



Archived Content

Information identified as archived is provided for reference, research or recordkeeping purposes. It is not subject to the Government of Canada Web Standards and has not been altered or updated since it was archived. Some of this archived content is available only in one official language. Translation by CMHC can be requested and will be provided if demand is sufficient.

Contenu archivé

Le contenu identifié comme archivé est fourni à des fins de référence, de recherche ou de tenue des dossiers; il n'est pas assujéti aux normes Web du gouvernement du Canada. Aucune modification ou mise à jour n'y a été apportée depuis son archivage. Une partie du contenu archivé n'existe que dans une seule des langues officielles. La SCHL en fera la traduction dans l'autre langue officielle si la demande est suffisante.

A LOW INCOME
HOUSING POLICY
FOR 1971.

**the evolution of
low income housing
policy in Canada**

A LOW INCOME HOUSING POLICY FOR 1971
BACKGROUND PAPER

THE EVOLUTION OF LOW INCOME HOUSING POLICY
IN CANADA

M. POWELL
A. BLACK

POLICY PLANNING
DIVISION

December, 1970

TABLE OF CONTENTS

	Page No.
I INTRODUCTION	1
II NATIONAL HOUSING LEGISLATION AND THE PROVISION OF LOW INCOME HOUSING	1
III THE DEVELOPMENT OF LOW INCOME HOUSING PROGRAMS	4
A. PUBLIC HOUSING	4
B. URBAN RENEWAL	6
C. LIMITED DIVIDEND AND NON-PROFIT COMPANIES	7
D. THE CREATION OF PROVINCIAL HOUSING CORPORATIONS	8
IV UNDERLYING ASSUMPTIONS OF LOW INCOME HOUSING POLICY	10
A. POVERTY AND THE PROVISION OF HOUSING FOR THE POOR	10
B. THE DEVELOPMENT OF PUBLIC HOUSING	12
C. GOVERNMENT HOUSING POLICY AND PRIVATE MARKET ACTIVITY	13
V THE DEVELOPMENT OF A NEW FEDERAL LOW INCOME HOUSING POLICY	15
A. THE HELLYER TASK FORCE	15
B. THE URBAN AFFAIRS STUDY	17
C. SENATE COMMITTEE ON POVERTY	20
D. CHANGES IN CMHC POLICIES	20
E. THE 1970 CAPITAL BUDGET	21
VI NEW INITIATIVES IN THE PROVISION OF LOW INCOME HOUSING	22
A. BY THE PROVINCES	22
B. BY THE FEDERAL GOVERNMENT	26
VII THE NEW ENVIRONMENT OF LOW INCOME HOUSING	28
A. POLITICAL ORGANISATION OF LOW INCOME GROUPS	29
B. MUNICIPAL FINANCES AND SOCIAL CAPITAL IN THE 1970's	30
C. THE NATURE OF THE HOUSING MARKET	32
D. THE SUPPLY OF RESIDENTIAL CAPITAL FOR THE PRESENT DECADE	35
E. CONCLUSIONS: SOCIAL CHANGE AND HOUSING POLICY	37

I. INTRODUCTION

The purpose of this paper is to outline the historical context of federal government low-income housing policies, and to discuss the conceptual development that forms the basis of governmental activity. The paper also attempts to introduce some of the general variables involved in the provision of low-income housing and to discuss new policy directions.

Because government is giving greater recognition to the problems of low-income housing, and the recent CMHC capital budgets will attest to the fact, it is important that some kind of perspective be developed about its provision. In order to formulate effective and appropriate housing strategies, we must consider past policies, present constraints and future objectives. The programs implemented under the 1971 capital budget must form a platform for the fulfilment of future policy aims; to facilitate this objective, it is helpful to examine the evolution of low-income housing policy and to understand the demarcations between the policies of the past and those of the present and future.

II. NATIONAL HOUSING LEGISLATION AND THE PROVISION OF LOW-INCOME HOUSING

The first federal government involvement in the housing field came in 1918 when the government, through the War Measures Act, allocated \$25M for a loan fund for the provinces; the provinces would then relend to the municipalities for the construction of moderate cost housing. Six thousand units were built under this plan.

The first federal housing legislation was the Dominion Housing Act of 1935. Under the 1935 Act there

were special mortgage loans under certain conditions where the city made tax concessions. This was the first attempt at encouraging low cost housing for those who could not afford the market price.

