

1987
Policy and Research Initiatives
(Summary)

February 1987

Canada

**1987 POLICY AND RESEARCH PLAN
CANADA MORTGAGE AND HOUSING CORPORATION
(SUMMARY)**

In 1987, there will be a number of major activities which will be given high profile and present a number of challenges for the Corporation:

Housing Research Committee:

The Housing Research Committee will provide a focus for housing research in Canada. Comprised of high level representatives from government, industry, and private and public groups active in housing affairs, the Committee will serve to minimize overlap, establish housing research priorities, and lead to improved consultation, cooperation and joint venturing in areas of mutual interest.

CMHC will be providing the Secretariat for the Committee and its chairperson. It is expected that this contribution will help to strengthen CMHC's leadership role in housing research in Canada.

Goals for 1987 are: to work with representatives to reconcile differing views, to produce a Committee with clear purposes which can work smoothly and efficiently to carry out its functions; to lead the committee to identify housing research priorities; and, to fund areas where cooperation and sharing of work can improve research productivity and output.

Information Transfer:

The Corporation has a mandate to communicate information about housing to the public and to those who can influence and improve housing and living conditions. Virtually all research and development work contracted through Part V which results in reports is made available to the public through the Canadian Housing Information Centre. The Centre widely and regularly circulates information about its holdings and about new studies received.

Activity for 1987 will focus on implementing a strategy targetted at builders, sub-trades, renovators and consumers on "best practices" for new construction, renovation and operation and maintenance of housing. It will include the utilization of new media, such as public service television, videotapes, personal computers; a re-work of advisory documents in order that needed information is aimed at builders, trades, renovators; the creation of a series of consumer pamphlets; the development of new modules for Builders Workshops; and the design of new workshops for renovators in order that those most directly capable of effecting improvement to housing quality can be provided with needed information.

Also, major research studies and surveys are slated for completion during 1987 for which new publication and distribution approaches will be used. For example, joint publication with industry associations or with a university publishing house are possible opportunities which will be explored.

The Housing Research Committee will also serve as a new forum for the sharing and communication of research results and its operations should result in a more rapid review and implementation of useful research.

Rural and Native Demonstration Program:

1987 will be the second year for delivery of the Rural and Native Demonstration Program, through which the Corporation is evaluating the viability of self-help as an alternative to conventional Rural and Native Housing programs. Program delivery and resources will be identical for 1987, as they were for 1986, with delivery of 100 units.

Data Gathering in Support of Issues:

One of the major issues identified for 1987 involves the Social Housing stock including its nature and condition. This information is currently unavailable from administrative sources and a survey is required to gather these data after the initial conceptual work has been completed on quality indicators.

Other issues requiring new data acquisition or collection are in support of the Housing Needs estimation including those of the non-traditional population (e.g. singles). In addition to data gathering there are also requirements for the analysis and modelling of existing data for such topics as the Rehabilitation Industry, land/labour/materials, and the housing requirements projections.

Finally in terms of regular activities or furthering existing objectives 1986 Census data will be acquired during 1987 and existing market surveys will be adapted to better serve the needs of CMHC analysts at all levels.

The following summarizes the issues and priorities of policy and research activity for 1987.

Market Housing:

The resumption of economic growth and the stabilization of interest rates has greatly benefitted market housing. Dwelling starts are at the highest level of production since the late 1970's. Borrowing costs are at their lowest in 8 years. More renters are able to afford the payments of an average-priced house, more rental projects are now financially viable. The renovation market is very strong and is expanding. All leading indicators are suggesting that the favourable environment for housing markets will continue in 1987.

With the industry firmly on the recovery track, it is expected that the policy stance of non-intervention endorsed by Federal and Provincial/Territorial Housing Ministers in their 1985 conference will continue to be appropriate in 1987. Nevertheless, the risks of incorrect or short-lived predictions run high, considering the volatility in the economy and in the housing sector, in particular, over the past several years. Thus, increased emphasis on economic and market analysis and forecasting is necessary to enable the Corporation to anticipate and respond to rapid changes in the marketplace.

