

HOUSING POLICY IN CANADA

Lecture Series

George Anderson
President
Canada Mortgage and Housing Corporation
1986-1990

Prepared by
Centre for Human Settlements
The University of British Columbia

for
Canada Mortgage and Housing Corporation

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Forward

In 1987, Dr. Peter Oberlander, then director of the Centre for Human Settlements at the University of British Columbia (UBC), invited me to present a series of lectures on the evolution of Canadian housing policy at the university. I agreed enthusiastically. At that time, no chronicle existed of federal involvement in housing. CMHC had just marked its fortieth anniversary in 1985. I thought that a series of lectures at one of Canada's leading universities would be a fitting legacy to this anniversary.

The Schools of Community and Regional Planning and Architecture and the Centre for Human Settlements hosted four lectures at UBC between November 1987 and February 1990. The first three lectures addressed the history of "Canadian Housing Policy" in chronological fashion: from 1917 to 1946, 1944 to 1967 and 1967 to 1984. In the final lecture, "The Great Housing Policy Debates: What Have We Learned?" I presented key conclusions from past experience and how they may be applied to the future.

The history of the federal involvement in housing illustrates a long-term, cooperative and complementary approach between the federal government and provinces in meeting housing needs. Federal interventions have adapted to changing political and economic climates and have responded to crises, to regional inequities and to requests from provinces.

As a companion to these lectures, the Centre for Human Settlements has published a three part monograph, Housing a Nation: The Evolution of Canadian Housing Policy, 1992. The monograph provides more detail on the events and personalities described in my first three lectures and follows the same chronology.

Many people have contributed to the research and writing of this series and to its publication. I would like to thank Dr. Peter Oberlander for initiating these lectures and Dr. Arthur Fallick for much of the research. Dr. David Hulchanski, director of the Centre for Human Settlements when I presented the last lecture, and Dr. Alan Artibise, Director of the School of Community and Regional Planning, provided valuable advice and made arrangements for the latter part of the series. CMHC staff also contributed: Doug Stewart, Chris Terry and Debra Darke. Thanks are due also to Bob Phillips of Ottawa.

George Anderson
President
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Lecture #1

Canadian Housing Policy, 1917-1946

Not many people outside the Canada Mortgage and Housing Corporation recognize its profound impact on Canada. It manages about half a million assisted housing units, laboriously built up over the last 40 years. Whatever its shortcomings may be, Canadians would be ill-served without that housing stock which we are jealously protecting.

As a company we have assets of about \$10 billion. We deliver, on behalf of the government, \$1.6 billion in housing subsidies a year. Through our insurance program we have \$39 billion of insurance in force.

One out of every four housing units in this country was built with the benefits of CMHC financing in one way or another. As you walk down the streets of this city, every fourth house has our stamp of approval on it. We have touched the lives of Canadians in a more personal way than some of the other great national institutions like the CBC or Air Canada. These Crown corporations brought the country together across our vast geography, but CMHC touches people's lives where it counts the most. It provided housing and it built the urban landscape of Canada. That is a great record of accomplishment. That is why I am proud to be the President of this great institution.

I want to thank the Schools of Community and Regional Planning and Architecture and the Centre for Human Settlements for sponsoring this series of lectures. It comes at an important time for us.

We want to talk about housing policy in Canada because, with little having been written, its history depends on oral tradition. Those few who know the origin of housing policy in this country are disappearing. The time to assemble that history is short, but it must be done because it will serve Canadians well for the future to know that the federal government has, and always will have, a role in housing.

When Canada became a confederation there was no Canada Mortgage and Housing Corporation. There was no national housing policy. In fact the notion of a housing agency or national housing policy did not arise until many years after Confederation. I think it may be worth contemplating for a minute the reasons for this apparent neglect on the part of the Fathers of Confederation.

There were two reasons that there was no national housing policy in 1867. One was that Canadians shared roughly the same housing circumstances. People reflecting on a youth of poverty often remark that they did not realize they were poor because everyone around them was poor too. Our housing at Confederation was like that; we were a rural people spread over a very vast land. We shared the same--if you will excuse the expression--crummy housing: sod huts, log houses, shacks. Everybody being roughly in the same circumstances, few thought they were disadvantaged.

Governments of the day, of course, were nowhere as interventionist as they are now. Until they discovered income tax, they had no money. So they were not inclined to poke around in areas where it could cost money to rectify problems.

Culturally, we didn't believe we should help the less fortunate. At Confederation if people were in financial trouble, there was a common moral feeling that their plight had nothing to do with the socio-economic system; it had nothing to do with the class system. They were moral degenerates if they were out of work, or unemployed, or unable to take care of their families.

And you have to remember, too, that Confederation, though we extol its virtues today, was basically a business deal among a group of

provinces; it was an economic pact that had nothing to do with social policy as we now know it.

So, in simple terms, we didn't have a national housing policy because no one thought we needed it. Certainly under the British North America Act there was little leeway for federal involvement, but as you will see in the course of these lectures, constitutional law and political circumstance are not always easy partners.

It took a while for this narrow view of the role of the federal government to change enough to see the first real evidence of housing policy, although there had been a local housing commission in Toronto before the First World War.

The federal government became involved in housing in a unique way. A cataclysmic event precipitated into intervention. At 8:45 on the morning of the 6th of December 1917, Halifax suffered the most devastating explosion of Canada's history when a ship loaded with munitions blew up in Bedford Basin. It is hard for us to imagine the reaction that this caused across Canada: the horror with which people looked on the death of more than 1,600 people or the flattening of a familiar city. Canadians came forward in a spirit of compassion, the same spirit they showed in Edmonton recently with the tornadoes. They started to give aid, and they said to the federal government: "What are you prepared to do?" What the government did at that time was set up an institution known as The Halifax Explosion Relief Commission.

The government's response at the time was justified, not so much by the event itself as by its connection with war. It was under that rationale that the government got into housing: under the War Measures Act. The main relief effort was a \$30 million pension fund to help victims and survivors of the disaster. And to enhance the capital in this fund the money was invested in housing. Thus the federal government was involved in housing.

The fund trustees did an excellent job of getting housing at a very low cost; it was exempt from all forms of taxation, federal, provincial or municipal, and they coerced the unions and the contractors into giving them

the materials at cost. The resulting housing was known as the Hydrostone project and was finished about 1920. Today it is protected by heritage designation.

The buildings were occupied by explosion victims, but there was no rent relief. Market rent was charged to all of these people. So the profit margin from all this cheap housing went, not to reduce rents, but to enhance the capital in the pension fund. As a result, by 1923 about half the units in this project were vacant because people could not afford to live in them. The commission continued this policy until about 1948 when it got fed up and decided to sell the housing. The residents never really did benefit from low rents. This was not an auspicious beginning to the federal government's involvement in housing.

But the Halifax explosion left another legacy in the person of Thomas Adams. Adams was a British planner who had been at the forefront of what some of you will know as the garden city movement in Britain. In fact he managed the first British community built by the Garden City Pioneer Company. Sir Clifford Sifton brought Adams to Canada just before World War I to act as a consultant on the newly established Commission on Conservation. Sifton had been in Europe where he had seen the results of the industrial revolution and what happened to cities with unplanned urban growth. He made up his mind that we ought to do something in Canada before events overtook us.

The Halifax explosion provided Adams with a real place to demonstrate his ideas. The Hydrostone Project, which is a huge project--326 buildings in 10 parallel blocks on 24 acres--represents classic garden city planning. More than that, Adams had easy access to politicians. He became an eloquent advocate for federal involvement in housing and community planning.

Throughout the history of housing policy in Canada this personal access and the imprint of personality on policy has had a very great effect. We don't often acknowledge the role that the individual has played in the development of policy. Some may think that policy is created in a rational environment. That is not always true. It often happens in crisis; it

sometimes happens in the back of taxi cabs; it can happen for the wrong reasons.

On July 9, 1918, Adams addressed a joint meeting of the Civic Improvement League of Canada. He stressed that housing was the most urgent question of the day. Because of the war, the private market was largely unresponsive, little private capital was available for housing, and the cost of building materials and labour had soared. Adams therefore argued that we must have recourse to government aid: "The federal government is the authority under the War Measures Act, and housing workers is a war measure; therefore, this is primarily a matter for the federal government."

Now, this was very creative thinking, although for practical purposes the federal government remained largely unresponsive. It was in the middle of fighting a war; it didn't have a lot of money; and it considered housing to be a provincial responsibility under Section 92 of the British North America Act. Nevertheless, we begin to see in this period the change in attitudes towards housing coincident with the urbanization of Canada. No longer was the idea of government intervention in housing dismissed. Politicians were arguing about who had the constitutional responsibility. Sir William Hearst, Premier of Ontario at the time, was becoming particularly vocal about the need for the federal government to become involved in housing. Housing and urban congestion were discussed at a series of Dominion-Provincial meetings towards the end of the war. It dawned on governments that soldiers were coming back, and somebody had to do something to house them.

A Dominion-Provincial Conference was held less than two weeks after the Armistice. It brought strong pressure on the federal government to do something about the housing situation. So here we find an interesting paradox. We have the federal government telling the provinces that it was their responsibility to do something about housing. We have the provinces and the municipalities turning to the federal government saying "You have to come in because this is a national crisis."

We are going through the same debate today on the question of municipal infrastructure. The federal government is saying: "We were there once, but we don't have any more money. Therefore, it is not

appropriate for the federal government, given the deficit, to get involved in the big expenditure programs on municipal infrastructure, and it is not a constitutional responsibility for the federal government." Municipalities and provinces, of course, are exhorting the federal government to get back in because the federal government has the large scale expenditure capacity. Thus this debate is not new in the Canadian context.

The federal government was persuaded to act at the end of the First World War. It devoted something like \$25 million in loans for housing. That was a significant amount of money in those days. Even then, though, the government didn't wish to risk a constitutional debate in Parliament by introducing new legislation. They resorted to the device of an Order-in-Council which was thought politically safer, even though at some later point Parliament would have to vote funds for the Order-in-Council. In introducing the motion for funding in Parliament, the President of the Privy Council again outlined the special circumstances that war had brought including, as he said, "the importance of providing employment."

