1989 POLICY AND RESEARCH INITIATIVES

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- 1. The . Housing researchers and . Defin industry representatives orien have underlined the need for better data on the . Devel condition of the Canadian measu housing stock, the way it performs and, the opera- . Initi tion of the residential infor renovation industry. and c
- 2. Labour and Materials
 Basic up-to-date information regarding labour and materials used in new residential construction is important to CMHC as well as to other federal agencies and members of the housing industry.

- Define and develop market oriented data.
- Develop methodology for measuring house condition.
- Initiate development of information for renovation and conversion work.
- Develop information on off-site labour requirements.
- Develop a system to facilitate ongoing monitoring and forecasting of labour and material requirements.
- Examine the comparative costs of producing different forms of housing and utilizing different production techniques.
- Analyze trends in housing types, construction systems, and materials.
- Develop, monitor, evaluate and disseminate information on projects carried out to date.

3. Regulatory Reform • Canadian housing markets will change appreciably over the next twenty years. It is not clear that the existing regulatory structure will be able to cost effectively accommodate this change. CMHC has sponsored a

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Regulatory

Reform

(cont'd)

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study by the FCM/CHBA/ CHRA tripartite association to establish a plan for evaluating and improving the Canadian regulatory environment related to residential construction. Issues relating to intensification and lot levies will be addressed.

• Initiate work to develop more cost-effective and responsive codes for housing construction, residential renovation, and conversion work.

. Examine municipal taxation.

4. Projections of Potential Housing Demand The long term socioeconomic and demographic outlook continues to have important implications on future housing demandand supply. The last comprehensive long term projection of housing requirements was produced by CMHC in 1981 based on 1976 Census data. 1986 Census data are now available to update projections at both a provincial and metropolitan area level. In addition, the assumptions and projection techniques underlying the current model need to be reassessed in light of recent socio-economic developments.

• Continue participation in the Health and Welfare three year study of Canada's demographic future.

• Complete work on updating housing requirements projections using 1986 Census data.

• Begin long term work on improving the model.

5. Innovations in the Mortgage Market • One legacy of the high and volatile interest rate environment of the early 1980s is the increased interest in alternative mortgage instruments. There has been pressure on the federal government to assume an increase role • Develop a position paper on alternative mortgage instruments.

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5. Innovations in facilitating new . Engage the private sector in the and relevant government mortgage designs in the departments/agencies in Mortgage market place. Recent Market examples of innovations discussion. (cont'd) include mortgage-backed securities and the index-linked mortgages.

6. Housing the • The growth in the elderly Elderly population, particularly in the over 75 group, people. could result in heavy demands on public funding . Identify ways of designing for housing and related support services if past patterns of need are maintained.

- . Identify effective ways of meeting the needs of elderly
- new dwellings that can be adapted to the changing needs of older people.
- Explore ways in which new technology can help elderly and disabled people to maintain independent lifestyles.
- . Implement and evaluate the emergency response system demonstration project.
- . Undertake case studies of demonstration projects, or other innovative projects for seniors.

7. Land Supply . In some cities lot prices . Explore the potential for Issues are increasing at as high improving data bases, a rate as they did in the encouraging wider and more early 1970s. Some flexible distribution of information concerning the municipalities are gradually increasing the land supply, and augmenting cost base of serviced the automation of such lots by elevating lot information systems. levies. In eastern and central Canada, there are . Monitor the findings of sporadic claims by local land studies and intesmaller builders that grate these into occasional, they are unable to timely reports which assess maintain adequate sources national trends. of serviced lots to

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reform on housing, and the

study on municipal taxation.

- 7. Land Supply assure their production. Issues (cont'd) Some larger urban regions (cont'd) will need major sewage treatment facilities and/or sewer trunks within a few years in order to accommodate the demand for urban expansion.
- 8. . Focus on the need to ensure CMHC as . Housing is impacted by Federal Urban compatibility of local and the action and non-action Advisor of many other actors and regional goals with national sectors of the economy. objectives. The quality of life that the 83% of Canadians who live in urban areas enjoy is dependant upon the extent to which towns and cities are good places to live. The quality of cities, therefore, is an important concern of the federal government, and better harmonization is required between public and private actors to ensure that federal housing objectives are met. Public policy prescriptions must get at the causes and not just respond to the situation once the urban fabric has been eroded. 9. Taxation and • Stage I of the federal . Continue work on the CMHC/ Housing personal and corporate CHBA/Department of Finance tax reform has now been tripartite study on the implemented. consequences of sales tax The

transitional measures

need to be monitored.

