

DRAFT FOR DISCUSSION PURPOSES

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C.M.H.C. Internal Consultation
Paper
on
HOUSING
QUALITY

Canada Mortgage and Housing Corporation
Société canadienne d'hypothèques et de logement

Canadian Housing Information Centre
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l'habitation

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C.M.H.C. Task Force on
Housing Quality Initiatives

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SUMMARY

The concept of housing quality encompasses the broad attributes of health and safety, durability, economy of operation, marketability, liveability and flexibility. Expectations associated with each of these attributes are shaped however by a multitude of factors which are in a constant state of change resulting from new technology, fluctuating social patterns and affordability constraints among other factors. Therefore, the perception of "housing quality" by the consumer, the builder, the designer, the regulator, all of which may be different, are also constantly changing. Housing quality is a dynamic rather than an absolute issue and efforts to maintain, improve or even identify housing quality must continuously grope with changing goals.

Since the Second World War, the role of CMHC in improving the quality of housing in Canada and its concept of quality have reflected this dynamic character. Major achievements have been realized in the provision of basic facilities, in community design and in house design. CMHC has encouraged the involvement of other jurisdictions in regulating residential construction and has helped the industry to gain expertise and to introduce consumer safeguards. Over time, CMHC's evolving standards and requirements have been accepted as minimum levels of quality. Canadian housing currently boasts an enviable standard.

What remains to be done? There are areas of the country where these achievements have not been realized. Changing technology in building systems requires close attention to construction and operation to avoid technical problems. The achievements in the new house construction industry need to be transferred to the renovation industry. The movements towards intensification of urban land and refurbishing existing stock will require a closer look at the relation between housing and its surrounding community. The role of government is to create a climate for further improvements in housing quality.

Following its initial meetings, the Task Force on Housing Quality Initiatives has prepared an internal consultation paper as a working document to focus debate among CMHC staff. The Task Force is of the opinion that a number of major thrusts or themes will guide the Corporation's future direction on housing quality. These can be summarized as follows:

1. There are two broad areas of Corporate concern with respect to Housing Quality: one associated with national mission objectives aimed at facilitating improvements to housing quality in Canada, the other with respect to housing quality objectives for the Corporation's own business activities. In the past these were closely interrelated and it was possible to achieve national objectives through business activities. It now would appear that these must be separated in order for the Corporation to be successful in meeting its goals both in its business activities and in housing quality.
2. The increasing capability of the housing industry and urban regulatory jurisdictions, and widely supported efforts for regulatory reform and simplification suggest a refocussing of direct housing quality assurance activities more towards smaller communities, the rural and more remote areas of Canada, and generally in areas lacking the capabilities and assurance now largely provided in the urban areas of Canada.
3. In order to provide a consistent basis to facilitate the development of field office business strategies and to better target the involvement of Corporate professional/technical resources in its business activities, improved housing quality data, qualitative criteria and assessment mechanisms are required.
4. The Corporation will continue to support the development and adoption by others of housing standards, but should do so in a more targeted way related directly to clearly stated Corporate goals.

5. The Corporation's major future thrusts in seeking improvements to housing quality will be through advocacy to industry and other regulatory jurisdictions rather than through the application of Corporate regulatory standards.
6. The increasing activity and importance being placed on preserving or enhancing the existing housing stock suggests a greater priority be given to Corporate housing quality initiatives related to existing housing both in the public and private sector.
7. The increased reliance on others for housing quality assurance and an increased advocacy role will continue to require that the Corporation maintain a high degree of expertise and competence in its professional/technical resources to advise the Corporation concerning reliance and to be effective in its more targeted activities with respect to housing quality.

I INTRODUCTION

The purpose of this Internal Consultation Paper is to provoke and focus debate within the Corporation on the role of CMHC with respect to Housing Quality. The Corporation's Strategic Plan 1987-1991 drew attention to the need to re-examine CMHC's role, and management has established a Task Force (General Memorandum A1266, dated 4 August 1987) charged with developing a clear policy statement on the subject.

This consultation paper has been prepared following the first three meetings of the Task Force. It sets out a range of facts, assumptions and views as a starting point for discussion of the subject by Corporate staff.

It attempts to bring forward the current activities and issues associated with the Corporation's role in housing quality without establishing priorities. It also attempts to consolidate the views of the Task Force members on the issues and summarize the nature of the discussions which have taken place.

The document is considered to be a beginning - a working document to which other views and new ideas emerging from the consultation process can be added and priorities established.

The internal consultation process provides the opportunity for all staff to support or challenge the preliminary views of the Task Force. Staff are asked to provide facts which underpin or refute the ideas presented, to draw attention to opportunities and constraints and to highlight the implications of the possible courses of action for CMHC. The G.M. outlined three avenues for input: by writing directly to the Chairman of the Task Force, by giving views to members of the Task Force and by involvement in a series of seminars to be held in the Regions and at National Office.

II BACKGROUND

CMHC involvement in matters relating to housing quality stems from its responsibilities under the NHA which describes itself as an "Act to promote ... the improvement of housing and living conditions".

The concept of housing quality encompasses the broad attributes of health and safety, durability, economy of operation, marketability, liveability and flexibility. Expectations associated with each of these attributes are shaped however by a multitude of factors which are in a constant state of change resulting from new technology, fluctuating social patterns and affordability constraints among other factors. Therefore, the perception of "housing quality" by the consumer, the builder, the designer, the regulator, all of which may be different, are also constantly changing. Housing quality is a dynamic rather than an absolute issue and efforts to maintain, improve or even identify housing quality must continuously grope with changing goals.

