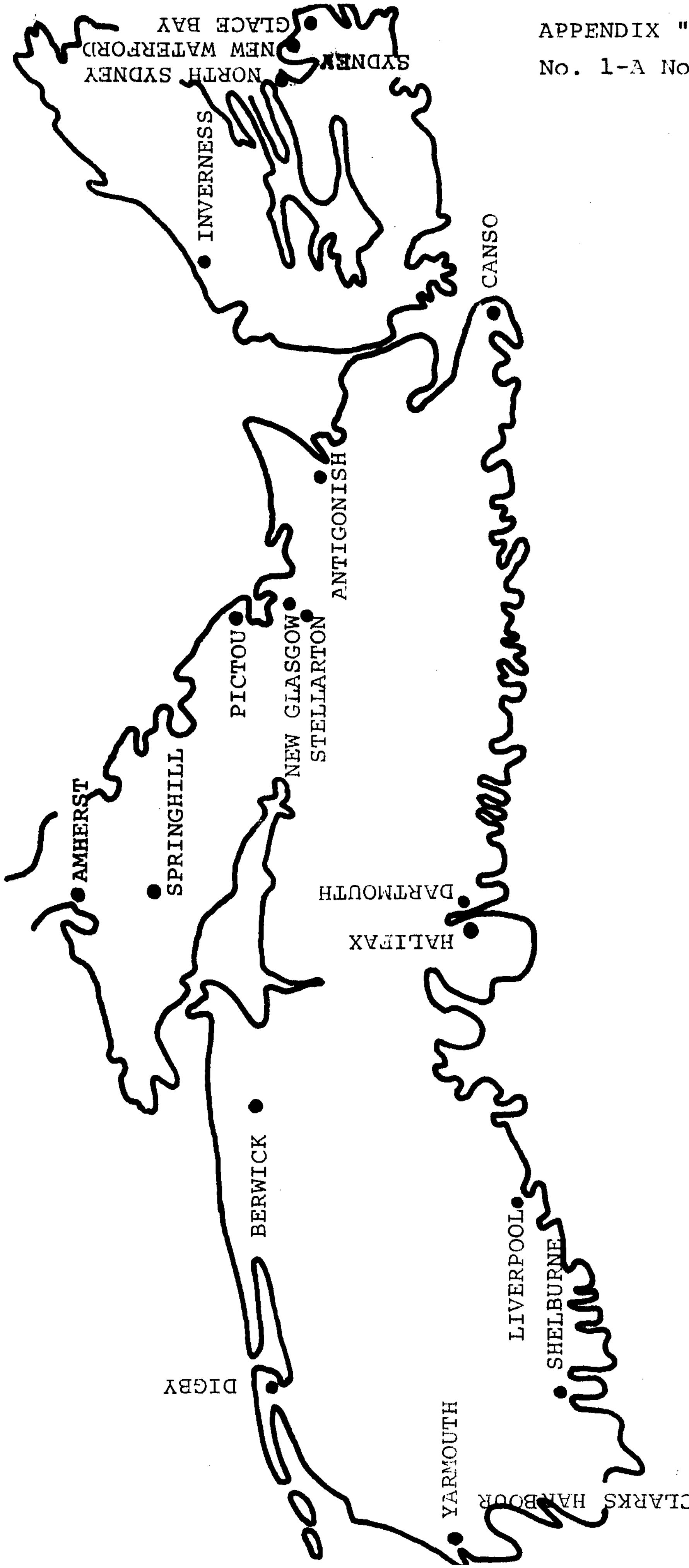
44. In Newfoundland, the Corporation is making between five and ten loans for what are called the "super shells" (i.e. shells without plumbing).

APPENDIX "A"

No. 1-A Nova Scotia



APPENDIX [illegible]