The National Housing Act of 1938, which repealed the 1935 Act, expanded the provisions to encourage housing for low income groups. Although direct federal loans were available for the construction of low-rental housing, no projects were ever built. The National Housing Act of 1944 extended government involvement by providing federal assistance in the form of investment guarantees, for approved lenders, loans and grants for co-operative housing, low-rental accommodation and slum clearance and redevelopment. Various forms of financial assistance were made available to limited dividend companies and municipalities.

In order to cope with the wartime and postwar housing problems, the federal government built 50,000 units between 1941 and 1950, through the Wartime Housing Ltd., and its successor, CMHC. In addition to the direct operations of these two Crown corporations, the federal government contributed to the housing supply for veterans by encouraging private builders through buy-back guarantees.

With the discontinuation of the Veteran's Housing Scheme in 1949, a vacuum was created in the supply of housing to low-income people. In order to alleviate the housing shortage for this group, the NHA was amended to permit federal-provincial co-operation in the provision of public housing. The creation of Section 35 provided for a federal-provincial partnership for the development of public housing for sale or rent and for the acquisition and development of land.

The present National Housing Act was introduced in 1954; one of the fundamental changes in the new act was the substitution of loan insurance for the previous joint loan technique. At the same time, banks were given approved

lender status and were thus encouraged to invest in the mortgage market. This was one of the factors contributing to a substantial increase in mortgage investment. During the latter part of the 1950's amendments to the 1954 act provided for wider assistance to municipalities for slum clearance, and restrictions on the use of the cleared land were reduced.

During the 1960's, amendments to the National Housing Act had considerable impact on the nature of housing activity in Canada and on the means through which this activity was accomplished. In the early part of the decade the amendments were comparable in impact to the amendments during the '50's. For example, in 1960, section 36 was expanded to allow federal-provincial co-operation in the acquisition, improvement and conversion of existing buildings for housing purposes. In the period 1960-1963, upward revisions were made both in the loan ratios and in the maximum loan ceilings allowed under the NHA.

But in 1964, significant changes were made in the National Housing Act through the passage of Bill C-102. The amendments contained in this legislation broadened the powers of CMHC to provide grants for urban renewal purposes and initiated new programs for the provision of public housing. The corporation was also permitted to make loans to non-profit companies, both for new construction and for the acquisition and conversion of existing dwellings to provide self-contained units or accommodation of the hostel or dormitory type.

According to the amendments concerning urban renewal, CMHC was empowered to bear half the cost of acquiring and clearing a substandard area, to bear half the cost of installing municipal services or works in any renewal area in which rehabilitation was planned, and to

bear half the cost of employing staff in connection with the renewal process. CMHC was also empowered to lend to a province or a municipality up to two-thirds of the cost of implementation of an urban renewal scheme. The conditions restricting federal aid to urban renewal schemes which made provision for the relocation of dispossessed families were continued. In addition, CMHC was authorized to insure loans made by approved lenders to owners of housing scheduled for rehabilitation in urban renewal areas.

Through the creation of Sections 35D and E, CMHC could make 90% loans to provinces or municipalities for the construction of public housing or the acquisition of existing dwellings for conversion into public housing units. In addition, CMHC could contribute up to 50% of the operating losses of such projects. Another new section, 35C, permitted 90% loans for the acquisition and servicing of land to be used for public housing.

III. THE DEVELOPMENT OF LOW INCOME HOUSING PROGRAMS

A. PUBLIC HOUSING

The first public housing project in Canada was the Regent Park North development, owned and operated by the Housing Authority in the City of Toronto. Grants for the acquisition and clearance of the land were obtained under Section 12 of the NHA (1944); the original grant was approved in 1948 and additional funds were allocated in 1952. The units were constructed by the city, through the Toronto Housing Authority. The city of Toronto provided most of the funds for construction; the Province contributed \$1,000 per unit towards the capital cost.

The 1949 amendment to the NHA permitted federal-provincial co-operation in the provision of public housing. Between 1950 and 1954, 34 public housing projects totalling 2,920 units, were built under Section 35 of the 1944 Act.

Section 36 of the 1954 act (substantially the same as Section 35 of the 1944 Act) was used to develop the Jeanne Mance project in Montreal, the first public housing project in the province of Quebec. The Jeanne Mance project, consisting of 796 units, was built through co-operation between CMHC as agent for the federal government and the City of Montreal as agent for the province.

The plan for development of public housing in Regent Park North stimulated a study of the rental scale for public housing. The study, known as the Carver-Hopwood report, recommended that a rental scale be devised according to the following principles:

- (1) the adjustment of rent to income and size of family;
- (2) the recognition of a minimum or subsistence standard of living;
- (3) a graduated application of subsidies affording greater relief to lower income families.