Markets have changed considerably from what they were prior to the economic recovery. The factors effecting these changes and new opportunities for strengthening housing markets warrant attention so as to assist the industry to cope and to identify market opportunities. To enable the Corporation to enhance its role in providing information and leadership, one emphasis of work in 1987 will be on **measuring and analyzing the changes in markets and recommending options for sustaining, generating, and appropriately meeting demand.** Work will continue on examining alternative forms of tenure, especially as they relate to senior citizens, including concepts such as **granny flats, home equity conversion and life leases.**

Social Housing:

Following the consultations on housing and discussions with the provincial governments, the Federal government directed CMHC to adopt new social housing policies and programs and to negotiate new financing and delivery arrangements with the provincial governments. Recently, Federal and Provincial Housing Ministers concluded their annual conference at which they directed their officials to examine a range of issues, such as the **equitable distribution of housing resources** throughout the country; the **definition of people eligible for the programs**, particularly in northern and remote areas; the **reduction of costs of existing social housing**; the proper **maintenance and preservation of the existing social housing stock**; and means of **addressing the increasing demand for specialized forms of housing** to meet changing community needs.

In addition, it is anticipated that an issue raised by the MacDonald Commission will emerge. This issue of whether government should reorganize its income support programs, including social housing, into a comprehensive income support program known as guaranteed annual income will be examined under **Income Versus Shelter Subsidies.**

Housing Quality:

CMHC's intention to re-affirm its mandate in the maintenance and improvement of the quality of housing in Canada was stated in the "New Directions" policy statement in December of 1985.

In 1987, it is proposed to direct the Corporation's policy and research resources in the housing quality area to four priority themes; **measurement of quality, high rise buildings, northern and remote housing,** and that of **ventilation, air quality and moisture.**

The development of more precise measurement tools is a priority because traditional indicators of "housing quality" are not sensitive enough to gauge the condition of Canada's housing stock, and more precise information needs to be available to the Corporation and to the Government to assist in the formulation of policy.

In the northern and remote theme area, several issues regarding the delivery, adequacy and longevity of housing in these areas of the country need to be addressed. Work will be continued in the development of ventilation and foundation solutions for northern housing that will cope with the rigors of climate and poor soil conditions. Life cycle costing will be used to analyze the provision of housing in the north, and to compare the alternatives of major rehabilitation versus replacement.

The inter-related research areas of ventilation, air quality, moisture and structural decay, will continue to be explored both theoretically and in field testing. Performance testing and design procedures will be developed for ventilation systems. Air quality work will focus on combustion spillage and mould. Research into solutions to moisture damage will continue in Atlantic Canada, both for new and retrofit construction. Support for work on safe control of **termite infestation** will continue.

The 1987 issues above emanate from the Cabinet RD on the "New Directions in Housing Policy", previously initiated activity which requires further investigation, and through consultation with the industry, research community, and field and National Office Sectors within CMHC.

PROGRAM EVALUATION:

The Program Evaluation Division is responsible for reviewing and evaluating all CMHC programs on a cyclical basis so as to determine whether they are meeting their objectives. Evaluations of both individual programs and groups of programs with similar objectives are undertaken. This latter approach permits comparison of the effectiveness of different programs at meeting similar goals. Where the effectiveness of programs in responding to housing needs is inadequate, evaluation studies include recommendations for their improvement or change.

The plan for the Program Evaluation Division is prepared on a five-year basis. 1987 activities are therefore determined, in part, by the need to evaluate all programs within the five-year timeframe. In addition, the Plan responds to other priorities through consideration of strategic planning and policy development requirements, direct requests from Cabinet or central agencies, management concerns, major changes in programs or the introduction of new ones. The Plan also meets any external requirements set by the Office of the Comptroller General (OCG).