All of a sudden we hear this term "employment" starting to creep into the housing debate on the grounds that housing would "really add to the national wealth and strength of the nation for the many men who might be thrown out of employment through the cessation of war." We start moving from the war to unemployment and employment as an issue that the federal government thought was important. When this request for money was tabled in Parliament, the opposition to it was only token. With the provinces and the municipalities exerting constant pressure, and the object of expenditures being war veterans, nothing was likely to stop it.

The records show that this first national housing program lasted from 1919 to 1923. But it really began to lose favour by 1921 when a change of government brought Mackenzie King to power. The programs by that time had seen better days. The coolness of the federal government might seem surprising, especially in the light of Mackenzie King's carefully cultivated image as a social reformer.

Part of the trouble was the persistent federal zeal in linking the housing program to the crisis of war. Perhaps the government in the closing days of 1918 had moved too quickly under pressure of the Dominion-

Provincial Conference. It readily gave the housing program an acceptable political rationale without taking time to think through the extent to which it could be, or should be, used as a turning point in federal philosophy. By being so closely tied to the necessities of war, the program lost its own defence when the war ended.

Also, the political climate changed; in times of war the population was ready to welcome government intervention in all sorts of fields. The pendulum was almost bound to swing the other way with peace. After the Second World War, for reasons I will talk about in a minute, the swing of that pendulum was relatively gentle; government activities never did return to anything like antebellum boundaries. But after the First World War there were very strong pressures to put private enterprise back on its throne. Government involvement in housing was one of the casualties of that view. So was Thomas Adams; he got fed up, got on a boat and went back to Britain.

The 1919 program did have some success--6,200 dwelling units were built in 179 municipalities. But the program was attacked as being inefficiently administered and very wasteful. From here on in, the resolve seemed to be that the private market would be relied upon to build housing. But the private market, as might have been expected, did not build houses for exactly the same class of people that the 1919 program had; the target was the confident and affluent new middle class, at least until 1929 when that market lost both confidence and affluence.

In 1926, 36,000 housing units were built in this country. However, the demand outstripped even that supply. And if any of these 36,000 housing units did anything to alleviate the growing urban slums in this country, it was very little, very indirect, and very unintentional. And so when Canada entered the depression, it had a serious housing problem, masked by the apparent vigour of new construction.

The housing problem, as you would expect, soon became visibly more dismal. By 1933, new housing starts had plummeted--they were less than a third of the level of 1929. Mortgage lenders were extremely nervous. They saw property values falling; they saw no end to depression;

and to make things worse, municipal taxes continued to rise because municipalities were saddled with most of the country's bill for welfare.

With the depression, municipalities became eloquent and political; they were not any longer simply creatures of the provinces. A vigorous and new national organization was formed in 1937 by two emergencies which united the municipalities of this country: welfare and housing. The cost of welfare was crippling municipal tax payers. And the municipalities lobbied hard for housing help on the basis of studies done in the early thirties in Halifax, Montreal, Toronto, Ottawa and Winnipeg.

Two of these studies were particularly influential: one was the 1934 report for the Bruce Commission in Toronto, and the other was a 1935 report on housing and slum clearance in Montreal. Despite some voices in Parliament decrying federal intervention in housing, Prime Minister Bennett deferred to the growing public pressure for action during this period by appointing a special committee on housing, headed by New Brunswick businessman Arthur Ganong. The committee was given a mandate to review the possibility of establishing a national policy on new house construction, reconstruction, and repair. Suddenly we were starting to worry about not only new construction but the existing housing stock as well.

Again the government was sliding into housing policy for ulterior purposes. In 1918, housing was a war measure; in 1935, housing created jobs. That's what Canadians wanted, more jobs. Either way, if the government decided to do something about housing, it could maintain that the unusual prevailing circumstances on employment were not a precedent for a long-term housing commitment.

So the government got in, but always on the basis that it had an excuse to get out: if the unemployment rate dropped, war ended, whatever might happen, it could back away. In less than two months, the Ganong committee concluded that the need for federal action was urgent; it recommended a national housing authority to provide employment. Like the Bruce Commission before it, the Ganong Committee implicitly rejected the notion that housing was only for temporary and special emergencies.

So this Committee for the first time started looking beyond short-term problems. It urged permanent financial institutional arrangements to solve serious and deepening social problems amongst the poor whom market forces had not helped. The federal government would give continuing financial and administrative support, establish standards, support new housing, clear slums, direct help to those most needing it. This was heady stuff--it broke with all precedent and tradition in federal attitudes to housing. It seemed to be giving government a vigorous shove on the way to policies which would eventually establish the post-war Central Mortgage and Housing Corporation.

If the government was moved, however, it was not quite in the direction or with the speed the Ganong Committee had in mind. Without waiting for the report, the government instructed W.C. Clark, the Deputy Minister of Finance, to start drafting what would become the Dominion Housing Act of 1935. Either from political direction or personal conviction, he went back to the idea that a housing policy should concentrate essentially on the immediate emergency problem of using housing as a stimulant to business recovery and, in his terms, "as an absorber of unemployment." Appearing before a parliamentary committee, Clark stated the principles on which the Housing Act was to be based. Always anxious to protect the public purse, he argued that housing should be used only as a short term implement to stimulate unemployment. He emphasized that government should not commit itself to long-term expenditures, since this "would have a negative effect on the housing market."

The resulting Dominion Housing Act was introduced in 1935 on the eve of national elections in which housing and unemployment would be the major national issues. One of its main provisions was a housing study to be undertaken by the Economic Council of Canada. The Bill also authorized the Minister of Finance to join with a lending institution or local housing authority to make loans for the construction of new houses, but not for the repair of old ones.

For the time being, the notion of doing something about the existing housing stock was abandoned. The Act did not establish a national housing agency, even though one had been discussed during debate. In fact, the government so suddenly downplayed its own initiative, that Sir George

Perley, when introducing the legislation, said that it was not a housing act, despite its title. It was an Act proposing to study the housing problem, an Act to meet some measures of the immediate problem of unemployment. Whatever Perley might say, the Dominion Housing Act was a milestone on the road to a national housing policy; at the very least, the bill demonstrably broke new ground in introducing the concept of blended payment mortgages and longer amortization periods.

Although the opposition contained its enthusiasm for the bill, as one might expect, it was not especially critical. Its main warning was that it would not meet the Minister's objectives for employment, house construction, home ownership by the poor. The opposition was right.

Newly re-elected Prime Minister King decided that he was not going to toy with this housing act; that maybe he would give it a fair trial. But the fair trial, in some respects, found that the Dominion Housing Act of 1935 was wanting. Lending institutions were unhappy because the Act capped the amount they could charge on loans at 5 percent. With no branches of lending institutions outside the cities of this country it didn't serve our vast rural population. It required a 20 percent down payment which largely excluded low-income groups. By 1938 only about 5,000 homes had been built under the Dominion Housing Act.

The government started tinkering again when it saw that the Act was not working well. In 1937 it introduced the Home Improvement Loans Guarantee Act. We just wound this up last year. At last loans were made available for renovations, but again the program had only limited success.

The first National Housing Act came in 1938. At long last the federal government began to acknowledge that federal assistance was needed to provide adequate housing for its own sake, not just to prime the economic pump. And from this Act we begin to measure the formative years of federal housing policy.

Part one of the Act re-affirmed the old Act, but it raised the amount available for loans to \$20 million, a significant sum. It improved, but did not solve, the question of access to benefits for families living in remote areas. And the Act created the first modest management unit.

This lending provision in the National Housing Act was much more successful than the 1935 version of the Dominion Housing Act. In forty-four months there were 15,000 loan applications. The amount of individual loans started to decrease, an indication that lower-income earners were using the Act. The federal government put in about \$30 million, with the provision that municipalities had to lower their property taxes to one percent during the term of the loan. It didn't work. Provinces did not pass legislation to allow municipalities to lower their taxes. Elsewhere, administrative problems arose. Some of the projects that got underway abruptly ended when the war started.

Part three of the Act was a part of the historic record, a tax compensation measure. If municipalities provided building lots for \$50, the federal government would pay taxes on those units, provided that the total price of the house was less than \$4,000. So there was a time in this country when you could buy a building lot for fifty bucks, and you could build a house for \$4,000.

Although the outbreak of war in September 1939 suspended building under the National Housing Act, it still was a national housing policy landmark. It proved the federal government could stimulate housing construction. It committed the federal government to a housing role and a housing policy into the indefinite future, once peace would return.

One more piece of important legislation came just before the outbreak of war. This was the provision of the Central Mortgage Bank. It was to have been operated by the Bank of Canada under a board of directors; any institution could join the bank by agreeing to keep its mortgages for farms down to 5 percent and on homes to 5.5 percent. Though none of this happened, it was historically significant. It was an indication of how far King and his Liberals had come in fifteen years: from a hands-off policy relying on the private market to a growing federal intervention. It also spelled out the nature of the intervention, and this is important to what CMHC does today. The federal government confined itself to the kind of stimulation that avoided conflict with the private development and construction industry.

The construction industry was apparently content with this view, but the lending institutions did not like the idea of a Central Mortgage Bank and they lobbied hard against it. The bank was a direct ancestor of CMHC. It was the brainchild of W.C. Clark, the Deputy Minister, and a fellow named David Mansur, who was persuaded to leave the Sun Life Company to become the General Superintendent of the new bank. Within three months, it was his job to close the bank he helped to start. But David Mansur came to Ottawa, where he still lives today. He became the first president of Canada Mortgage and Housing Corporation.