Since the Second World War, the role of CMHC in improving the quality of housing in Canada and its concept of quality have reflected this dynamic character. Major achievements have been realized in the provision of basic facilities, in community design and in house design. CMHC has encouraged the involvement of other jurisdictions in regulating residential construction and has helped the industry to gain expertise and to introduce consumer safeguards. Over time, CMHC's evolving standards and requirements have been accepted as minimum levels of quality. In relative terms, Canadian housing currently boasts an enviable standard.

The environment within which CMHC has operated has changed substantially throughout the years and continues to do so. Among the many disparate factors which CMHC has to take into account as it re-examines its approach to housing quality are:

- ° increasing provincial and municipal involvement and expertise in housing matters, particularly in urban areas;

- increasing interest on the part of industry to self-regulate;
- increasing demands from the consumer to be informed and to be provided with improved safeguards of quality;
- increasing complexity of housing systems;
- uneven adoption of building codes across the country;
- uneven application/enforcement of building standards across the country;
- a substantial decline in CMHC underwriting activity and in professional/technical staff which has reduced the Corporation's ability to influence by example the quality of market housing in the major urban areas;
- the Canadian housing stock is aging. An anticipated lower requirement for new housing stemming from a declining rate of population growth, will mean housing needs will increasingly be met within the existing stock; a stock in which an increasingly higher proportion will be over 40 years old. Renovation and maintenance expenditures are expected to continue to increase. The broader community and urban environment will have a greater impact on housing decisions;
- a regulation, consumer protection and technical knowledge base for renovation which is still in its infancy;
- the introduction of new materials and changing technologies have spawned technical problems such as moisture damaged structures, parking structure deterioration and hazardous heating and ventilation conditions;
- the federal government policy to deregulate or to eliminate duplication in regulation, whenever possible.

As a basis for responding to the changing environment, Management Committee has offered the following Strategic Directions to guide policy development:

1. CMHC will continue to be involved in the development of nationally applicable housing design and construction standards. For NHA housing, CMHC will prescribe its own standards and their application only where CMHC's housing design and construction criteria are not being met by other jurisdictions.
2. CMHC will increase priority given to activities associated with the regeneration and appropriate maintenance of the existing housing stock both in the public and private housing portfolio.
3. CMHC will publicly identify, recommend and internally support a minimum threshold of housing quality.
4. CMHC will continue to address imperfections in housing in the market place by encouraging affordable improvements to housing quality targetted to consumers and key actors in the residential industry.
5. CMHC will continue to support other federal or provincial initiatives which contribute to the safety, durability and affordability of Canadian housing.

After first looking at broad housing quality objectives, this paper will deal with issues in the anticipated areas of major influence, namely codes and standards, monitoring and advocacy. Management directed that any new initiatives be funded by reprofiling existing resources. However, in order that debate not be constrained at this point, resource implications of proposed options have not been considered.

III OBJECTIVES

CMHC has in the past operated without declared objectives for housing quality and the Task Force has been asked both to recommend "the nature and extent of CMHC's future role" and "corporate objectives" for housing quality. Given that CMHC has a mandate to improve housing and living conditions and that management has provided strategic directions which confirm business related and public policy responsibilities by the Corporation, two types of objective are possible.

The first are related to recent government directions for housing, adapted from the latest Business Plan, and concerned with the Corporation's public policy orientation - acting for the federal government in housing matters.

- ° to maintain national housing standards
- ° to enhance the quality of housing in Canada.

The second relates to the Corporation's business needs.

- ° to ensure the construction quality of dwelling units will provide adequate security for NHA mortgage loans in order to minimize MIF risk.

IV ISSUES

The remaining sections of this paper consider the principal housing quality issues initially identified by the Task Force. They are grouped into four categories:

- Codes and standards
- Monitoring
- Advocacy
- Operational

The Task Force has considered a wide range of issues and factors affecting housing quality under each category. They have discussed potential directions for CMHC to take in response to the issues and have developed operational objectives and possible means of achieving them. These, together with conclusions are highlighted both in bold type and by leaving room for written comment in the following text. **The reader is encouraged to add objectives, issues and considerations and to make comments in the boxes provided.** Input from staff is welcomed either at the proposed regional and national office seminars or by forwarding written comments to members of the Task Force.

A. CODES AND STANDARDS

Regulation of building construction in Canada is the responsibility of the provinces (and has largely been delegated to the municipalities). The National Building Code (NBC) provides the basis for the official building code in most provinces.

CMHC involvement in building codes and standards has related primarily to establishing and enforcing its own requirements for NHA program purposes and secondarily to its involvement in standards development and improvement stemming from research, information transfer and membership on standards committees.

Historically, the minimum standards prescribed by CMHC tended to be adopted by municipalities and the industry and to become the norm for residential development in Canada. CMHC thus achieved quality objectives through its involvement in the majority of the new housing market. The corporation's share of the market and hence its influence on housing quality by this means has declined substantially.

The capability of local jurisdictions, particularly in the major urban areas, to administer and enforce residential building codes and standards has improved substantially. The specific capabilities of provinces/municipalities

do however remain variable and CMHC requires more consistent knowledge of these variations to provide a better data base for informed decisions.

The building industry has increasingly indicated a willingness and capability not only to self-regulate but to become actively involved in the reform of the Canadian residential regulatory system.

The federal government, as a matter of priority, is seeking ways to simplify regulation and remove duplication.

Given the increased expertise of the other levels of government and the building industry, CMHC should aim

| OBJECTIVE | 1 |
|---|---|
| ° TO MAINTAIN A ROLE WHICH ENCOURAGES THE DEVELOPMENT AND CONSISTENT APPLICATION OF HOUSING CODES AND STANDARDS BUT PLACES GREATER RELIANCE ON THE AUTHORITY, SERVICES AND EXPERTISE OF OTHERS IN SUPPORT OF THE CORPORATION'S BUSINESS AND PROGRAM ACTIVITIES. | |

The potential means of achieving this objective in the prescription, application, adoption and development of standards, are considered below:

(i) Prescription

CMHC's concept of quality has been reflected in its requirements - the health and safety orientation of the National Building Code and the durability, liveability and marketability aspects of the Technical Builders Bulletin (formerly Residential Standards) and other standards such as Site Planning Criteria.