The effects of Stage II, a multi-stage sales tax, on housing affordability

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- Taxation and and CMHC commercial Housing activities and programs (cont'd) need to be assessed and measured. The Minister of Finance stated that the tax will not be allowed to prejudice the reasonable opportunity for homeownership that Canadians would otherwise enjoy and that actions (direct assistance or modification to the operation of the tax in the area of housing) will be undertaken to address any demonstrated barriers to affordable housing caused by the tax.
- 10. Free Trade

• While free trade will be beneficial for the housing sector globally there will be a need to monitor closely the impacts of the agreement on individual housing markets.

ributed to instability? How has international migration contributed to instability? What has

- 11. Sources of • Apart from monetary policy, the effect of the Costs of Instability other main causes of of the instability in the Housing housing sector are Sector unknown, both nationally and locally. In addition, there are a number of other unknown factors: i.e. to what extent have variations in net international migration cont-
- Undertake work to meet CMHC's needs in fulfilling its market analysis functions.
- Monitor the impacts of agreements on individual markets.
- Review the type of policies other industrialized countries have put in place to stabilize their housing sector.

• Review the effect of immigration on the stability of housing markets.

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- been over the years the 11. Sources of Costs of cost of industry instability and what can we Instability learn from other counof the tries? Are there Housing Sector measures that would be effective in stabilizing (cont'd) the housing sector.
- 12. . In order to fulfill its . Review and assess the Forecasting national mandate, it is current theoretical and Economic and incumbent upon CMHC to technical knowledge with Housing regard to modelling and Market produce comprehensive, forecasting the housing complete and accurate Activity forecasts of economic and sector. housing market activity.
 - Develop and test a macro-economic model(s) of the housing sector on a national level.
- 13. Local Market . Based on market analysis reports prepared for Analysis Methods resource towns and for other communities whose economies are dominated by a certain industry, a need has been identified for a better understanding of the theory and mechanics of employment multipliers. In order to forecast total local employment as accurately as possible, market analysts need to understand the theory and methodology of employment multipliers for various industries.
- Undertake a literature review of local employment multipliers by selected industries.
- Prepare a report on the theory, development of the method and calculation of employment multipliers.
- Prepare case-studies which demonstrate the use of employment multipliers.
- Prepare an analysis guide to document the steps in forecasting total local employment and, provide an assessment of the anticipated impact of the employment forecast on housing activity.
- Prepare a training course for CMHC market analysts on how this method can be useful to them.

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• CMHC is concerned with

14. Symposium on Developments in Pure Socio-Economic Research

- all aspects of research, pure or theoretical as well as applied. Currently, CMHC is playing a leadership role in the area of applied research. The key instrument used by CMHC for this purpose is the National Housing Research Committee. This Committee is proving to be an effective vehicle in the area of applied research, both in coordinating research efforts and in developing a consensus on research priorities. The Corporation should also assume a leadership role in the area of theoretical housing economic research.
- 15. Cost
 Comparison Manufactured
 vs. On-site
 Housing
- . It has been argued that manufactured housing has little or no future in Canada. This view stems from the decline in manufactured housing production from an annual level in excess of 50 000 housing units in the mid-1970s to less than 10 000 units in the last few years. In spite of the declining trend in production, there are many people who believe that manufactured housing could play a key role in the years to come in providing superior quality housing at an affordable price.

- Prepare for holding a symposium/seminar on socioeconomic research.
- Issue "Challenge Papers" to 3 or 4 academics who would discuss what they believe are the main limitations of existing theories and models in the area of housing economics.

- Obtain information on the labour and material content and cost of panelized housing produced in Canada.
- Obtain similar information regarding the production of panelized housing in Sweden.
- Compare information with data relating to panelized housing produced in the U.S.