Up to 1944, no new housing legislation emerged. There was some easing of housing conditions in some areas as the soldiers went overseas, and money, which was impossible to find during the depression, was available in large sums to house munitions workers. The government created Wartime Housing Limited in 1941 for the narrow purposes that its title indicated. C.D. Howe, another great Canadian associated with CMHC, said: "This legislation is to take appropriate housing action when and where a shortage of housing is retarding the production of munitions and war supplies for the completion of defence projects."

We come full cycle. All of a sudden, everyone is backing housing, using war as the rationale. At the same time, the political and social climate began a sweeping change in this country. At its roots was a bitterness over the experience of the depression years. The images of poverty were etched in the minds of far more Canadians than those who rode the rails in search of work, lived in abandoned sewers, or watched their families starving. There was bitterness that a land so rich could not afford to feed or house its people.

And so, naturally, an unprecedented radicalism took hold in Canadian minds—it was of course the polite form of Canadian radicalism. It was the kind of radicalism, however, that led a narrow band of educated Canadians to take great interest in the increasingly articulate cries from Britain for social reform, most notably from the tremendously influential Beveridge Report of 1942. Some of the bright young people flowing into Ottawa persuaded Prime Minister King to take the Beveridge Report seriously as a wave of the future, whether he liked it or not.

Also from Britain came the loud voice of a chap named John Maynard Keynes, explaining how to prevent depression by government economic intervention. Even early in the war--for no one guessed how early it was and how long the war would last--Canadian voices were being raised about post-war Canada in general, and post-war housing in particular. Municipal politicians, who after all lived closest to slums and housing shortages, were unremitting in their pressure that something had to be done. There was a crisis coming and government had to act. As an unconscious throwback to the days of the Halifax explosion, they now tied their demands for housing to the interests of soldiers. Typical is Mayor John McQueen of Winnipeg: "To build homes to rent to people of low income, that is the great need of our country today. We've got to get homes built so that when a soldier comes back to live in our community again, there will be a healthy home for him." At the same time, community planning was becoming popular as a means to make housing investment more effective and to improve the quality of municipal life.

In 1944 the Advisory Committee on Reconstruction, chaired by McGill President Cyril James, published its final report, including an analysis of community housing and development. Two authors of that subsection were W.A. Curtis of Queen's University, and Leonard Marsh, a McGill social scientist. It was an impressive committee of social thinkers. Housing policy for the first time was put in a social context. The Curtis Report concluded that a housing program of large dimensions would be necessary for Canada after the war. This is not a surprising conclusion in itself, but it set the need at 606,000 new urban units and 125,000 farm houses. And it said that some 355,000 existing dwellings in this country needed substantial improvement. Even though no one in 1944 could have foreseen the extent of post-war population growth through immigration, these sober figures were startling in relation to any past experience of housing starts in Canada's history.

More than money was needed. Social adjustment was involved in the Curtis recommendation to help middle and low income groups to borrow. Under various lending arrangements, equity required from financial institutions would have to be reduced from 20 percent to 10 percent. To give low income people access to mortgages, the Curtis Report said there was a need for government mortgage insurance, public housing,

aid to cooperatives, and lower-interest loans for renovation. The report also said, let's use the Combines Investigation Act and let's eliminate sales tax to get cheaper housing by reducing the prohibitively high cost of building materials. The report called for a federal town planning agency; low interest long-term loans for municipalities for land assembly; federal grants for municipal planning; and a requirement that neighbourhood planning be a condition of federally-assisted mortgage loans.

One of the most significant recommendations in the James Report was that all the elements studied, like housing, should be considered together, not in isolation. "Social security is not something sufficient in itself, but part of a broad program for the improvement of human resources of the nation in which such things as housing, nutritional policy and education have important places." If the federal government was touched by the enthusiasm of the social reformers it had hired to prepare this report, it was still not convinced. The 1944 Housing Act which resulted from it fell far short of the Curtis recommendations; the new Act retreated to the logic of the past by justifying government action by the need to provide post-war employment. The Act was not designed to ensure shelter for Canadians as a right in and of itself, but to promote the construction of new houses, the improvement of housing and living conditions, and the expansion of employment in the post-war period.

In that last year of the war, expectations and optimism grew quickly. Talk of social reform in Canada was spreading from the most respectable places. The flood of servicemen was now returning from Europe; many of them were introduced to their first courses in civics through the army's own Bureau of Current Affairs, and they were becoming forces for social change. Tens of thousands of others were entering universities with bitter memories of both depression and war, determined that neither would darken their families' lives again. Parliamentarians, all of a sudden, were dealing with a very different political climate than they had known in 1919.

Canadians sharing ideas of social reform that had first taken root in Europe could find special Canadian reasons for action. Though Canada did not seem to have as rigid a class system against which they could rail, it certainly had a very vast geography. And only government intervention

could ensure that all Canadians, regardless of where they lived, had the same rights, privileges, and living standards. And that's what my corporation is all about today: pursuit of that public policy purpose.

Possibly with a mixture of nervousness and idealism, political leaders recognized the need for fundamental social change. It had begun already with such measures as unemployment insurance, but the momentum had to be preserved. In the continuing federal-provincial seesaw of power, war made Ottawa a temporary winner. It had, at last, the moral authority to show initiative in social planning which would have been unthinkable 30 years before. The public had learned to look to Ottawa for the solution to more of its problems as a result of the war effort. Canada was also economically much stronger. The government was taxing, and it had money to spend. The optimists saw in the industrial strength the source of new revenues to promote higher living standards and better social safety nets. The pessimists saw an industrial strength that had the means to combat the expected post-war depression.

Finally, as peace came to Canada, there was a bold new mood of change in Ottawa. For whatever reasons, Ottawa managed, in the post-war years, to attract a cadre of public servants with remarkable ability, idealism and capacity for effective action. They were not only people urging new ideas, but people ready and able to execute them. And so, suddenly, for national housing policy, and for CMHC, the time had come.

Thank you very much.

Lecture #2

Canadian Housing Policy, 1944-1967

By the time of the Great Depression, housing had become--second only to relief--the great national social problem.

Then, when war broke out, the move to the cities accelerated. In its first three years there was a 60 percent increase in urban war-related employment. Almost every mayor in the country was pleading for help from federal and provincial governments to meet a housing crisis that was steadily worsening.

As we found in Canada's earlier days, there was nothing like a world war to stimulate federal action on housing. In 1941, Wartime Housing Limited was created as a crown corporation to build temporary dwellings for temporary workers. Still not wishing to be accused of entertaining a national housing policy, Munitions and Supply Minister, C.D. Howe, insisted that this was not "a general housing project, but is confined solely to housing that is found necessary for the successful prosecution of the munitions programme."

Wartime Housing Limited did well. It built 26,000 rental units in six years. That was less than a third of those looking for housing in the cities, and of course this construction program did nothing to relieve the backlog of demand.

As we saw in the first lecture, a striking difference between the two world wars was the degree of post-war planning launched long before hostilities ended. There was an almost universal determination that veterans in particular, and Canada in general, should never return to the misery of the depression years. The federal government was in the unaccustomed mood to spend both moral and monetary capital to make a brave new world.

But there was the constitution.

C.D. Howe, who attained the reputation of being stopped by neither friend nor foe in human form, paused cautiously before the constitution in 1942: "Housing for the permanent population is the responsibility of the city or municipality, and therefore Wartime Housing Limited can only assist the local authority, but cannot assume the full burden."

The government, not knowing what should be done to reach the desired goal of decent housing without donning the boots of private enterprise, managed to get a lot of good advice. Moved by the British Beveridge blueprint for sweeping social reform, the government established an Advisory Committee on Reconstruction. Under its umbrella, a remarkably able group of twelve people under Professor C.A. Curtis recommended how to have "an adequate housing program during the years following the war." The Curtis Report, because of its far-reaching implications not only for low income housing but also for urban planning and development, was to have deep and lasting influence on government housing policy for decades. But not right away.

Though its first fruits seemed meagre, the 1944 changes to the National Housing Act began the modern era of national housing policy. But the government still felt it necessary to wrap federal action in a cautious cloak of wartime necessity.

Part V of the new Act more directly reflected the thinking of Curtis. Turning to planning and research, it was to finance the education of a whole new generation of professionals in programs starting first at McGill and expanding to eight universities. It also enabled the federal government to stimulate and support training, education and research, including the publication and distribution of reports. Some might argue that, in the long

term, this part of the Act was the most influential in the whole legislation. Yet it was included as an afterthought.

Even though the 1944 National Housing Act did not fully respond to most of the recommendations of the Curtis Report, it brought Canada closer than it had ever been to a national housing policy. The most decisive step along the path toward that goal was the creation of a continuing instrument of policy. That happened on December 18, 1945, when the Central Mortgage and Housing Act became law.

Such an Act was possible not only because Wartime Housing Limited was successful, but because C.D. Howe was convinced that it was successful. This outspoken defender of free enterprise, who had been far from enthusiastic about federal housing initiatives, had become a believer in Crown corporations. He was a firm advocate of a Crown corporation which would be both an instrument of public housing policy and an administrator of federal funds devoted to housing. Like the CNR, the CBC and Trans-Canada Airlines, this was to be the type of Crown corporation that is not only at arm's length from government departments, but performs, in part, much like a private corporation. Indeed, over the years CMHC has returned more than \$700 million to the consolidated revenue fund, including more than \$100 million in the last two fiscal years.

The first President was David Mansur who had enjoyed a distinguished career in Sun Life before being called to Ottawa in 1938 to head the Central Mortgage Bank. General Hugh Young, just retired as Canada's youngest Quartermaster General, was appointed Vice-President. It was a strong team. This was a good thing because CMHC did not have much opportunity for leisurely planning. On New Year's Day, 1946, the President started work. He was immediately faced with the problem of finding temporary accommodation for the families of 16,000 veterans, many of whom were attending universities. They were billeted in army huts moved to the campuses of nine universities. CMHC commandeered public buildings and hotels, including the old Hotel Vancouver and the Winnipeg Immigration Shed.