Prescription of the standards and criteria has responded to changing environments. Since 1980, NHA standards for market housing have been relaxed by making advisory those relating to airport noise, site planning criteria etc. This resulted from the view that other levels of government and the private

market had acquired sufficient expertise and a move on the part of CMHC to be competitive. These requirements have, however, remained mandatory for social housing because CMHC considered it had a responsibility to provide appropriate and affordable housing for those who could not exercise choice.

The Technical Builders Bulletin provides only minimum requirements for liveability, marketability and durability and many projects are constructed in excess of them because of market forces. It appears to the Task Force that the Technical Builders Bulletin has little or no effect on risk in single family low rise housing, in strong urban housing markets and where a building code is present and enforced. It possibly offers greater protection for CMHC financial involvement in weak markets, where there is no code or no code enforcement, and in more complex high rise structures.

There have been structural problems with buildings, eg. concrete deterioration, which require new standards. CMHC technical bulletins fill a gap by enabling standards to be introduced more quickly than by the NBC process.

The Task Force therefore suggests that in the area of prescription the operational objective can be achieved in the following ways:

| WAYS AND MEANS | 2 |
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| <ul style="list-style-type: none">• CMHC should require the following standards:<ul style="list-style-type: none">- for new construction, the National Building Code and a reduced Technical Builders' Bulletin, which retains only requirements relating to durability, economy of operation and health and safety;- for existing housing, an improved Minimum Property Standards;- in addition, for social housing, airport noise, road and rail noise, site planning criteria and RRAP standards. • Prescribe any provincial codes and local standards which it deems to be equivalent to the above requirements. | |

In considering the differences in CMHC's present requirements for social and market housing the Task Force believes the social housing product should not visibly differ from the market product. However, in practical terms, standards prescribed should differ because those for market housing relate to risk and the consumer has choice; those for social housing relate to ensuring the provision of decent, safe accommodation at reasonable long-term cost to government; the consumer does not have choice.

(ii) Application

It is a provincial responsibility to regulate building practice to ensure that buildings meet the minimum standards that society currently expects. Despite considerable improvements over the past 35 years, in terms of the adoption of building codes and the establishment of local inspection capabilities, the extent of regulation remains uneven. Outside major municipalities it varies from full inspection to non-existent in some areas (the extent of the limitations and the reasons for them have yet to be assessed). These facts combined with the CMHC responsibilities in mortgage insurance and social housing and National Research Council responsibilities for the model NBC, have contributed to a federal presence in the regulation process.

The application of minimum standards by CMHC involves inspections to ensure that construction is "in reasonable conformity with the ... plans ... specifications and/or the standards ... prescribed by the Corporation" and to ensure that the completed building will provide adequate security for the NHA mortgage loan. It also, in the case of multiples, may include design reviews by professional staff.

The Corporation has during the 1980s reduced the number and changed the type of inspections it undertakes. It has moved from a mandatory to a largely monitoring system. In particular for certain "warranted" builders random inspections are undertaken and the frequency varies according to the ability of the builder.

For existing housing, inspections are undertaken for risk assurance purposes and are few in number.

The Corporation is already heavily reliant on the services of others for its business needs - from municipal plans examination for singles and semis, to municipal confirmation of starts and consultant certification on multiples. This reliance appears ad hoc in nature, varying by Branch.

The recent Mortgage Loan Insurance Evaluation has suggested that the performance of non-NHA housing has improved to the point that there is now no significant quality difference between NHA insured and non-NHA housing in the major urban areas. The implication is that CMHC can for its business needs, now rely on municipal inspection to ensure an adequate level of quality at least for the bulk of new construction in urban areas.

| WAYS AND MEANS | 3 |
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| ° Rely on municipal-provincial plans examination and inspection services where such services meet criteria developed by CMHC. | |

However, the Task Force also believes that CMHC, as the national housing agency, should assist in enhancing the equity and effectiveness of local residential regulatory services by refocussing CMHC resources to encourage local regulation enforcement where gaps exist.

The Task Force further considers that the builder (and the renovator) is an important lynch-pin in the introduction of quality in dwellings. Builder experience and reliability are key. The implication is that CMHC needs to intervene only where builders are not achieving agreed levels of quality.

| WAYS AND MEANS | 4 |
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| <ul style="list-style-type: none">. Re-focus the efforts of its technical and professional resources on:<ul style="list-style-type: none">- training inspection resources on request, in smaller municipalities and rural areas;- providing an improved information base for assessing builder performance and municipal enforcement capabilities;- targeting inspection resources to program and business lines which require a high level of inspections and to builders with a yet to be proven track record;- strengthening an advocacy role with builders and local regulatory authorities and identifying emerging construction and community design issues.. Continue to undertake design review for all social housing projects to ensure client suitability.. Require such reviews for projects for insured lending to ensure the marketability and liveability of the projects. | |

(iii) Adoption

Model codes and standards need to be adopted by "an authority having jurisdiction" (normally a province or municipality) to have the force of law. It has been estimated that more than 90% of construction is built in areas where a code has been adopted. The NBC has either been officially adopted or there is a provincial code based on the NBC in all provinces except Newfoundland, PEI and New Brunswick. In Newfoundland 146 municipalities with 68% of the population have adopted the NBC.

Since 1980 the Corporation has, for its own purposes, increasingly relied on the provincial and municipal network. The Task Force proposes relying on them even more heavily, however, the lack of universal adoption of the NBC does limit further moves in this direction.