No. 1-B

NOVA SCOTIA

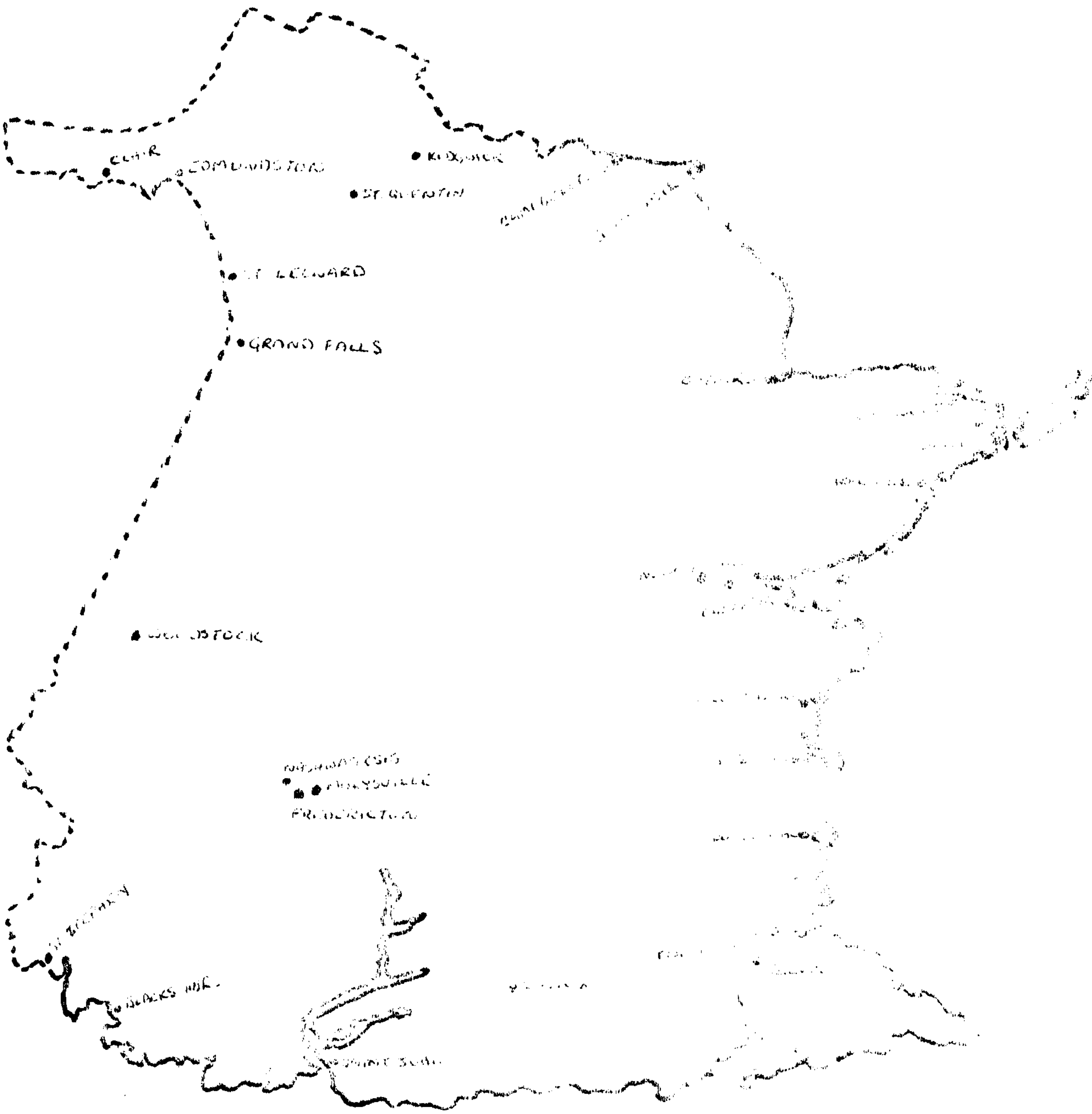
	population (1966 census)	[illegible] of public housing units
Amherst	10,551	35D - 2[illegible]
Antigonish	4,856	35A - 4[illegible]
Berwick	1,311	35D - 10
Canso	1,190	35D - 6
Clark's Harbour	1,002	35D - 12
Dartmouth	58,745	35A - 40
Digby	2,305	35A - 33
Glace Bay	23,516	35A - 70
Halifax	86,792	35A - 1,4[illegible]
Inverness	2,022	35D - 10
Liverpool	3,607	35A - 10 35D - 10
New Glasgow	10,489	35D - 20
New Waterford	9,725	35A - 4[illegible]
North Sydney	8,752	35D - 14
Pictou	4,254	35D - 32
Shelburne	2,654	35D - 1[illegible]
Springhill	5,380	35D - [illegible]
Stellarton	5,[illegible]	35D - 8
Sydney	32,767	35A - [illegible]
Yarmouth	8,[illegible]	35A - 7[illegible]

... census figures ar[illegible]
Queen's Printer, Ottawa, 1[illegible]9

...public housing [illegible]
and Public Housing Division, [illegible] Report,
Section 35A-C-D-E, December 31, [illegible]

APPENDIX "A"

No. 2-A New Brunswick



APPENDIX "A"

No. 2-B

NEW BRUNSWICK

	population (1966 census)	number of public housing unit
Bathurst	15,256	222
Blacks Harbour	-	20
Boutouche	-	10
Campbellton	10,175	147
Caraquet	3,047	21
Chatham	8,136	42
Clair	-	10
Dalhousie	6,107	18
Dieppe	3,847	38
Edmundston	12,517	119
Fredericton	22,460	64
Grand Falls	4,158	60
Kedgwick	-	10
Marysville	3,572	14
Moncton	45,847	35D - 222 35A - 103
Naswaaksis	-	20
Newcastle	5,911	24
Richibucto	-	32
Saint John	51,567	35D - 273 35A - 582
Shediac	2,134	20
Shippegan	1,741	15
St. Leonard	1,635	10
St. Louis de Kent	-	20
St. Quentin	-	20
St. Stephen	3,285	20
Sussex	3,607	30
Tracadie	2018	10
Woodstock	4,442	28