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. CMHC is working toward

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. Activity will focus on

- . Activity will focus on 16. Homeownership . Access to, and security analyzing various of homeownership have Access/ alternative housing finance Security been recently reaffirmed by the federal government schemes, innovative cost-savings ideas and the as its housing levering of surplus federal objectives. There may be lands. innovative and cost effective approaches in meeting these objectives.
- Tripartite analyzing various policy increasing borrower Risk Sharing scenarios and their impacts access to NHA-insured on mortgage availability in financing on special risk communities whose special risk communities. economic characteristics suggest a potential of unacceptable claim losses to the MIF. Through adding provincial/ territorial governmental and companies providing major employment into the risk sharing equation, NHA insurance can ensure that borrowers living in special risk communities obtain the same housing finance terms as others living elsewhere. 18. Enhancements . Identify and analyze various • The reappearance of
- ways and means, without to NHA longer-term mortgage money is one of the causing major interruptions Mortgageprimary public policy to the present program Backed Securities objective of NHA design, with a view to ensuring that the program mortgage-backed securities. A cheaper can achieve its maximum source of funds for the potential. financing of social housing, and promoting an adequate supply of mortgage funds are the others.

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19. MRPP . During the early 1980s, . Report to Cabinet on the many homeowners renewed results of the review of Enhancement their mortgages at MRPP including options for unexpectedly high change, where appropriate. interest rates. The federal government's response to volatile interest rates was the establishment of the Mortgage Renewal Protection Plan (MRPP). Increased program participation would result in improved security for homeowners.

20. Public/ . Because of today's fiscal • Prepare a paper identifying Private reality, governments are potential public/private Partnership putting increased partnership opportunities. **Opportunities** emphasis on the harmonization of private profit-making with societal interests in the achievement of public policy objectives. This strategy is particularly evident in projects requiring large capital outlays, long planning and implementation time and actors with diverse expertise. However, public/private partnerships, as a local housing policy instrument, have not been widely-used. 21. Contingency . The Corporation ought to . Undertake an analysis of the position itself with consequences of what-if Policy Planning respect to the ability to scenarios and identify manage the changes

associated with economic

cycles.

initiatives that would be appropriate given certain economic and housing conditions.

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22. Housing, • CMHC should initiate an . Undertake preliminary Environment ongoing program of research to produce research to monitor and syntheses of existing work, and the Economy become involved in critito draw implications for cal developments that are housing and to recommend emerging in the field areas for priority broadly known as "enviinvestigation. ronmental concerns". After careful review in . Initial review of housing the recent 3-year study risk associated with climate by the World Commission changes as identified by on Environment and Environment Canada. Development, serious fundamental problems are . Undertake a review by gradually catching the economists/planners attention of world specializing in energy leaders. This UN study issues to consider the found there is an urgent potential of housing energy importance for economic audits for utility planning, planners to attend to and user guidance. certain environmental and conservation issues.

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1. Preservation . There are approximately . Complete the evaluation of and 200,000 units in the the condition of the public Maintenance public housing stock. housing stock and its of the Some of this stock may be sensitivity to the needs of Existing in poor physical condi-Canadians. This will be Public tion because of initial followed by the development Housing Stock inadequate construction of appropriate policy or maintenance. It may recommendations. be inferior in space and amenities to housing built under current construction standards. It may also be inappropriate or unsuitable for the current and future social housing population. 2. Reduction in . Ways to more cost- Review and assess how other Subsidies of effectively manage governments have handled

Public subsidies on the existing public housing stock, Housing Stock through economies in maintenance and operating budgets need to be explored.

- similar problems.
- . Evaluate the public housing operating and maintenance practices identified as presenting opportunities for savings.
- . Prepare a paper for discussion with the provinces and other federal agencies.
- 3. Life Cycle . There is increasing concern that the emphasis Costing now placed upon controlling the initial capital costs of subsidized housing is having a detrimental effect on ongoing costs. Suggestions are that the principles of lifecycle-costing (i.e., the combination of capital and ongoing costs over the life of a project) be reflected in the MUP creation/application process.
- . Modify the CMHC2 system so that it can also deal with the repair and replacement aspects of life-cyclecosting.

 Develop life-cycle-cost guidelines.