The Task Force believes that the concept of a "Canadian Building Code" (CBC) should be pursued. A CBC would differ from the NBC, a model code, by having consistent status in every province as the prescribed code, incorporating regional requirements and by being developed with provincial representation on Code Committees. Its benefits would be:

- national consistency;
- simplified regulations for builders who cross boundaries;
- reduced or no need for costly and cumbersome provincial code committees;
- improved information sharing.

Some provincial officials have expressed strong support for the concept.

| WAYS AND MEANS | 5 |
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| <p>Undertake steps to encourage adoption of a Canadian Building Code over the long term. This might include:</p> <ul style="list-style-type: none">° identifying barriers to adopting building codes where they are not in use and develop a strategy to assist such provinces in overcoming them;° developing a computerized register of codes;° publicly stating CMHC's position;° testing the waters on its feasibility; <p>In the interim the Task Force believes CMHC should advocate adoption of the NBC, where it or its equivalent is not in place.</p> | |

(iv) Development of Standards

CMHC is represented on over 100 committees that provide input to national standards bodies. CMHC therefore significantly influences regulation development through the provision of staff time, funding appropriate research, and the development and review of program related standards for its own use and for consideration by provinces. The Task Force believes this is a useful role but resources may have to be targeted in the future.

| WAYS AND MEANS | 8 |
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| <p>. Continue to support the development of standards consistent with CMHC priorities and objectives.</p> <p>One proposal is to encourage the development of renovation code(s).</p> <p>In the development of CMHC standards, the Corporation should continue to involve clients and others required to use them.</p> <p>One proposal is to improve and enhance Minimum Property Standards as a model expressing reasonable standards for existing housing.</p> <p>The Task Force recommends that the Technical Builders' Bulletin be reduced to requirements that deal only with health and safety, durability and economy of operation.</p> | |

Summary

The Task Force believes that housing quality as provided by the marketplace, has reached an adequate level in the majority of major urban areas where the building industry is well developed and standards enforcement is sophisticated. It believes the opposite is the case in rural areas and some small municipalities. Such a scenario suggests the need for change in the targeting of the Corporation's efforts in housing quality. The Task Force welcomes examples, from both urban and rural environments, to support or refute this premise.

In the past, CMHC was able to achieve broad housing quality objectives by virtue of its large market share. It would now appear that these must be separated to be fully effective in achieving future goals.

The Task Force suggests an integrated policy to streamline CMHC's role in codes and standards by:

- . aligning its standards with those of local jurisdictions, e.g. removing liveability and marketability requirements from the Technical Builders' Bulletin and relying on design reviews;
- . relying, where possible, on the inspection and plans examination services of others;
- . making decisions concerning reliance based on consistent criteria;
- . maintaining expertise by redeploying professional and technical staff to areas with little or no expertise (generally outside urban areas), providing services to external agencies and enhancing their advocacy role.

To complement this reduced role, CMHC could encourage national consistency in standards and the achievement of a minimum threshold of quality by:

- . encouraging, over the long term, the adoption of one Canadian Building Code; and in the interim, encouraging universal application of codes based on the National Building Code;
- . enhancing Minimum Property Standards to be used as a model code;
- . encouraging and supporting the development of a national renovation code;
- . promoting regulatory reform;
- . training municipal or local inspection staff.

B. MONITORING

Notwithstanding that the Corporation has, since its inception, been collecting or funding the collection of information about Canada's housing stock, there is a paucity of information about housing quality. For example, there are substantial differences in estimates of housing in need of major repair depending on whether the estimates of the Census or the Household Income, Facilities and Equipment Survey (HIFE) are used and there exists no comprehensive tally of the condition of Canadian public housing.

The deficiencies hinder policy and analytical work on the renovation of the older Canadian housing stock and regeneration of the public housing stock. As a leader in these areas, the Corporation should be at the forefront in monitoring stock condition.

From the business and program perspectives, no review has been undertaken of the impact of CMHC's 1980 decision to avoid duplication where possible and to leave aspects of site planning and subdivision reviews to those provinces with demonstrated interest, commitment and knowledge. There is no national inventory of municipal involvement in such matters. In addition, no information or assessment criteria are presently available to guide future decisions on an appropriate residual role in codes and standards. Similarly, little feedback has been received on the benefits of supporting new home warranty programs and on CMHC's own rating of builder performance.

CMHC's program role is moving away from direct delivery to defining federal objectives and conditions for delivery by provinces and the not-for-profit housing sector. Quality objectives are expressed as standards, guidelines and performance criteria, which collectively make measurement of attainment difficult.

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| <p style="text-align: center;">OBJECTIVE</p> <p>TO SECURE AND MAINTAIN SYSTEMATIC INFORMATION ON THE QUALITY OF CANADA'S EXISTING AND NEW HOUSING STOCK, THE BUILDING INDUSTRY AND THE EXISTING REGULATORY PROCESS in order to:</p> <ul style="list-style-type: none">° better target the Corporation's own housing delivery activities;° continue to reduce the duplication of governmental regulatory activities.° assess the quality and condition of social housing and the impacts of specific NHA program initiatives;° more effectively utilize its professional and technical resources with respect to housing quality activities;° more readily identify emerging housing issues on a national, regional and local basis;° assess progress towards achieving housing quality goals.° be capable of providing CMHC and its clients with market intelligence on qualitative aspects of Canadian housing. | <p>7</p> |
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Suggested ways and means by which this objective could be met are considered in the following sections:

(i) Social Housing

CMHC would like assurance that social housing accommodation, regardless of who delivers, meets current CMHC standards and federal quality objectives. An understanding of trends in the quality of the social housing stock is

vital for program and policy development and for cost-effective program operations. The new agreements with the provinces provide opportunities through evaluation and audit to get feedback.