When new programs are developed or major changes made to existing programs, evaluation frameworks are prepared to outline how these programs would be evaluated in future. The steps involved are intended to clarify program objectives and put in place data collection activities to facilitate future evaluations. The Program Evaluation Plan for 1987 responds to the requirement contained in the new global agreements on social housing to develop evaluation frameworks for the new programs jointly with provincial officials. Similarly, an evaluation framework will be developed for the new Cooperative Housing Program.

In 1987 work will begin on evaluations of the Research and Information, and Property Administration Programs and evaluation assessments will be developed. As well, the Program Evaluation Plan for 1987 continues to concentrate on an evaluation of federal rental programs and the rehabilitation and conservation overview evaluation. The latter will be completed in 1987.

Recently, there has been renewed concern for the proper maintenance, preservation and overall management of the existing social housing stock, particularly the public housing stock. In response to this priority concern, the evaluation of the public housing portfolio has been rescheduled to commence in 1987.

MARKET HOUSING

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
1. Housing Requirements Projections	<ul style="list-style-type: none">• Health and Welfare has recently announced a 3-year study of Canada's demographic future. The importance of this work is emphasized by the ECE Working Party in Housing, by CHBA and emerging changes in market demands.• CMHC continues to receive many requests for assessments of impacts of demographic trends on housing.	<ul style="list-style-type: none">• Participation in Health and Welfare study.• Update of the long-term outlook prepared in 1981 using CMHC housing requirements models.• Preparation of monograph on long-term housing demand and supply outlook.• Preparation of a framework for ongoing demographic analysis at CMHC.
2. Housing as a Tax and Employment Generator	<ul style="list-style-type: none">• The Corporation needs to be in a position to respond quickly should the federal government consider re-introducing housing measures to stimulate job creation.• Tax revenues generated by housing are not usually considered in economic planning yet their impact may be substantial.	<ul style="list-style-type: none">• Assessing the employment effects of generating new housing demand: home buying, rental construction, and renovation.• Overhaul of CMHC's stimulation and forecasting models to reflect recent structural changes in the economy and housing sector.• Comparative analysis of housing with other non-housing job creation measures.• Identify tax revenues by housing start type, by province.
3. The Rehabilitation Industry	<ul style="list-style-type: none">• This area is continuing to absorb a growing proportion of the resources in housing.	<ul style="list-style-type: none">• Assessment of results of studies now underway with objective of answering questions about opportunities, industry capability, and government role.

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
3. The Rehabilitation Industry (Cont'd)	<ul style="list-style-type: none">• CMHC needs to be prepared to respond to questions about the government's role in ensuring that investments in rehabilitation are undertaken efficiently.	<ul style="list-style-type: none">• Additional industry profiles.
4. Innovations in the Mortgage Market	<ul style="list-style-type: none">• Federal government has been under pressure since the recent period of high and volatile interest rates, to facilitate the appearance of new and innovative mortgage instruments.• There is emerging interest in the concept of home equity conversion schemes.	<ul style="list-style-type: none">• Identification of opportunities to encourage the use of alternative mortgage instruments, and preparation of consultation paper.• Position paper on home equity conversion.
5. Housing the Elderly	<ul style="list-style-type: none">• By the year 2025 people over 55 will make up about 20% of the population, compared with about 10% now. The over 75 age-group will almost double by the end of this century.• The growth in the elderly population could result in heavy demands for housing and related support services.	<ul style="list-style-type: none">• Preparation of a framework for analyzing options available to the elderly and provision of comparative data.• Examination and demonstrations of options with potential for application in Canada.• Analysis of the special needs of the over 80 population.
6. Regulatory Reform	<ul style="list-style-type: none">• There is evidence indicating that current regulations can add to housing costs and impede design and technological innovation. There is also concern that they are not effective in controlling housing quality uniformly across Canada.• CMHC has agreed to contribute funding for a national study of regulatory reform.	<ul style="list-style-type: none">• Examine options for regulatory reform and ways of promoting needed reforms.• Examine alternatives to building codes and the potential for developing model codes.