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• The development and

- Housing Needs and the Joint Planning Process
- implementation of an inter-provincial social housing allocation model, the joint planning process, and the new social housing programs generally, have emphasized the requirement for up-todate estimates of core housing need. As a result, improved indicators of housing need must be developed not only for the purposes of the current social housing programs but also must be developed to enhance assessments of housing need in more general terms.
- During discussions with the Provinces/Territories regarding the development of a needs-based model, opportunities have been identified for improving the existing national data bases in terms of their timeliness, frequency and reliability at lower geographic levels.
- 5. Housing the Non-Traditional/ Special Needs Population
- One of the more important results of demographic, social and economic change over the last thirty years, has been the increasing number and proportion of single person households, particularly in the non-elderly category. More recently the plight of those single people not living in structurally separate

- Continue work on the development of a more equitable needs-based allocation formula.
- Examine the core housing need population in further detail.
- Continue work on the development of improved indicators and data bases for measuring housing needs.

- Continue work to examine the housing conditions of single persons and households with special housing needs.
- Initiate work to address some of the "research gaps".
- Assess the impact of nonhousing programs on the housing situation of singles.

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5. Housing the Non-Traditional/ Special Needs Population (cont'd) dwellings - roomers, boarders, lodgers and the homeless has increased in visibility as a result of their socio-economic conditions, and the loss of rooming house accommodation in the major centres. Many single person households are in core housing need. There is a need to better understand the requirements of these groups and to develop alternate forms of housing to accomodate their requirements.

- ACTIVITY
- Initiate work to seek ways of extending the range of appropriate accommodation options available for groups with special needs.
- Undertake work to determine the most effective ways of coordinating accommodation and support service needs.

- 6. Self-Help
- Self-help in its broadest sense implies the participation of the user in housing, i.e. the responsibility for the construction and/or operation of the unit.
- Government's involvement in social housing will be directed toward core need groups. The current social housing program approach places little responsibility on the tenant. Thus there is little opportunity for him or her to develop skills which would be useful both in terms of maintaining the unit or perhaps even in improving personal economic prospects.
- Evaluate alternate ways of facilitating self-help in new construction and renovation.
- Evaluate alternative approaches for incorporating the self-help concept into a variety of social housing programs.
- Continue to monitor and evaluate on-going experience with the RNH Demonstration Program (1986-1991).

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- . Initiate pilot projects with 6. Self-Help . The alternative of selfa greater degree of (cont'd) help housing offers these participation by the user. opportunities by requiring individuals, groups of people and communities to become more selfreliant when looking for solutions to their housing problems.
- . CMHC will support DIAND by 7. On-Reserve . Following its evaluation of the On-Reserve Housing participating on the On-Housing Reserve Housing Policy Program, and CMHC's evaluation of its on-reserve Liaison and Steering housing programs, the Committees. Department of Indian and Northern Affairs (DIAND) has established a task force to develop housing policy and programs for Indian reserves.
- 8. The . The definition of income used for determining pro-Definition of gram eligibility and Income level of federal assistincomes. ance has not been reviewed since 1980. It is unknown whether the current deductions or inclusions are consistent with the intent of the inconsistencies. social housing program.

In addition to the CMHC definition of income, there is the question of consistency with the treatment of income under such federal programs as veteran's pensions, Canada Assistance Plan, Income Tax, etc.

- . Undertake a comparison of provincial rent-to-income scales and definition of
- . Examine how income is defined in the programs of other federal departments and agencies to determine
- . Investigate provincial variations in the treatment of assistance payments.

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- 8. The Furthermore, provinces Definition of deliver programs on our Income behalf which we cost-(cont'd) share, but provinces also utilize their own RGI scales, which include different definitions of income.
- 9. Limited • Low-rent accommodation is . Complete the evaluation of Dividend the Limited Dividend Program supplied by Limited and determine its success in Housing Dividend projects through supplying low-rent Entrepreneurs agreements with CMHC. The targeting of these accommodation for Canadians units to those in need is in need. Develop appropriate policy being evaluated and, if recommendations. necessary, policies will be developed to ensure that this program remains a cost-effective method of supplying affordable accommodation to low and moderate income Canadians.
- 10. Re-assessment . Since the RNH Program was . Evaluate RNH ownership, introduced in 1974, some rental, emergency repair and of the Rural and Native 22,000 units have been demonstration programs. Housing built or acquired. The evaluation of the Program . Initiate public consultation Programs on RNH issues and options. was scheduled to begin in 1989 but was accelerated because both federal and provincial governments are anxious to resolve problems being experienced in the RNH stock. It is now underway and results will be available by mid-1989.