Ongoing F/P/T meetings are attempting to achieve some cross-provincial and hence national consistency in data gathering. A centralized database is being developed to capture administrative and inspection information.

With respect to the existing social housing stock, non-profit and limited dividend agreements allow CMHC to monitor, inspect and feed information back to project sponsors on suggested repairs. Modernization and improvement budgets for public housing are shared by federal and provincial governments but there is no ongoing mechanism for assessing condition. CMHC simply reacts to provincial estimates of repair need.

In order to redress the present paucity of information in the area of public housing, the public housing evaluation has been advanced so that information on the quality of the stock will be available for policy development purposes. The precedent of nation-wide use of an inspection instrument for the public housing evaluation may encourage acceptance of a common set of quality indicators for application to the existing social housing stock (see page 21).

The Task Force considers that it is important that CMHC:

| WAYS AND MEANS | 8 |
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| <ul style="list-style-type: none">° Encourage the development of a centralized database capable of identifying the quality, and trends in the quality, of the social housing stock.° Monitor local housing to ensure social housing is comparable qualitatively with local norms other than basic health and safety.° Through post-occupancy evaluation, ensure that the housing meets and continues to meet the needs of the intended users. | |

(ii) Market Housing

For market housing in Quebec, CMHC is moving away from a mechanical approach to unit inspections towards a system which in conjunction with selected builders, seeks to identify and focus on mutually agreed areas for improvement in all of their housing. The initiative involves close liaison with the building industry and local jurisdictions, and leads to acceptance of any or all of a builder's projects for Mortgage Loan Insurance purposes on a portfolio basis.

The Task Force proposes that CMHC should therefore:

| WAYS AND MEANS | 9 |
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| <ul style="list-style-type: none">◦ Monitor local builder portfolios in order to focus inspections and advice to the particular local circumstances. Where there are deficiencies, work with the builder to improve product quality.◦ Survey the quality of non-NHA multiples to ensure that NHA projects meet local qualitative norms. | |

(iii) Provincial/Municipal Regulation

Once an initial decision has been made about relying on the regulatory enforcement services of local jurisdictions, the ongoing situation will need to be monitored. Such a monitoring system should be sensitive enough to show where CMHC needs are not being met so that appropriate assistance can be provided or CMHC can utilize its own resources.

| WAYS AND MEANS | 10 |
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| <ul style="list-style-type: none">◦ Assess and continue to monitor provincial and municipal prescribed standards and the regulatory enforcement activities of local jurisdictions in relation to CMHC criteria for reliance on the services of others. | |

(iv) Builder Performance

Assurance of builder performance is provided by builder warranty programs for new housing. These are in operation in all provinces but are mandatory only in Ontario. Although CMHC requires that new builder-constructed NHA single family housing be covered by a provincial warranty, builder performance is a matter for the provinces and industry.

Code adoption and enforcement put in place fundamental health and safety standards. The costs of housing failures are borne in varying proportions by owners, builders and warranty programs. The warranty programs for new housing are quite restrictive and, in the view of some, could be improved. They do however, currently provide the best medium for shorter term compensation for construction deficiencies and structural failures.

The provinces of Quebec and Ontario, where the bulk of renovation takes place, are pioneering work on renovation codes and warranties. This is an area for federal encouragement.

| WAYS AND MEANS | 11 |
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| <ul style="list-style-type: none">° Work with builders and provincial warranty programs to develop builder rating systems and encourage the industry to self-regulate.° Systematically monitor builder performance for CMHC's business needs. <p>One idea is to encourage a reporting system on builders' errors. Information collected about construction errors (from municipalities, warranty programs and CMHC's own staff) once analysed, could lead to Code modifications, re-focussing of enforcement mechanisms, the identification of research topics and education needs.</p> | |

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| WAYS AND MEANS | (Cont'd) 11 |
| <ul style="list-style-type: none">° Support the evaluation of warranty programs which are the prime mechanism for short-term consumer protection.° Encourage the development of warranties applicable to renovation. | |

(v) Quality Indicators

Traditional indicators of housing adequacy such as measures of crowding or the presence of basic plumbing facilities indicate a rapid and impressive improvement in the condition of the Canadian stock between 1951 and 1981. These traditional measures do not however measure those quality indicators of housing reflected in the building codes - structural soundness, fire safety and electrical, plumbing and heating system adequacy.

There is a need for indicators of quality which will provide a nationally consistent basis for the development of policy (such as regeneration strategies related to the public housing stock), for better targeting of limited financial resources, for rationalisation of changes to building codes and standards and for business planning by industry.

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| WAYS AND MEANS | 12 |
| <ul style="list-style-type: none">° Develop a set of indicators of quality applicable to all forms of housing (existing/new, market/social) to provide a common base for policy and program development.° Seek the acceptance of these quality indicators nationally as a common set of measures. | |

| | |
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| <p style="text-align: center;">WAYS AND MEANS</p> <p>° Maintain and disseminate timely data based on these indicators, of the construction quality and post-occupancy performance of the Canadian housing stock for use by builders, other governments, CMHC and the public.</p> | <p style="text-align: right;">(Cont'd) 12</p> |
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Summary

In order to make consistent informed decisions concerning reliance on the services of others, CMHC should secure and maintain systematic information on builder performance and provincial/municipal regulatory services. The Corporation should also compare market housing with social housing to ensure that the latter does not exceed local qualitative norms. CMHC can also encourage improvements to warranty programs.

As Canada's national housing agency, CMHC can play a leadership role in providing a common basis for public discussion and decisions on quality matters by:

- . developing a set of broad indicators of quality applicable to all forms of housing;
- . advocating the use of these quality indicators by other governments, industry and consumers;
- . maintaining and disseminating timely data on these indicators.