Soon after its incorporation, CMHC acquired the assets and staff of Wartime Housing Limited. They included 30,000 wartime houses to which CMHC added another 20,000, also for veterans.

And so, at long last, substantial and rapid progress was being made on Canada's housing deficit. Howe was able to report to the House of Commons that nearly 50,000 units had been built with NHA support in 1945, and the targets for the next two years were to be 60,000 and 80,000.

Late in 1946, housing research and community planning operations under Part V of the National Housing Act were given a big boost with the establishment of a research division in CMHC. Its mandate was to consult provincial planning authorities to find ways to implement community plans and to begin a community planning research program.

In April 1946, the government transferred to CMHC almost all its housing activities, emergency shelter, and home conversion programs. The National Housing Act was amended to permit loans for resource companies to build moderate and low cost housing for sale or rent to their employees. In that same year, Howe was warning the housing industry that if it failed to build the houses Canada needed, "then the Dominion Government will take a direct position in the housing field." In political ideology, constitutional theory and earlier personal belief, this was a revolutionary statement for him to make.

The fires of revolution were not burning uniformly in the Liberal Cabinet of the time, however. Prime Minister St-Laurent declared in October 1947 that: "No government of which I am a part will ever pass legislation for subsidized housing." Dr. Curtis must have shifted uneasily.

The sentiment of the Prime Minister was somewhat surprising because by the late 1940s public housing was not a revolutionary idea. The British Government, where the social thinking of Beveridge had influenced Prime Minister King, had long been building public housing. The United States had been subsidizing it. In 1947, Toronto bit the bullet and developed Regent Park North as a large public housing project with assistance to acquire and clear the site under the urban renewal provisions of the NHA.

Ottawa politicians continued to put their faith in increasingly favourable mortgage terms and other indirect financial incentives which were supposed to trickle down for the benefit of all. As the 1940s came to a close, it was becoming evident that they were wrong. Despite the vigorous building programs, more and more Canadians were unable to find housing they could afford.

In 1949 the Honourable Robert Winters, then Minister responsible for CMHC, admitted that housing would be a "long-term peacetime problem." The federal government was backing cautiously into a solution that clearly contradicted the Prime Minister's declaration about subsidies.

If the government had trouble with its conscience, at least it was spared by the opposition. Progressive Conservative critic Donald Fleming supported slum clearance and confessed to shock that so many families with children could not afford housing. He even urged rent controls.

The 1949 amendment to the NHA deserves recognition as an example of the creative thinking the federal government must employ to get things done in a constitutionally difficult land. Nothing was said about subsidies, but the law provided that the federal and provincial governments would share the 'deficit' on a 75:25 basis in joint housing operations.

Some critics have claimed that the government was not only observing constitutional niceties but also shielding the Prime Minister from embarrassment. It was starting public housing in the least painful way open to it.

Though more houses were built in the immediate post-war years than anyone predicted, the shortage remained serious and persistent. One reason was that the apprehended post-war depression never happened. Employment continued to be high while business and industry expanded. Low interest rates had a direct effect on housing demand.

A sudden interest in marriage at a younger age and a consequent baby boom coincided with surprisingly high immigration. In 1945 there had been 15,000 newcomers. In 1952 the figure rose to 211,000 before levelling off. By 1950, when the Korean War was providing a brand new

stimulant to the economy, the rate of house construction was falling. The problems of scarce materials in the immediate post-war years had solved themselves, but the problems of financing were becoming worse. Purchase of a house required a down payment of from 20 to 25 percent of its value; in small communities and rural areas, the down payment could be as much as 50 percent. There were shortages both of mortgage funds and of serviced land. The final discouragement was sharply rising municipal taxation.

Critics in the House of Commons accused CMHC of serving the needs only of the upper third of the country's income earners. The housing shortage was estimated as high as 700,000 units.

When a new National Housing Act was brought down in 1954, there was little quarrel with its much more vigorous policy. In the search for new mortgage funds, the main change was the entry of the chartered banks as lenders in the housing market. Instead of offering direct loans as the government had done since 1935, CMHC would insure long-term mortgages financed by private lending institutions. Requirements for down payment were dropped to 10 percent. This set in motion a long process whereby the Corporation eased access to home ownership and took pressure off the demand for subsidized rental housing by relaxing the terms of mortgage lending.

In springing loose mortgage money, the new Act was a marked success. In one year the number of new loans jumped by more than a third. Between 1954 and 1956, banks financed more than half the units built under NHA.

As a consequence of the 1954 Act, most Canadians who could afford mortgage payments were able to find financing. Most, but not all. The banks were happy to serve city residents, which they could do with little administrative expense or difficulty. But Mansur records:

"We had a dreadful time in the early years getting lending institutions to make loans in remote areas. They didn't want to send employees into the hinterland to make one or two loans. It just was not economical... The lenders were opposed in principle to the government getting into the

lending business, but they were reluctant to change their way of doing business."

To anticipate the story a little, in 1957 the Diefenbaker government directed CMHC to re-enter the direct lending field so that all Canadians, regardless of place of residence, could get mortgage financing.

While the new Act reflected deepening government responsibility for low income earners, progress on low cost housing was modest.

With the passage of the 1954 Act, David Mansur decided that his major objectives had been achieved. He retired at the end of 1954. As he said in a classic understatement, "I decided there were other things I could do." For the next ten years the President was Stewart Bates, a different person with different priorities. Recently Deputy Minister of Fisheries, his beginnings in Glasgow gave him strong social concerns and a deep personal interest in the distribution and quality of housing.

The Corporation which he inherited had by now a headquarters staff of over 300, five regional offices and a network of local offices from coast to coast. Until July 1952, it worked in the spartan rooms of Number 4 Temporary Building just west of the Supreme Court. The Board of Directors decided that CMHC should make a statement of corporate independence by building its headquarters well beyond the shadow of the main government complex in downtown Ottawa. Its setting in spacious parklands and its red brick Georgian style architecture are attributed to Vice-President Hugh Young who had been much influenced by the Garden Cities of England. The prototype for CMHC was the Town Hall of Welwyn.

From this new building, Stewart Bates soon made his own personal mark. In a milestone speech a few months after he took office, he proclaimed his belief in the city as the major crucible of social and economic change, and in housing as the major instrument to build the city. He quietly rebelled against the conventional notions at the time, which saw housing circumscribed by the mathematics of starts, and down payments, and lots bulldozed into the simplicity of empty pieces of paper. "Must we look forward to wholly conventional living in our North American Cities?" he asked. "Lives all alike in standardized subdivisions? This is the ideal

that seems to prevail among governments, builders and planners ... If environment has any influence on character, the one we seem to be providing has severe limitations. It seems aimed at diminishing the individual."

Within the Corporation, thinking and planning took on a new direction with the formation of what he called the Advisory Group, a small committee of creative people who were encouraged to develop fresh ideas on how the Corporation could improve the nation's houses and its cities, thus raising the quality of Canadian life. Its members had a profound effect on CMHC and housing in Canada.

Twenty years later the cycle was to repeat itself with the establishment of the rebellious Policy Planning Division, which for one memorable moment seceded entirely from the Corporation and went to work above a beer store. But that is a story for next time.

Though such a ginger group was bound to have its critics, it was an interesting time in the life of the Corporation. To put intellectual ferment into perspective, one has only to recall the fixed and limited objectives which had been publicly drawn by the Prime Minister and Howe, as well as by Howe's successor as Minister responsible for CMHC, Robert Winters, who was cast in the same mould. They probably thought that they had come a long way by tolerating a permanent peacetime federal involvement in housing, and they had. But they were certainly not ready to embrace the idea that national housing policy should be a major instrument of social change.

Many people in CMHC's Head Office, as it was then known, thought it should. In Canada the revolution in thought on the quality of community life did not spring so much from the universities, from professional associations or even political parties. It came, of all places, from a Crown corporation which was stimulating others to think and act.

In 1956, amendments to NHA gave a new stimulus to urban renewal, especially in urban cores, through more flexible rules on the uses to which land could be put, and through the funding of studies to assess which parts of municipalities required action.

The year 1957 marked the close of a long era of Liberal government. It coincided with worsening economic weather. The banks were failing to come through with the mortgage money needed as interest rates exceeded the legislated limit of 6 percent.

Howard Green, now Minister responsible for housing in the Diefenbaker Government, fundamentally changed one established operating principle: the gradual withdrawal of the Corporation from direct lending. In the decade following 1957, CMHC directly funded more houses than the banks did.

One can only speculate if and when that shift would have come had there been no change in government. Perhaps it would have taken longer, but in general it may be concluded that housing policy was rarely an area of sharp party differences in Canada. The opposition was always vocally critical of the shortcomings of current operations, but was also generally supportive of whatever remedial legislative measures the government brought before the house.

Typical of the uncontroversial extensions of housing policy was the pair of NHA amendments brought down in 1960. Authority was given for loans to build sewers; in the next six years \$208 million was advanced. And there was provision for loans to build university housing--a farsighted program that anticipated the pressures of the baby boom in the late 1960s.

One identifiable change with the new government in the late fifties was in housing quality. Mr. Green and Mr. Walker after him, wanted to move to smaller houses on smaller lots. David Fulton, who followed Mr. Walker in 1962, brought greater ministerial interest in urban renewal.

Throughout all of this, the social philosophies of Stewart Bates were controversial, and there are those who raised eyebrows at a perceived tendency to lead rather than to follow in the tango of Ottawa politics. Few of his critics would deny his intellectual capacity or integrity. With the passage of time, most would probably grant that his alleged social radicalism came at a good time in the life of the Corporation. He attracted gifted people with his sense of mission, and he helped develop the Corporation as

a creative institution when it might have slipped into a long and safe existence only as an efficient banker.

In seeking to trace the development of a national housing policy, we have been looking particularly at the legislative scene. It has been the most important reflection of a national housing policy and, until the coming of CMHC, almost the only reflection. But CMHC itself was given the authority and responsibility to make its own contribution to housing policy. As its instrument it used Part V of the National Housing Act.