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- ven though most parking tructure and cladding ailures are repaired beore safety is comproised, the repair costs f each type of failure an place marginal buildngs into the risk of ankruptcy. Problems ith balconies can be exensive to repair, and ack of action can result a safety problems. Corosion of the ties holdng many claddings to the tructure seems to be ccelerating with the inrease in rain acidity nd may result in a rash f major repairs before he most cost-effective epairs have been lentified.
- kperience with low-rise ir quality suggests that he comfort, health and afety of occupants may e at risk in many highises. It is important that we know the strength of pollutant sources and the direction and amount of the inter-floor and inter-unit air flows taking place throughout high rises if we are to advise on effective remedial measures. Renovation may make some units so air tight that occupants leave balcony doors and bedroom windows open most of the time, defeating any possible energy savings and introducing new comfort and health problems.

- Continue evaluating repair schemes.
- Initiate phase II of the field study of carbonation problems.
- Field test and monitor the improved wall designs.

 Investigate the requirements, and practical designs, for ventilation systems in high rise buildings.

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- 1. High Rise In addition, poor sound . Undertake field tests and evaluations on floor Residential control between units of (cont'd) a multiple unit dwelling assemblies. can have a strong negative impact on the value of . Undertake research on the units, and in the internal noise sources. length of time they remain unrented.
- 2. . Take the problems and Northern and . Conventional building Remote products, systems and improved design specifications to Housing construction techniques used and proven in the manufacturers and designers to produce improved southern and urbanized areas of Canada do not prototypes for field testing and evaluation. necessarily perform well in Arctic and remote locations, where severe . Field test new heating and ventilation equipment and environmental conditions and heavy duty use promeasure the quality of indoor air in a number of mote rapid degradation or breakdown of the housing Arctic communities. components, including windows, doors, and structural framing. Various heating and ventilation strategies have been implemented by CMHC in the north over the past several years. New technologies have emerged and concern over indoor air quality has been expressed. The objective of underlying research and development work is to present those technical options that have been proved in the northern and remote environment and that offer greater performance at less capital and operating costs.

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. The "North File" is a 2. Northern and • Upgrade the "North File" by adding and assessing data. Remote compilation of data and assessments of northern Housing (cont'd) technology that can be referenced by designers and contractors, to produce a cost-effective quality housing product. The file was started last year and needs further documentation to capture new techniques in construction. 3. Ventilation/ . Housing has changed sig-Continue developing a better Air Quality/ nificantly over the last understanding of the pro-Moisture few decades: it has blems which have been found become tighter; and is and build a data base on now made and furnished field performance. with an array of synthetic materials, many . Continue work to improve the of which emit small theoretical understanding quantities of chemicals and practical solutions of uncertain effect on needed for passive human health and ventilation systems and for comfort. Instead of some demand-controlled ventilahouses being too leaky tion. for comfort, the complaint is now more • Undertake a study of wood likely to be that many stoves and a survey of the are too tight for elimipollutants found in soil nation of odours and gases. trace chemicals. Without an effective ventilation system, domestic indoor pollutant levels have sometimes been measured . Undertake a study of the above those recommended evolving class of houses as undesirable by HWC. designed and built for With increased air tightpeople with a sensitivity to ness, indoor humidity chemicals found in many new levels can also be too and existing houses. high, both for the health of the occupants and for . Field test designs of the safety of the structrouble-free basements. ture. With excessive

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- 3. Ventilation/ Air Quality/ Moisture (cont'd)
 1 evels of ventilation, however, humidity levels can become too low, or combustion products can spill into the indoor air, possibly causing air quality problems.
 - Moisture in walls and attics can result in rot problems, with both structural and indoor air quality consequences. While much has been learned in recent years, not enough is know to give advice on cost-effective solutions.
- Undertake attic moisture research in the field.
- Upgrade the "WALLDRY" program to include phenomena found to cause problems in some low rise walls, and define wall assemblies that resist moisture problems in the many different climates of Canada.
- Conduct a Canada-wide survey of moisture content of framing lumber in housing at the time of installation.