C. ADVOCACY

The Corporation has consistently promoted the improvement of the quality of the Canadian housing stock and of broader living conditions over and above the application of its prescribed standards. It has done this principally through its research, demonstration and information dissemination activities under Part V NHA. In addition, there are programs for research support, technology

development and scholarships. Over the years, CMHC has successfully encouraged other governments, professionals, the residential housing industry and consumers to improve their planning, design and construction practices by advocating better techniques (e.g. through advisory documents and on-the-job assistance) and facilitating their adoption (e.g. establishing planning schools and supporting industry associations).

The Task Force is of the opinion that the advocacy role of CMHC presents a very powerful mechanism to positively effect improvements to the quality of Canadian housing.

The intent of advocacy activity is to increase consumer and industry knowledge and awareness of factors affecting quality - in short to assist builders to build a better product and consumer to make more informed decisions. **The Task Force believes that the Corporation should make it clear that it plays no formal role in protecting consumers.**

Over the past year, two major initiatives have been approved which will guide a large part of CMHC's advocacy activities in housing quality:

- ° The national Housing Research Committee, announced as part of the new federal directions in housing, has been successfully launched. This Committee identifies key areas for potential research and demonstration, encourages co-operation in housing research, works towards more relevant and regionally sensitive research and wider dissemination and application of results.
- ° A master plan for developing and disseminating CMHC Technical Advisory Documents was recently approved. Advisory Documents will provide technical "best advice" targetted to a primary audience of builders, renovators and consumers. Existing advice to special needs groups, design professionals and housing officials will be maintained and updated. Benefits from their publication include increased skill and knowledge levels for trades, enhanced awareness for home buyers, reduced risk for the Corporation's

mortgage insurance and other programs, and a generally improved public image for the Corporation. CMHC will work with others who provide information and training on housing quality to avoid duplication and to coordinate dissemination.

The Strategic Plan identified other priorities for improving CMHC's effectiveness in Housing Support (i.e. advocacy) activities:

- ° facilitating the development and adoption of technological advances by fostering co-operation between industry and other government agencies and bridging the gaps between research, development and demonstration;
- ° ensuring that Canadians know CMHC exists as the federal government's housing agency to help them in meeting their housing needs.
- ° reviewing its international activities with a view to assisting the development of export markets for Canadian housing products.

The foundations of an advocacy role in housing quality have thus been laid. The Task Force is identifying ways and means to build on these foundations and is looking for new ideas to enhance this role. Suggested objectives and ways and means follow. Examples of new ideas are also presented for staff reaction. **Additional creative ideas are welcomed.**

The aims of a corporate advocacy role should be:

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| OBJECTIVES | 13 |
| ° TO BE AND BE REGARDED AS THE AUTHORITATIVE NATIONAL VOICE ON HOUSING QUALITY MATTERS; TO BE THE SOURCE TO WHICH THE CONSUMER, THE BUILDER, THE RENOVATOR AND THE REGULATORY AGENCY COMES WHEN SEEKING INFORMATION. | |

| OBJECTIVES | (Cont'd) 13 |
|--|-------------|
| ° TO USE THE INFLUENTIAL RESEARCH AND INFORMATION TRANSFER CAPABILITIES OF THE CORPORATION TOGETHER WITH SUPPORT TO RELATED INDUSTRY, PROVINCIAL AND OTHER FEDERAL INITIATIVES TO INCREASE KNOWLEDGE AND AWARENESS OF FACTORS AFFECTING THE QUALITY OF CANADIAN HOUSING AND TO ACHIEVE TARGETED AND AFFORDABLE IMPROVEMENTS TO IT. | |

Current activities are grouped and some new ideas presented under several functional categories.

(1) Research

In addition to leading the Housing Research Committee, CMHC develops an annual Part V Policy and Research Plan, consistent with the Strategic Plan. This plan takes account of comments and discussions with National Office Divisions, field staff and the Housing Research Committee.

The draft Part V Policy and Research Plan for 1988 assigns priority to the following topics relating to housing quality:

- high-rise buildings;
- northern and remote housing;
- ventilation, air quality and moisture;
- regulatory reform;
- housing options for seniors.

Where practical, a "results-oriented advocacy" approach is used to encourage the application of research results. An example is the Atlantic Moisture Task Force. The Task Force was set up in response to negative industry reaction to a Technical Builders Bulletin. Industry, product manufacturers and government participate on a Steering Committee for the research and testing undertaken by

CMHC. Industry can thus see directly the impact that voluntary changes on its part will make in solving problems. CMHC will encourage such changes as feasible.

Field staff are also involved in research in a number of ways: contributing to annual research plans, identifying emerging issues in the quality of housing which require resolution, participating in surveys and national research efforts and managing locally-based studies.

CMHC should continue to:

| WAYS AND MEANS | 14 |
|---|----|
| <ul style="list-style-type: none">° Continue to play a leadership role in coordinating research on housing quality through the Housing Research Committee, to undertake applied technical research to seek solutions to major construction problems, and to undertake policy research into such matters as renovation, rural housing and regeneration.° Continue to involve affected interests and agencies in research on quality problems and encourage them to take action (eg. the Atlantic Moisture Task Force);° Place more emphasis on demonstrating and encouraging the application of innovations in products, design or regulation and adapting foreign developments in housing quality for Canadian application.° Undertake policy research into matters such as renovation, regeneration and rural housing and reforming the regulatory process; | |

| WAYS AND MEANS | (Cont'd) 14 |
|---|-------------|
| <p>One proposal is a program to facilitate the demonstration of ideas to solve regulatory problems and/or to introduce new ways of achieving affordable housing.</p> <p>A related proposal is to use insured lending as a mechanism to support such ideas. CMHC might encourage concepts, eg. zero lot lines, where these do not necessarily meet local requirements in order to increase affordability. CMHC might consider underwriting such ideas.</p> | |

(ii) Technology Development and Testing

For the most part, technology testing is undertaken by large private laboratories in relation to applicable standards. CMHC has, however, encouraged the development of standards and test procedures when new products/systems are introduced to the market. Part of the mandate of the Project Implementation Division is to field test solutions to technical problems in housing.