What made Part V one of the most significant foundation blocks of national housing policy was the leadership it provided in new ideas and in the training of people to develop them.

The Corporation supported its first students at McGill's School of Architecture in 1946-47. British Columbia followed in 1951-52 and then the Universities of Manitoba and Toronto. A network of eight professional schools was linked to another half dozen academic programs providing planning education and research opportunities across Canada. Some of the names of the students supported in the early years include Brahm Wiesman whom you all know, and Tommy Shoyama, later to become a Deputy Minister of Finance, and Ray Moriyama whom you know of.

Part V became law at a time when bright young people in government and universities were dreaming dreams about the post-war world, and when politicians were issuing warnings against permanent federal involvement in housing, and especially in social housing. In these circumstances, and with so much concern about the constitutional limits of federal programs, Part V was very radical legislative action indeed.

It is hard to know whether Members of Parliament, or even Ministers, saw the potential implications of Part V. It attracted no criticism from any corner of the House of Commons or from provincial governments. And in the forty-four years it has been on the statute books, it has attained institutional status.

Other spin-offs from work at CMHC's Head Office were the Canadian Housing Design Council and the Community Planning Association

of Canada. In all these ways the management of CMHC, particularly when Stewart Bates assumed the presidency, was demonstrating its fundamental commitment to quality in housing and urban planning. The political, economic and social facts of life in that era dictated a special priority for housing starts, but the need for quantity never excluded the search for quality.

If I may, for a moment, anticipate our story, the seeds of housing quality introduced in the 1950s are producing their rich harvest today. Then it was hoped that at some time in the future, Canada's principal housing needs would at last be met by a combination of industry, local and provincial governments, leaving national housing policy free to make quality its first priority.

After some twists and turns in the road, though not yet here, that time may not be far off, at least in our urban areas.

In 1963 the election of the Pearson government brought a wave of social legislation. Its first important law was a set of sweeping changes to the National Housing Act the next year. Urban renewal got a large boost. Also, for the first time the words "public housing" appeared in the Act. Loans of up to 90 percent were authorized to non-profit charitable or government corporations to buy or build low-cost rental housing. This brought provinces into public housing in a significant way through the creation of provincial housing authorities.

Professor Albert Rose, one of the most informed critics of Canadian housing policy, called the 1964 amendments:

"A turning point in Canadian housing history. From that time on the whole question of whether slum or blighted areas were to be cleared, the social questions accompanying the process of re-housing and relocation, the whole question of whether low-income persons and families were to be offered decent and adequate housing at a price they could afford--these and numerous related social questions were put squarely in the laps of the provincial governments."

By the mid-sixties public housing for the poor, the elderly and students was being created on a hitherto unprecedented scale. At the same time, conventional housing starts levelled off, and there was a shift toward rental housing. The banks had been taking a smaller role in mortgage lending since 1959 when the 6 percent ceiling on interest rates effectively removed them from mortgage lending. To remedy this situation, a 1966 amendment virtually freed NHA interest rates.

With that legislation, the period covered in this second lecture draws to a close. In 1967 Canada observed its Centennial in a mood of national celebration and seemingly endless introspection. The most successful world's fair of the century was a focus of enormous pride and optimism. While waving its newly approved Canadian flag, the nation also learned immensely more about its history than it had ever done before, owing to a flood of books, magazines, television, film and radio broadcasts. It focused its thoughts as never before upon the future.

The country had been changing fast. By the Centennial year, three-quarters of the population lived and worked in cities. Two-thirds of those were concentrated in large cities and metropolitan areas. After World War II, 85 percent of new housing was single family homes. In 1961 the rate dropped to 70 percent. In 1964 almost half of all new housing was apartments and other multifamily dwellings.

Such changes made life more difficult for the custodians of a national housing policy. It was work enough to wrestle continuously with the absolute deficit in affordable housing. They had simultaneously to cope with the fast-changing face of Canadian cities, as well as the changing expectations of those demanding or occupying housing.

Within twenty years we have moved from vigorous back-room debates on whether the federal government should be permanently in the housing business at all, to a leadership role in not only house building but in the nature of communities.

At the beginning of this period, a comprehensive housing policy was still an elusive idea. By the end of the period it had a place as a vital part of federal social and economic policy: a more important place than anyone

then realized. Canada was on the eve of an explosive experiment in urban affairs. It was the beginning of a new era of vast changes in the housing environment, of quick responses to them. And of upheaval at CMHC.

Lecture #3

Canadian Housing Policy, 1967-1984

This is the third of four lectures on the history of Canadian housing policy, and the last dealing with history itself. We now move from the late 1960s, through the seventies, to the early 1980s.

We are about to look at a time of extraordinary housing activity. I am referring not just to the number of housing starts. It was extraordinary in the degree of government intervention in the creation of housing and in the shaping of the communities where it was built. With the possible exception of the very early days at CMHC, this was by far the most exciting time for housing policy.

To see it in perspective we should remind ourselves of how far federal government housing policy had come in twenty-five years. Within the memory of most of those who debated or designed the new directions, any federal action at all in housing had once been deeply suspect. In two world wars, government had cautiously become involved on the excuse of military need or veterans' welfare. Between the wars the federal government retired as far and as gracefully from the housing field as it possibly could. With the advent of CMHC in 1946 the federal government became permanently involved in housing in response to strong political pressures and very evident need.

By 1968 Canadians concerned with housing could look back twenty years with some satisfaction. The housing crisis of the 1930s and 1940s, to

which urban mayors had drawn strident attention almost as an annual Canadian rite, had passed. Most Canadians were well housed. This happened in part because of federal willingness to spend money on an unprecedented scale to promote decent housing; also, CMHC had proved an effective instrument of government policy. Progress was attributable, also, to the growing commitment of provinces, now willing to complement federal efforts and to create their own housing organizations of professional competence. And, of course, credit was due to the housing industry which proved to be an effective engine of growth.

When we say that "most Canadians are well housed," we must recognize the substantial minority that was not. The common solution for this group was public housing, about whose quality and philosophy serious doubts were being cast by the late 60s.

Nevertheless, there was a sense that, even if public housing was not the right answer to poverty, some kind of government intervention could overcome social and economic inequities. The readiness to experiment was evident.

With this third phase of housing policy, Canada's long period of relatively smooth prosperity and economic growth was left behind. After the heady and self-congratulatory centennial of Confederation, there was turbulence ahead for Canadian society.

There was political turbulence which moved from majority to minority government. It was a time, also, of constitutional development, when housing inevitably was caught up in the power struggle between the federal government and the provinces. The sudden strength of Quebec separatism also affected federal priorities.

There was economic turbulence with unemployment, galloping inflation, wage controls, a continuing energy crisis, and seemingly astronomic interest rates. Between 1973 and 1984 there were three serious economic recessions.

There was social turbulence as every level of government began to reap the harvest of twenty years of fast urbanization. The population had

doubled since World War II. By now three-quarters of Canadians lived in cities. Poverty, which tends to be hidden in rural areas, was suddenly visible.

The stage was set for unprecedented federal involvement in housing policy. At the same time, people showed a growing readiness to work on local housing solutions, rather than to leave action to broad national programs alone. In short, the so-called third sector--the non-profit and co-operative groups--began to appear. With active support from CMHC it was to become the main instrument of delivery of social and low income housing.

This period was particularly interesting for another reason. In the long, slow pendulum swings of direct federal involvement in communities, as well as in housing, the 1970s recorded a movement of the pendulum to the left. The manifestations were the creation of the Ministry of State for Urban Affairs, the dabbling in tri-level decision-making, and the many quick adjustments in housing programs for reasons that sometimes went much beyond considerations of shelter alone.

In 1967 the overture to the new period was played by the Economic Council of Canada. Its fourth annual review dwelt on the consequences of the urban growth rates which by then outstripped any other industrially advanced nation.

A year later the Canadian Welfare Council convened Canada's first national housing conference. The twenty-one conference recommendations emphasized quality of life in the community, community consultation, and more choice in location, design and form of tenure. They showed the influence of the strong community development movement of the 1960s. To dispel any lingering doubts about their meaning, delegates insisted that housing was as socially essential as education.

The federal government itself became more actively involved through the creation of the task force on housing and urban development. Unusual for a group of this kind, it was chaired by the Honourable Paul Hellyer, the Minister of Transport who was also responsible for CMHC. His own experience as a house builder and his passionate interest in urban

problems led him to take on the job. Even more unusual was the date he set for completion of his work: four months for study and two more months for a report. His critics accused him of having his report drafted before the task force convened. In any event, he met his timetable.

The Hellyer task force castigated government and industry for the inadequate supplies of affordable housing to respond to the new kind of urban household or to serve the needs of the poor. CMHC was blamed for a failure to adapt quickly to changing accommodation requirements and urban development. Planners, architects and other professionals were given low marks for their inability to create interesting, varied and pleasing designs for houses and the communities that contained them.

The strongest attacks of the housing task force were directed at large public housing projects which they called "ghettos of the poor." The task force pushed in the direction of limited dividend, non-profit and co-operative projects. Meanwhile it urged that all large public housing and urban renewal projects be put on hold.

Most controversial of all its recommendations was the creation of a federal department of housing and urban affairs which would have wide-ranging research and information functions in support of a strong federal presence.

Hellyer's report had a difficult time in a cabinet which did not share his belief in bold housing interventions. Frustrated by the inaction, he resigned in April 1969, made public his disagreements with the Prime Minister, and finally crossed the floor of the house. If the creation of a ministerial crisis is a mark of political importance, housing had arrived.

That was evident within weeks when Prime Minister Trudeau, reacting to the political maelstrom created by Hellyer, declared an unusually strong and sudden commitment in principle to housing: significantly, it was made to the federation of Canadian mayors and municipalities which had been one of the most persistent advocates of better housing for 30 years. Then he appointed the Honourable Robert Andras as Minister responsible for CMHC. It was the first time that a member of the cabinet had been able to devote his whole time to housing and urban affairs.