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
7. Housing Design Innovations	<ul style="list-style-type: none">. The housing industry must be prepared to respond to changing markets, new technology and potential competition from foreign manufacturers.	<ul style="list-style-type: none">. Ongoing monitoring of developments in the manufactured housing industry.. Re-examine comparative costs of stick-built housing vs. manufactured housing.. Develop proposals for a demonstration program to provide focus for housing innovation in Canada.
8. Land Supply Issues	<ul style="list-style-type: none">. In urban areas the lot is the largest component of housing costs. Uncertainty about the supply of lots adds to instability for small builders.	<ul style="list-style-type: none">. Study of the lot supplies available to small builders and techniques to control land costs.
9. Labour and Materials	<ul style="list-style-type: none">. There is a need to update the data base on labour and materials used in new construction. It is important to CMHC research/policy work, to other federal agencies, and to the housing industry.	<ul style="list-style-type: none">. Collection of labour input data, and analysis of both labour and materials input data.
10. CMHC as Federal Urban Advisor	<ul style="list-style-type: none">. Present focus of CMHC primarily on housing holds downstream risks; housing is tied to urban issues and infrastructure problems and developments. These will affect housing. The Corporation's mandate is to advise federal government on housing and urban questions.	<ul style="list-style-type: none">. Review scope of infrastructure and other urban issues; look at existing CMHC resources available for responding to urban questions.

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
11. Ongoing monitoring, analysis, forecasting	. CMHC must also collect, analyze, prepare, and publish information on housing for the use of government, industry and consumers.	. Prepare national housing outlook, conduct survey of mortgage lenders, survey and project vacancy rates. . Prepare briefings and responses for ministerial and presidential correspondence. . Follow up activity to cabinet documents and briefings on impending issues such as free trade, and the effects of tax reform proposals on housing costs and the housing industry.

SOCIAL HOUSING

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
1. <u>Housing Stock</u>		
a) The condition and suitability of the social housing stock and options available to government for addressing problems.	<ul style="list-style-type: none"> . Large public investment at risk if proper maintenance/repair practices not followed. Public housing subsidies could increase greatly as operating costs increase. . Substandard or unsuitable housing stock means inequitable treatment among beneficiaries and failure to resolve housing problems of assisted households. 	<ul style="list-style-type: none"> . Develop indicators of housing quality to assist in examination of regeneration strategies. . Survey of characteristics of existing stock. . Evaluation of alternative strategies to deal with problems.
b) Reduction in cost of public housing stock	<ul style="list-style-type: none"> . Government now spends over \$450 M yearly to support public housing stock. These expenditures will continue to grow for more than 40 years. Reductions in subsidy budget would help alleviate federal deficit problem and enhance budgetary flexibility. 	<ul style="list-style-type: none"> . Preliminary work to identify information requirements and to evaluate possible options. . Study of public housing operating and maintenance practices to identify and evaluate opportunities for savings, along with examination of alternatives regarding rental policies for welfare recipients.
2. <u>Federal - Provincial Arrangements</u>		
a) Housing needs and the joint-planning process	<ul style="list-style-type: none"> . The government is committed to targetting assistance to those in core housing need, and geographical targetting is dependent upon data at sub-provincial level. . Need to develop improved indicators of core housing need and housing need generally to support current programs and lead to better assessments of housing need. 	<ul style="list-style-type: none"> . Detailed assessment of data requirements based on needs of joint-planning process. . Evaluation of core housing need approach, with proposed conceptual improvements. . Assessment of survey options to meet data requirements. . Work to be done in conjunction with provincial housing agencies.