The Housing Technology Incentives Program (HTIP) is intended to assist technology development by providing grants of up to \$15 000 to individuals and small firms to develop and test their ideas.

Individual builders experiment with new techniques on-site. Yet, they rarely receive any recognition and their ideas are not passed on for the benefit of other builders.

CMHC's present role in the import and export of new technology is limited to participation in international symposia and discussions with visitors from other countries.

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| <p style="text-align: center;">WAYS AND MEANS</p> <ul style="list-style-type: none">° Continue to undertake field tests of solutions to technical problems in housing and to support the development of new technologies for residential construction.° Place more emphasis on supporting incremental improvements in on-site construction techniques, encouraging the adoption of proven technology and actively seeking information about how housing quality problems are being dealt with abroad. <p>One recent idea is an incentive program for job-site innovation. Builders and local industry association will be asked to identify candidates. Winners will receive \$100 and publicity through media and an annual compendium.</p> <p>One proposal is to establish a Technology Centre which would act as a clearinghouse for state-of-the-art technologies and techniques.</p> | <p>15</p> |
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(iii) Information Transfer

The Corporation has at its disposal a wide array of information transfer mechanisms (from the country's primary housing library, CHIC, to the publication of advisory documents and research reports and the holding of builder and renovator workshops).

Management has confirmed that the priority audiences are builders, renovators and consumers. Transfer to builders and renovators through workshops, seminars and how-to pamphlets is better developed than mechanisms to reach consumers which are still being addressed. It appears to the Task Force

that more use could be made of some of the more recent information transfer techniques such as video (for example of research results targeted to lay audiences), shopping centre and homeshow exhibits.

It is noted the Corporation is making moves in this direction - for example, consumer advice on renovation will be offered in shopping centres as part of the marketing effort for second mortgage insurance. Identification of additional opportunities would be welcomed.

| WAYS AND MEANS | 16 |
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| <ul style="list-style-type: none">° Continue to assist new home builders, renovators and consumers to improve their on-site and business practices in the construction and conservation of Canadian housing.° Place more emphasis on improving CMHC's effectiveness in the transfer of information for both social and market housing on research, good design and construction practice and CMHC-assisted technology; on the recognition of achievements in housing excellence by others; and on seeking low-cost opportunities to reach consumers. <p>One proposal is an exhibit targeted to consumers at home shows with checklists and/or videos on topics of interest to consumers eg. how to hire a contractor, how to inspect a home before you buy.</p> <p>A further idea is to establish consumer/builder resource centres at CMHC branches to provide information, e.g. on the implementation of code requirements and consumer advice on renovation and repair problems.</p> <p>Another proposal is to historically chronicle the Corporate role and impact on housing quality in Canada.</p> | |

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| <p style="text-align: center;">WAYS AND MEANS</p> <p>A final proposal is a housing awards program aimed at increasing consumer choice with affordable options related to financing and planning as well as design. Themes would change annually. A symposium and publication on winners would follow.</p> | <p style="text-align: right;">(Cont'd) 16</p> |
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(iv) External Support to Individuals, the Industry and Institutions

CMHC's support to individuals, industry and institutions has been carefully reviewed in recent years and support is being targeted to those which further CMHC objectives. Support to conferences is targeted in a similar manner.

In the area of housing quality, CMHC has initiated seminars to present research findings to key interests affected by the research. In international matters, CMHC has played a lead role in International Year of Shelter for the Homeless and has facilitated and drawn attention to supportive municipal and private initiatives in dealing with problems of the homeless.

Roughly 40% of external research projects and post graduate scholarship theses relate to housing quality. The fact that for both of these programs, winners are selected by external committees, strengthens the view that housing quality is currently considered an important topic by the broader research community.

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| <p style="text-align: center;">WAYS AND MEANS</p> <p>° CMHC should continue to support the development of individual industry and institutional expertise on housing quality by focussing assistance to industry associations, interest groups, conferences and international year activities which are compatible with CMHC housing quality objectives.</p> | <p style="text-align: right;">17</p> |
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| WAYS AND MEANS | (Cont'd) 17 |
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| <p>One proposal is to support and encourage the development of nationally consistent private inspection services to serve the needs of consumers particularly in making decisions concerning the purchase, repair and renovation of existing dwellings.</p> <ul style="list-style-type: none">° Continue to support academic research and research by individuals which is compatible with CMHC's priorities for housing quality research. | |

(v) Support for Other Government Initiatives

A reduced market share now generally limits the effectiveness of CMHC support to other federal standards and policies through its business lines. However, CMHC can support other compatible initiatives through advocacy techniques.

CMHC's approach to international relations is changing. The merit of information exchange with countries experiencing common problems is being increasingly recognized. CMHC has identified a role in the export of Canadian housing products to support Canadian trade missions, for example to Japan.

| WAYS AND MEANS | 18 |
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| <p>CMHC should continue to:</p> <ul style="list-style-type: none">° work with other agencies and support other government initiatives which are affordable and aimed at better meeting the housing needs of Canadians;° support initiatives which contribute to conserving Canada's housing heritage and ensure that CMHC initiatives do not negatively affect it; | |

| WAYS AND MEANS | (Cont'd) 18 |
|---|-------------|
| <p>° support initiatives which encourage the export of housing expertise and proven Canadian housing technology;</p> <p>One idea is for CMHC to develop a network of Canadian experts on international housing issues (eg. instant housing for disaster situations) and to act as a focal point for their use by other departments and overseas.</p> <p>° support initiatives aimed at improving the health and safety of residential environments (eg indoor air quality).</p> | |

Summary

CMHC's advocacy role presents a powerful mechanism to achieve targeted improvements in housing quality. The top priority audiences for advocacy initiatives are builders, renovators and consumers, particularly homeowners.