Mr. Andras was indefatigable in his public campaign on behalf of housing, urbanization and the federal role in communities, soon floating the idea of a federal Ministry of Urban Affairs. The principle was included in the Throne Speech on October 8, 1970. An Order-In-Council proclamation, unanimously supported in the House of Commons, legally created the Ministry of State for Urban Affairs on July 1, 1971.

Peter Oberlander was appointed Secretary, that is Deputy Minister, of the Ministry. Harvey Lithwick of Carleton University, who had just completed a study of urbanization for the Minister, was designated assistant secretary in charge of policy and research. Lithwick had been critical of federal housing policy, notably its alleged failure to comprehend the inter-related nature of the problems in the wake of rapid urbanization. Convinced that the federal government was not changing its ways, Lithwick resigned within a year.

Even if changes in policy were not immediately evident, research on housing and urbanization was becoming a growth industry. CMHC commissioned a massive series of studies which were to influence policy development in general and the housing legislation of 1973 in particular. Michael Dennis from Toronto studied public housing. Glen Milne from Carleton University looked into urban renewal; and George Seadon, who eventually went to the National Research Council, examined municipal infrastructure.

To no one's surprise, problems arose through the apparently parallel work in CMHC and in the Ministry. MSUA was convinced that it had been given a clear and exclusive mandate for policy development, while line departments and CMHC would continue to operate programs. The MSUA would also co-ordinate the housing and urban programs of all federal departments and agencies.

Such wide terms of reference could not be accepted enthusiastically by those who were already well established in the housing field. Just as MSUA was being established, the Minister created in CMHC itself a new policy planning division headed by an experienced and colourful public servant, Walter Rudnicki. It produced a flurry of analyses and reports, some prepared internally, some by outside consultants. This work did much

to move program emphasis from the arithmetic of housing starts towards the social responsibilities of society to the poor. Rudnicki, with an intense personal commitment to native people, was largely responsible for the Rural and Native Housing Program. It was put into effect soon after his 1973 departure from the Corporation in a bitter public debate with CMHC president William Teron over the handling of secret policy papers. Rudnicki was eventually vindicated.

Thus, at this time of ferment, there were evident tensions within the upper ranks of CMHC itself, as well as with the Ministry. It was nevertheless a time of great productivity in housing policy. And, as for experimentation, nothing seemed more constitutionally innovative than the Ministry's short-lived foray into the troubled waters of tri-government consultation.

The first tri-level meeting was held in Toronto in November 1972, the second in Edmonton the following year. Loud words of praise and hope came from almost every direction after the first conference. The apprehensions, while more muted, were to prove even stronger.

Municipal leaders especially welcomed this unprecedented federal interest in municipal affairs. It gave hope of new money for housing and community development. Perhaps a more subtle attraction was the hope of loosening what some mayors saw as chains of bondage linking them tightly to provincial authority. The federal government had no such agenda, but it was hard to persuade some provinces that federal interest was free of constitutional threat.

While tri-level consultation lurched along, progress was made on less embattled fronts. The MSUA was Canada's representative at the United Nations Conference on the Human Environment, and was instrumental in getting UN backing for a Canadian Conference on Human Settlements--the milestone Habitat conference held in Vancouver in 1976.

This was the last triumph of the Ministry of State for Urban Affairs. The obvious provincial pressures clouding its future were matched by subtler offensives by the Ottawa bureaucracy which would happily live without co-ordinating ministries. These pressures, together with possible modest

political gains from any announcement of government belt-tightening, brought the closing of the doors of MSUA in 1978. There was deep regret among many, relief amongst others. The provinces were gratified, for the closing of MSUA seemed to signal a federal retreat, not only from the urban affairs sector but from a wide and threatening constitutional salient.

Rather quickly, the federal government seemed to lose its enthusiasm for urbanization. This is not to say that housing programs were to be given a low priority in the years ahead. On the contrary, there was to be active policy manipulation, but by the middle of the decade it was in a different context than before. New factors increasingly intruded, like the level of unemployment, interest rates, and the energy crisis. Housing construction was seen increasingly as an important cylinder in the national engine of growth, and perhaps less as a national human commitment. In other words, housing policy tended to develop in an economic rather than in a social context.

But to go back in time for a moment, early in 1973 two forces converged to produce some of the most far-reaching changes to the National Housing Act in 20 years. Within CMHC, the focus had shifted to social housing. About the same time, the Trudeau government had just been returned to power as a minority. This gave the NDP a chance to use its weight on social legislation, and it did so when changes to the Act were proposed. Thirty-six amendments were made to the Bill in the House of Commons. In June, Canada had 10 new housing programs mostly devoted to social housing and municipal planning. Many of the programs were based on social need, some sought to stimulate the economy, and others did both. The three most influential programs were more than two years in development: the Residential Rehabilitation Assistance Program, or RRAP, the Neighbourhood Improvement Program, or NIP, and the Assisted Home Ownership Program, or AHOP. They provided innovative approaches to the shortage of housing: revitalizing the old instead of writing it off; building the community with community participation; helping people break out of the cycle of poverty by contributing to ownership instead of underwriting perennial social housing.

The 1973 amendments also provided money to stimulate the formation of new communities as a response to unceasing urban sprawl and

excessive downtown densities. The federal offer was never taken up, nor was it pursued much in Ottawa.

The social housing and residential rehabilitation programs of 1973 have largely survived into the present. The loans and subsidies for infrastructure and land assembly, the Neighbourhood Improvement Program and the Assisted Home Ownership Programs, however, were terminated in two stages beginning in 1978 and culminating in the eventual cancellation of the omnibus community services contribution program.

The energy crisis, which lasted from 1974 to 1976, triggered the worst depression since World War II. Housing starts, especially of rental units, quickly fell from the 1976 all-time record of 273,000 units. Metropolitan vacancy rates were down to the one percent to two percent range. Then in 1975 and 1976, came wage, price and rent controls.

The government response to the downturn in housing was controversial. Finance Minister John Turner introduced tax incentives, rather than housing subsidies, to spur construction starts. Tax incentives have their advantages. They allow a government to act flexibly and inconspicuously without apparent cost to the taxpayer. They are conveniently regarded by some in the private sector as non-interference in private enterprise. On the other hand, they are held to be less controllable and cost-efficient than direct subsidies and are a relatively unwieldy instrument for social policy.

The government's main tax incentive program for housing was MURB--Multiple Unit Residential Building--to encourage investment in rental accommodation for middle income tenants. Other programs encouraged future home buyers to save for down payments, contributed to the costs of mortgages held by low-income families; and supported builders of houses for moderate income families.

In 1974 the government began the practice of announcing new housing programs through the budget. Between 1974 and 1984, all but one of the 13 budgets announced new housing programs or increased funding for existing projects. One result was that responsibility for starting some of the government's housing programs shifted from CMHC to the Department of

Finance. Though the Corporation was responsible for administering most subsidy programs, it was not necessarily involved in planning all of them: political and economic decisions sometimes tended to be pasted together at the last moment at a high political level. By 1979 tax expenditures for housing were about three times greater than all direct subsidy programs delivered by CMHC. It was not an auspicious time for sound planning.

In 1977 the Prime Minister requested a review of federal social policy on shelter. The result was a strong case in favour of shelter allowances, which eventually faltered, and a somewhat reduced federal role in direct program delivery. Rent supplements were increased, and low income housing programs were modified to promote income integration and project development and management by non-profit and co-op housing groups. Private sector capital was to replace government loans for these projects.

Studies continued as the government felt itself whipsawed between competing housing priorities, budget realities, and changing public attitudes. A federal-provincial task force on the supply and price of serviced residential land was chaired by Toronto lawyer David Greenspan in response to skyrocketing land and house prices in the mid 1970s. It concluded that red tape, lot levies, high-priced municipal services, and tax policies all played some part in the problem, but none was solely responsible. Simple market demand was the main single culprit.

A federal Task Force on CMHC, established by the newly elected Conservative government in 1979, examined the implications of privatizing corporation activities. A serious challenge was made to the concept of public mortgage insurance, but in the end the concept was vindicated by its critics. The process was to be repeated five years later by the Nielsen Task Force, with the same result.

The 1981 Canadian Real Estate Association's all-sector national housing conference was especially notable for the diversity of the conclusions it reached, beginning with the assurance of many delegates that there was no housing problem at all. A year later, the Canadian Council on Social Development, which did not subscribe to this view, sponsored its own symposium on the rental housing market and housing allowances.

Worry over spiralling interest rates in the early 1980s now pushed normal social housing programs to the sidelines. Government felt insistent pressures from home owners facing mortgage renewals; from tenants in cities with near zero vacancy rates; from low income households unable to find affordable housing; and from the residential construction industry faced with failing demand and rising money costs.

Between 1971 and 1981, housing prices rose at almost double the rate of the consumer price index. Housing became an important issue in the 1979 federal election. The Progressive Conservatives promised to make mortgage interest and property tax payments tax deductible, but no change was made by the short-lived Clark government.

When the Liberal government returned to office, Canada was on the eve of the serious 1980-81 economic downturn. Again the government resorted to a combination of tax expenditures and direct subsidies. It started four new home ownership programs and one rental supply program. The expired MURB program was reintroduced. Finance Minister MacEachen estimated that it would cost \$15 million for MURB to reduce shortages of rental accommodation and stimulate construction. That was a low guess: by 1982 it actually cost \$237 million.

Other measures--none lasting very long--helped prospective home buyers, builders of rental units, and holders of large mortgages.

It was, then, a fast-changing, perhaps confusing range of programs that responded to the needs of the 1970s and early 80s. One safe conclusion is that housing was certainly on the national agenda. The measure of its success is subjective, for both failures and successes of programs could find explanations in factors well beyond housing, and, in some respects, outside the control of any government.