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
b) Housing the non-traditional /special needs population	<ul style="list-style-type: none">. Many households with special housing needs have received only limited attention under social housing programs.. Interest in housing single people is growing. Many single-person households are in core need. Federal and provincial positions vis-a-vis non-elderly singles are not as well developed as those for the elderly and families.	<ul style="list-style-type: none">. Examine housing problems of people with non-traditional housing needs, plus related data requirements.. Assess impact of current solutions, along with impact of non-housing programs.. Investigate options and prepare proposals on housing solutions.
3. <u>On-Reserve Housing</u>	<ul style="list-style-type: none">. Work is required to enable CMHC to participate in upcoming discussions of policy proposals for on-reserve housing, especially in context of devolution of authority to Indian bands.	<ul style="list-style-type: none">. Participation on inter-departmental task force on housing on reserves.
4. <u>Self-Help</u>	<ul style="list-style-type: none">. This approach offers opportunities for core-need households to develop skills useful in solving their housing problems.. It could help reduce social housing costs and resolve other problems for moderate-income households.	<ul style="list-style-type: none">. Evaluate a broad range of self-help housing solutions, including self-help aspects of RNH-Demo and co-op programs.. Examine feasibility and means of incorporating a greater degree of self-help in housing programs.
5. <u>Income vs. Shelter Subsidies</u>	<ul style="list-style-type: none">. MacDonald Commission proposed a guaranteed annual income as replacement for income-support programs, social housing included.	<ul style="list-style-type: none">. Compile and summarize existing material on the issue, and identify and examine issues requiring further study.

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
5. <u>Income vs. Shelter Subsidies</u> (Cont'd)	<ul style="list-style-type: none">. The issue could surface again for public debate. Its resolution could affect social housing policies and programs.	<ul style="list-style-type: none">. Preparation of a position paper.
6. <u>Other Activity</u>	<ul style="list-style-type: none">. Ongoing need for monitoring, research and analysis of developments relating to social housing.	<ul style="list-style-type: none">. Monitoring and research into new co-op program as implementation proceeds.. Briefings on social housing topics, etc.

HOUSING QUALITY

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
1. High Rise Buildings	<ul style="list-style-type: none">Technical problems in cladding failures and parking structure deterioration could have serious economic implications for home-owners, landlords, condominium corporations, coops and non-profits. These problems could also have implications on the Mortgage Insurance Fund if bankruptcies of major projects occur.	<ul style="list-style-type: none">In the area of cladding failures, field investigations of wall cavities will be undertaken to establish scientific evidence regarding the severity and scope of the problem and solutions.Theoretical work will be undertaken to establish better criteria for masonry on steel stud design.In the area of parking structures, monitoring of the success of repair solutions in the field will be undertaken in cooperation with NRC.
2. Northern and Remote Housing	<ul style="list-style-type: none">There are concerns that housing in northern and remote areas is in a poor state of repair, deteriorates prematurely, and is costly to deliver, repair and operate.	<ul style="list-style-type: none">Undertake work on lifecycle costing, and the viability of major repair versus replacement strategies.Field testing of mechanical and structural systems better suited to the rigors of the Arctic climate.Monitor moisture and indoor air quality.
3. Ventilation/ Air Quality/ Moisture	<ul style="list-style-type: none">As housing has become more airtight, moisture and air quality problems have increased. More houses experience damage from wood rot, and, occupant health is an increasing concern due to increased indoor pollutant dangers of toxic gases being spilled into houses from furnaces, fireplaces, and building materials which are known to release chemical pollutants.	<ul style="list-style-type: none">Develop testing methods and undertake data collection from field monitoring of "real life" housing situations, and, design of ventilation systems.Sampling of houses to establish pollutant levels.

<u>Area/Issue</u>	<u>Rationale</u>	<u>Activity</u>
4. Termite damage to residential property	. Termite infestation is believed to be spreading dramatically from Toronto to Southern Ontario. Present control measures are overly toxic and have been banned in many U.S. jurisdictions.	. Provide assistance to the Termite Control Task Force established by the city of Toronto at the University of Toronto. CMHC is committed to three years of support.