New directions have already been set for several major advocacy activities, including national research co-ordination, a new series of technical advisory documents for builders, renovators and consumers together with industry-delivered workshops to transfer the material, steps to target support for external agencies to those who further CMHC objectives, and the seeking of international opportunities to market Canadian housing technology.

The Task Force believes that these ongoing initiatives and the re-focussing of resources are consistent with advocacy objectives of being an effective national voice and supporting quality improvements. Forthcoming proposals to Management designed to facilitate and recognize innovative ideas of others (Job-site innovation awards, housing achievements awards, housing innovation demonstration program) support CMHC's national co-ordination and resource centre roles and enhance Corporate visibility.

A current issue is that the consumer is key to maintaining the existing stock and further tools to increase awareness and build skills should be provided.

New opportunities for advocacy initiatives introduced from time to time will help to maintain CMHC's position in the forefront of housing quality experts. **The Task Force will be most receptive to additional ideas to build on these directions.**

D. OPERATIONAL/PROGRAM IMPLICATIONS

The final category for consideration of issues and alternative ways and means relates to the operational implications of any proposals or recommendations the Task Force might make.

The job of the Task Force does not include defining and suggesting detailed solutions for dealing with program problems related to housing quality. For example on-reserve housing, regeneration of the public housing stock, renovation and rural housing are all areas where program responses to established needs may be required. Rather, the aim of the Task Force is to recommend a framework and improved tools with which to identify quality problems and to establish mechanisms to assist corporate decision-making on housing quality issues. However, it is extremely important that the recommendations be truly practical and contribute to the operational program perspective.

While it is recognized that the majority of the attributes of housing quality should apply to all housing, it is the opinion of the Task Force that the relative importance of some of the attributes of housing quality (health and safety, durability, liveability, economy of operation, marketability and adaptability) will vary according to the various Corporate Program objectives, housing forms and even location of the housing.

The Task Force intends to recommend detailed priorities for these attributes of housing quality for all the Corporation's housing programs and related business activities as well as aspects of its Corporate mission. This

approach, together with tools to assist in measuring progress in achieving housing quality objectives, is seen as operationalizing these objectives.

Another aspect of operational considerations is identification of the impact of proposals on guidelines and procedures, eg. modifications to performance standards required to support new activities or a more comprehensive decision-making process, ongoing coordination of housing quality activities.

One area of particular importance is related to the landlord responsibilities of CMHC. The way the Corporation acts as a landlord in the maintenance, repair and modernisation of the housing stock owned or assisted on a long-term basis and the success (or otherwise) that it has with these activities can influence how others deal with housing quality problems and opportunities.

It is not possible to elaborate further on this topic at this stage. Suffice to say that comments are sought on the potential operational/program implications (positive and negative) of any of the ideas put forward in this paper.

V CONCLUSIONS

The Task Force has reached preliminary views as to possible objectives and means to achieve them for a clarified and redefined role for CMHC in housing quality.

This paper puts these ideas up for debate. Evidence to refute or support the views are sought. The Corporation can be an effective force for housing quality; the issue is how best to do it.

The Task Force suggests that the Corporation needs to bring together its presently fragmented activities relating to housing quality into one comprehensive package. In effect it needs to establish a housing quality "program", identify opportunities and constraints, establish objectives and priorities and develop a game plan.

For preliminary discussion purposes the Task Force proposes the following elements as the major components of a comprehensive plan. The Corporation should:

- ° confirm clear housing quality objectives and clarify the distinction between housing quality aims related to Corporate business functions and its public policy responsibilities;
- ° seek consistency between CMHC and local standards based on the National Building Code;
- ° avoid duplication by placing heavier reliance on the regulatory capabilities of others in support of CMHC's business and program needs;
- ° refocus staff resources away from unit inspections in the major urban areas towards monitoring and advocacy activities and to improving quality related expertise in rural areas and small municipalities;
- ° recognize that the builder and renovator are key to the introduction of quality into Canadian housing and enhance builder monitoring systems in full consultation with the building industry and local authorities, with a view to improving the built (or renovated) product;
- ° encourage others to adopt a uniform national Building Code, and on a longer term basis encourage and support the development and adoption of a Canadian Building Code;
- ° become knowledgeable about the involvement and commitment towards quality of other governments in order to identify gaps and opportunities which can be addressed at the national level;
- ° support, for example by offering training, the improvement of local regulatory capability where need is identified;

- ° secure systematic information on the performance of builders and the existing regulatory process, and on the quality of the existing and new housing stock;
- ° develop quality indicators, in conjunction with the industry and other governments, and seek their acceptance nationally as a common set of measures;
- ° enhance CMHC's current advocacy role in research and information transfer by recognizing (by award and demonstration programs) the innovative achievements of builders, regulatory agencies and others in improving housing quality;
- ° target Part V support to those activities (conferences, industry associations and interest groups) which complement advocacy initiatives;
- ° reach out more boldly to learn from the experiences of other countries in dealing with housing quality problems;
- ° support initiatives aimed at the export of Canadian technology and expertise;
- ° review the full range of the Corporation's information transfer mechanisms relating to housing quality and make use of emerging methods;
- ° seek new methods of transferring to the consumer the information he/she needs to make better housing decisions.

The success of a results-oriented advocacy role in housing quality will demand strong Corporate and staff commitment to a comprehensive plan and objectives and clear communication with clients - the industry, governments, interest groups and consumers.