There is no doubt that the annual tinkering with housing programs put a heavy burden on both public and private interests down the line. Long-range planning for either public good or private profit--or both--was almost impossible. Public involvement in housing policy became increasingly difficult when the theory and practice of government intervention changed almost as often as the Income Tax Act. But in the end

the residents of the units didn't much care how or why their houses got built. Nor did they balk much at the lack of long range planning. They simply moved into better houses and started an improved new life.

The stage was set for another thoroughgoing review of housing policy when the Conservative government took power with a strong majority and a mandate for change. The re-examination of policy, particularly with respect to social housing, took place on a wider stage than ever before. There was extensive discussion with industry, with other governments, with representatives of the third sector, with consumers of housing and everyone who had a special interest or view to express. Philosophy, policies and programs were about to be profoundly adjusted.

Lecture #4

The Great Housing Policy Debates: What Have We Learned?

1. A Long Path

In a century and a quarter, we have come a long way. Many personalities have played important roles in the story as it unfolded. Some were politicians: Clifford Sifton, C.D. Howe, Lester B. Pearson, and Ron Basford. Others were bureaucrats and academics: Thomas Adams, C.A. Curtis, Stewart Bates, and Bill Teron.

The state of housing in Canada changed little in the first fifty years after confederation, not necessarily because we were well housed, but because we had modest expectations. It occurred to almost no one that government would do anything about the buildings we lived in. Two World Wars, separated by the great depression, finally fixed the idea that the government of Canada had responsibilities for seeing that the nation was decently housed.

Before moving to the fourth and last of these lectures on housing policy, I would like to express publicly my appreciation for some of the people who have helped me in the preparation of the series. If you have commendation for this history, it is they who deserve it. If you do not agree with the conclusions, you must direct your criticism to me.

First I thank David Hulchanski, Director of the Centre for Human Settlements, and Alan Artibise, Director of the School of Community and Regional Planning here at U.B.C., for putting together this lecture series. I must also mention Peter Oberlander, whose career spans the heights of teaching, research, and government administration. Though he may be most remembered for leading the Centre for Human Settlements at the University of British Columbia, I think of him as an old friend, as the principle instigator of this series, and an enormous supporter in their preparation.

Particular credit is due to Arthur Fallick, Research Associate in the Centre for Human Settlements, whose painstaking digging and writing produced a record of the greatest value.

In an attempt to demonstrate that Ottawa is not entirely dependent intellectually on Vancouver, I will add four other names: Doug Stewart, who is the executive director of research and development at CMHC; you will be puzzled if I also include Chris Terry, now the Director of the National Aviation Museum--during the preparation of most of this series he worked with Mr. Stewart, often facing unreasonable deadlines; finally, I thank Bob Phillips and Debra Darke of Ottawa for their assistance on the series.

The history of the past forty-three years, which have been the years of the Canada Mortgage and Housing Corporation, has been marked by innovation, experiment, withdrawal, and advance in government involvement, as well as by many different approaches to housing. Not everything worked. Not every problem was solved. But at the end of that era we have had the statistics and the visual evidence to prove that enormous advances have been made in the standards of both our housing and the communities in which these homes are located.

As we reflect on our history, three general conclusions emerge:

1. Government has moved from non-involvement in housing, through deep involvement, to a realization that sound housing policy is based on interlocking partnerships among all levels of government as well as between the public and private sectors.

2. It has become a universally accepted assumption that housing and, more broadly, the wider urban community, are enormously important to the standard of living for all Canadians.
3. The force of personality and the serendipity of circumstance can have as much to do with the development of policy as careful planning and analysis.

Some housing issues have been largely laid to rest as time has produced unanimity or consensus. Other questions continue to deserve our attention since they periodically reappear on the scene.

Today I am going to cover six of these issues:

- the federal commitment to housing
- the constitution
- shelter allowances
- sale of the public housing stock
- rent controls
- mortgage interest deductibility

I would like to end this series by suggesting how these lessons can be applied in the future.

2. *The Great Debates*

A. *A Federal Commitment to Housing*

An issue that has arisen with surprising frequency is a questioning of the importance of housing among federal priorities. In some corners today there is concern that the federal government is sliding out of housing. This concern has been exacerbated by the presence in Ottawa of the Expenditure Review Committee, whose job it is to help the Finance Minister assault the deficit. But it seems that people have confused the changing role of the federal government in program delivery with its leadership and financial commitment.

If the federal government is getting out of housing, then it is certainly taking a long time to do so. Perhaps part of the misunderstanding is that the full measure of federal support for housing is less clearly identifiable and less visible than public expenditures on the housing programs administered by CMHC. However, as Robert Adamson, a former vice-president of CMHC, remarked:

"Public expenditure on housing subsidies through CMHC social housing programs are minuscule by comparison to the housing expenditure component of Canada's formidable income support and security programs..."

The federal government spends millions of dollars each year through the Canada Assistance Program to help families on welfare with their housing costs as well as to support people in nursing homes and other special purpose housing. Part of every dollar paid in old age security cheques or guaranteed income supplement payments is spent for housing. The same principle applies to all federal programs that help Canadians with their living costs, such as family allowances and unemployment insurance. Part of all of those payments is inevitably spent on housing.

There is another kind of federal support for housing which is almost invisible. It is provided through our taxation system. For instance, most Canadian families, when they sell their houses, make a substantial profit. In many countries that profit, or capital gain, would be taxed by government and would yield substantial revenues. In Canada, that gain is not taxed. That is, for all intents and purposes, a huge federal contribution towards housing. Existing housing is one of the exemptions listed in the proposals for the goods and services tax, and substantial rebates on new houses are planned. It is estimated that this will cost the federal government \$500 million in 1990-91. Residential rents are also exempted under the proposed GST.

And then, of course, there are the more direct, easier-to-identify federal expenditures on housing administered by CMHC. CMHC's expenditures on social housing programs, which are growing each year, now amount to \$1.7 billion. The federal government, with its provincial partners, helps households in about 47,000 new and rehabilitated units a

year. In 1988, CMHC insured nearly \$10 billion in loans on about 150,000 units. That means that insurance in force is about \$45 billion; or, to put it another way, one Canadian household in four has benefitted from CMHC financing. This kind of direct support for housing is easy to see and to measure.

To the direct subsidies, you should add the federal expenditures on housing research, including market analysis and the dissemination of technical information. Last year CMHC spent \$12 million gathering and communicating information about housing and communities. This research examined a wide array of issues, from the protection of buildings against salt to the projection of future housing demands.

The continuing national investment in housing--direct and indirect, visible and invisible--is enormous and growing steadily.

B. The Constitution

Although some might argue that housing is a provincial responsibility, under the property rights provisions of the constitution, housing is much more than property. When we talk about our homes, we are talking about the place which shelters and protects our families, a place which is very much an expression of ourselves. Housing is a necessity which, fortunately, most Canadian households can afford. Housing is also an important investment; for most householders, their major asset.

On another level, housing is an important sector of the economy which affects, and is affected by, economic and fiscal policy. Housing encompasses many things. Some of these, such as income redistribution and the regulation of national macro-economic performance and capital markets, are clearly areas of federal jurisdiction. Others, such as planning and land-use regulation, are areas of municipal and provincial interest. This complexity makes strict constitutional interpretations unclear; and when the law is less than clear, we look to practice. The general acceptance of a federal presence in housing is no longer even debated, except by the uninformed.

C. Shelter Allowances

After 10 years, there are still debates on the best means to help those who cannot house themselves in the private market. I am sure the term "shelter" or "housing allowance" will ring some bells.

Help can be given to low-income families either by building subsidized housing or by subsidizing the rent of privately-owned quarters. Shelter allowances are an example of the latter approach. Of course, there is also the more general income transfer approach: guaranteed annual income. We must ask ourselves, however, how much would have to be spent on general income transfers so that any part of it would be spent on housing. The costs, I believe, would be prohibitive.

Those in favour of the more targeted shelter allowances argue that:

- they get at the real housing problem: the poor do not have enough money;
- it is more efficient and cost effective to write shelter allowance cheques than to build housing for low-income households;
- clients can choose housing and location according to their needs, and change as their needs change;
- shelter allowances do not disturb the normal functioning of the housing market;
- shelter allowances encourage a social mix in the community; and
- these allowances allow government to be more flexible, by avoiding accumulations of housing stock in places where it is no longer needed.

On the other hand, opponents of shelter allowances argue that:

- shelter allowances do not alleviate housing shortages, at least in the short term;

- they do nothing to solve problems of inadequate conditions or crowding, and they may not even make housing affordable. Some shelter allowance programs provide shallow subsidies in order to spread help to a larger number of households. The problem with these shallow subsidies is that they do not pay enough to bring housing costs to an affordable level;
- shelter allowances work only where rental housing is available, but not in most rural areas or tight rental markets;
- shelter allowances tend to increase rents because supply is relatively fixed over the short term; and
- these allowances are vulnerable to sudden shifts in political philosophy.

In Canada, five provinces currently operate limited shelter allowance programs. Nova Scotia, New Brunswick, Quebec, and British Columbia all have shelter allowance programs for seniors. Manitoba has both a seniors' program and a program for families.

Similar programs have been tried and studied at length in the United States. One of these, the Experimental Housing Allowance Program, provides some of the best documented evidence about shelter allowances.

It has been found that, while shelter allowances do not lead to serious inflation in local rents, they also do not improve housing conditions. In the United States, households in substandard premises tended to withdraw from these programs rather than move to a dwelling that would qualify for allowances. The more that administrators tried to impose standards, the greater the dropout rate from the program. Over the long run, it is not clear whether shelter allowances, which increase in cost as market rents outpace incomes, are cheaper than building housing for low-income households.

Measurements of housing need in Canada indicate that about half a million households live in crowded or inadequate conditions and cannot afford to improve their situation. Shelter allowances would do little to help them.

Currently, Canadian rental markets, especially in larger cities, continue to be very tight, and there are long waiting-lists for assisted housing, particularly for families. Vacancy rates in Toronto have not exceeded one percent since the 1970s. In Vancouver they reached just over two percent in 1984-85 but have again returned to less than one percent. In much of rural Canada a rental market does not exist at all. Shelter allowances would hardly work under these circumstances.

D. Sale of Public Housing Stock

Besides debating how we can help to house Canadians, we have explored ways to operate the public housing stock more cost-effectively. The widely-publicized decisions by the Thatcher government in Great Britain to sell its public housing have added fuel to discussions in Canada.

Those arguing for the sale of the public housing stock believe that:

- the government would save money in the long run by transferring ownership to the occupant and by writing off the capital loss;
- occupants would gain security of tenure and pride of ownership which would encourage better maintenance at no cost to government; and
- ownership would make the occupant less dependent on the state and serve as a hedge against inflation.

However,

- in my experience it is fiction to assume government can divest itself of its responsibilities for providing support to low-income Canadians simply by selling them their subsidized housing units. Most tenants could not afford to buy or maintain their own houses. Therefore, additional government support would be required to keep these new homeowners in their new homes. And, to be perfectly blunt, any later defect that shows up in the housing would be blamed on government and would require government aid to repair;

- the best stock would be sold off, and government would be saddled with the hard-to-maintain. Higher current prices mean that it would be costly to replace this older stock; and
- public housing helps low-income Canadian households get an economic foothold upon which they can build to become self-sufficient. As a household's situation improves and it no longer needs assistance from government, it moves on, freeing up its unit to help another needy household. Because of this upward mobility, a single public housing unit helps more than a single household. It must be acknowledged that, when people do not move out of their public housing units, a back-up in the system results. However, by selling this stock we would be removing the opportunity for many low-income households at a time when there is not enough subsidized housing to meet demand. Therefore, while middle-income families might benefit from the transaction, poor people would see a lengthening queue for low-cost housing.

The British situation is not like our own. A decade ago, more than a third of all housing in Great Britain was publicly owned. It had been built to serve the needs of all income groups, not lower-income families as in Canada. Most of the 15 percent of British occupants who have bought the public housing they occupy would not be in public housing at all in Canada.

Moreover, even on a physical level the dwellings in the two countries are different. More than two-thirds of British public housing is semi-detached or row housing which is relatively saleable. That is more than twice the proportion we find in Canada.

In Canada, public housing accounts for only 4 percent of all housing; 60 percent of the family occupants are on welfare, and few provinces will contribute to the payment of mortgage principal in their assistance programs. More than half the public housing is occupied by seniors. Even with substantial price discounting, few occupants could afford mortgage payments. Devising suitable mortgage terms for seniors would be hard enough, but one also faces a common reluctance among older people to assume new financial responsibilities from which they would not necessarily be the beneficiaries.

We are not considering selling off any significant portion of the Canadian public housing stock. Our public housing was designed for, and is used by, families in a relatively small segment toward the bottom of the income scale. Instead, we are looking at this large stock of public housing not only as an aging asset, but as a resource responding to social needs which inevitably change.

E. Mortgage Interest Deductibility

Let me now turn from social housing to market housing. Many Canadians can afford suitable rental accommodation but cannot afford to buy. One idea considered for improving the affordability (which was a plank in the election platforms of Joe Clark in 1978 and then John Turner in 1989) is the deduction of mortgage interest from income tax.

The attraction of deductibility is that it would make home ownership more affordable by reducing the net cost of carrying charges. At the time of slow economic growth, it can also help stimulate the economy by increasing the demand for houses. Mortgage interest deductibility, however, has serious shortcomings:

- Mortgage interest deductibility benefits the rich. It helps them in two ways: first, the richer you are, the larger the mortgage you can afford and thus, the larger the tax deduction; second, the higher your income, the more a deduction is worth, given the progressivity of the income tax system. And it would do nothing for renters unless there was a parallel rent credit.
- Mortgage interest deductibility would be inflationary. Increased demand for housing would lead to increased prices, and thus vitiate much of the benefit to buyers. Present owners would therefore benefit disproportionately more than new buyers.
- Mortgage deductibility would lower the cost of borrowing for housing relative to other purposes and thus would direct capital to housing from other sectors. As interest rates rise in other sectors to compensate, the costs of other merit goods would go up. We

must therefore ask ourselves what price we are willing to pay elsewhere in the economy to increase the rate of homeownership.

And finally,

- Interest rates are an important tool used by the Bank of Canada to stimulate or dampen economic activity. Mortgage interest deductibility would insulate a large portion of the economy from the bank's monetary policy. This could result in a lessened ability to control inflation or mean that more drastic measures are required to achieve the same degree of inflationary control.

It may be that mortgage interest deductibility will surface again when a political party is looking for a fast way to help those many Canadians who find home ownership just a little beyond their grasp. I hope it will look elsewhere, for it is a scheme that could easily do much more harm than good.

F. Rent Controls

The debates on rent controls have been even livelier than the other issues I have just mentioned. Perhaps this is because they directly affect every one who pays rent, and because they may have an indirect effect on all housing and on the economy itself. Obviously, tenant and housing advocates favour rent control, while landlords and developers oppose them.

Rent controls were introduced as a wartime emergency measure and then dropped everywhere except in Quebec and Newfoundland. By 1975 all provinces re-introduced them, not so much as an aspect of housing policy but as a means of fighting high inflation. Today, controls remain in all provinces except Alberta, British Columbia, and New Brunswick.

The arguments in favour are simple.

- Rent controls maintain an affordable stock of rental housing.
- They provide protection against unjustified eviction or economic eviction.

- They provide a vehicle for the mediation of disputes between tenants and landlords.

The arguments against are equally clear.

- Rent controls distort the free market and warp the confidence of investors by decreasing predictability.
- They discourage the construction of new housing and therefore create upward pressure on rents.
- They place the burden of redistribution, usually considered a government responsibility, on landlords.
- They discourage sound maintenance and therefore hasten the deterioration of housing stock.

Although the arguments both for and against rent controls are clear, the answers are far from definitive. It is almost impossible to judge the effect of rent controls on the economy because there are so many variables affecting it at the same time. In Quebec, rent controls did not stand in the way of dramatic growth in rental starts when the demand became evident. For example, from 1985 to 1987, starts jumped from about 4,000 to about 13,500. In British Columbia, the removal of rent controls in 1983 brought no surge in rents or in rental housing starts. Both have increased slowly.

In Toronto, developers have been cautious about rental housing, perhaps because of uncertainty over the future of Ontario rent controls, perhaps because of extraneous factors such as the supply of land.

Rent controls are, of course, entirely a provincial responsibility, although a matter of great interest to all concerned with housing policy in Canada. Federal officials can feel considerable sympathy with provincial officials uncertain about the degree and timing of government intervention in the rental marketplace. Some housing policy decisions in the past could not, and in the future cannot, be right all the time--or continuously wrong either.

3. *Lessons Learned*

We have come to the realization that there is rarely a single, right answer to a housing problem or an answer that will be valid for all time. That is not surprising, for a country cannot have an unchanging foreign policy or agricultural policy. Conditions change. Problems change. Solutions change.

We have learned that even when problems are similar they may need different approaches because the contexts are different. We must be cautious in favouring any broad-based panacea in an era when treatment of most housing problems needs sharp and well-directed instruments. The unplanned implications of a housing program may be far more important than the immediate solution it seems to offer in demand-driven markets like Toronto and Vancouver. Sometimes it is hard for government to know when it is best to intervene and when to let the market adjust on its own. We must remember that no action at all is not necessarily the equivalent of a neutral position. Therefore, wise officials and their political leaders must constantly review their progress and their options.

Another lesson we have learned--or if not, we are being pressed to learn quickly--is that we need to take a more integrated approach in the planning and management of our cities. Fifty years ago, we generally thought of housing in terms only of the buildings where people lived. Thirty-five years ago, CMHC played a leading part in encouraging provinces and municipalities across Canada to learn from the more advanced European work on community planning. More and more we are being forced to recognize that cities are complex systems. Housing, transportation, land use planning, employment and environmental protection are clearly inter-related. We must recognize these relationships if we are going to build and manage communities that define our nation in terms of our economic prospects, our values, and the quality of how we live.

Over the history of civilization, we have seen many swings in the boundaries of "home." Sometimes it meant only one's own dwelling. At other times the whole city was home: we took enormous pride in it, devoting proportionately more resources to the community than to our private property.

In recent generations, again we seem to have become too preoccupied with the growing luxuries in our homes to bother enough about the community around us. True, we no longer throw our sewage out the window, but we ignore, at our future peril, the segregation of cultural and income groups in our communities. We don't object to social housing--in someone else's neighbourhood--or an expressway through somebody else's backyard. Instead of raising our voices to ensure that our communities are socially, environmentally and economically healthy places, we have tended to retreat into our comfortable cocoons.

Of course the cities of an earlier age had their problems, such as slums, bad water, ubiquitous sewage, and disease. We have gone far in solving those physical problems. But the installation of a good water filtration system or of reliable sewers alone does not make a city livable.

It is sad to say that the economic seems to have displaced social or aesthetic considerations, especially in the last decade. The bottom line has regrettably become more important than the quality of life of the residents in our cities. The city as a social *and* economic entity is not a concept that has had much currency in recent years.

Single-minded motivations are not likely to create the kind of environment we want our children to inherit. Bad planning or bad management of a community diminishes the lives of everyone who lives or works there. It is an injustice perpetrated by one generation on its children, and perhaps on its children's children.

I am optimistic enough to think that this will change in the 1990s. I hope we are learning that we need a longer view. A generation that is becoming so deeply committed to the environment seems bound to make the connection between the urban environment and the quality of our lives. This is likely to happen only if people express their concern about environment as a commitment to urban excellence. We need to find ways to measure and compare the elusive notion of quality of life.

I hope that the lessons of the past have taught us that good housing and good communities are a consequence of people working together--the cooperation of governments, the alliance of public and private sectors, and

perhaps, most of all, the meaningful input of those for whom all this effort is being made--the people of Canada.

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