Subsidized rental projects built during the 1950's incorporated the Carver-Hopwood scale.

In 1958, CMHC and the Ontario Department of Planning and Development sponsored an investigation of the rental scale for public housing. The principles of the Carver-Hopwood report were modified and a new rental scale was formulated; the report also made many recommendations concerning the nature and administration

of public housing projects.

B. URBAN RENEWAL

Federal government participation in urban renewal originated with a provision in the 1944 NHA for a 50% federal grant to municipalities for slum clearance providing that the land was re-used for low or moderate rental housing. This meant that the first urban renewal schemes were specifically housing programs, and that their entire direction was for the provision of better housing for low-income people. A 1953 amendment to the NHA broadened the urban renewal section to permit grants to clear slum land when the land was to be used for any federal, provincial or municipal purpose, provided that alternative land was made available for housing projects. The result of this amendment was that municipalities could build low or moderate rental housing on cheaper suburban land and could use the cleared land for purposes other than residential construction.

A 1956 amendment permitted use of cleared land for 'any appropriate purpose', this allowed municipalities to use valuable inner city land for commercial purposes or for high cost housing; re-using the land in these ways provided the city with additional tax revenue from the property. The potential offered by urban renewal to increase the tax revenue was one of the factors that made urban renewal such an attractive prospect to many municipalities. Another factor in the attractiveness of urban renewal was the availability of federal grants to improve municipal infrastructure services in an urban renewal area.

Between 1956 and 1969, there were two-hundred and nine urban renewal schemes for which municipalities were granted federal assistance. (See Appendix A). The implications of this for housing were that many low-income families were dispossessed. In some cases, families were

relocated in suburban housing developments that constituted for them an alien and unfriendly environment. In a study ⁽¹⁾ carried out in Alexandra Park, it was learned that only 25% of the families surveyed went into public housing and that only 22% of the sample found their new accommodation through the relocation authority.

C. LIMITED-DIVIDEND AND NON-PROFIT COMPANIES

A limited-dividend company is one incorporated to construct, hold and manage a low-rental housing project; its charter or instrument of incorporation limits the dividends payable to 5% per annum or less. Such companies first became eligible for federal assistance under the Dominion Housing Act of 1938; according to the provision of this act, limited-dividend companies could obtain federal loans for the construction of low rental housing. Despite an allocation of \$30M for low rental housing, no projects were developed under this section.

The 1944 National Housing Act continued the provision of loans to limited-dividend companies for low-rental housing and, in addition, made such companies eligible for loans to construct low-rental housing on slum land which had been cleared with federal assistance.

The eligibility of limited-dividend companies for federal loans was continued in the National Housing Act of 1954, through Section 16. There was steady activity under Section 16 throughout the 1950's and an increase after 1957. However, in the early 1960's activity declined significantly. This was due, in part, to a reduced allocation to Section 16 as a result of misuse of funds by some builders, particularly in certain centres.

(1)

M. H. Lipman, Relocation and Family Life; doctoral thesis, University of Toronto, School of Social Work, April, 1968.

Another important factor in the decline of limited-dividend activity was that the construction of low-rental accommodation had become unprofitable; the 5% return on equity was not allowed to increase and many builders were not interested in construction in which there was so little profit. In addition, rising construction costs, land costs and interest rates increased the cost to the limited-dividend companies but their revenue remained fixed because CMHC had not made an upward adjustment in the compulsory rental scale.

Activity under Section 16 was not resumed until 1968 when a policy change was made to allow limited-dividend companies to pay off the mortgage after 15 years; once the mortgage is paid off the company is relieved of the obligation of applying the CMHC rental scale. In addition, the 5% return on equity for limited-dividend companies was removed. Since Section 16 was initiated, 518 loans have been given to limited-dividend companies. (See Appendix B).

Construction of low-rental accommodation by non-profit companies was initiated through a 1964 amendment to the 1954 NHA. This amendment introduced section 16A, providing for 90% loans to non-profit companies. The provision allowed non-profit companies to fill a part of the vacuum created by the decline in limited-dividend activity; one of the means of improving the supply was the provision of hostel accommodation by non-profit companies. Since 1964, 384 loans have been made to non-profit companies. A very high percentage of the units built under Section 16A have been senior citizens' accommodation. (See Appendix C).

D. THE CREATION OF PROVINCIAL HOUSING CORPORATIONS

One of the consequences of the 1964 amendments was that the provinces were stimulated to create housing corporations to take advantage of the scope and autonomy permitted by the revisions. Ontario created the first

provincial housing authority with the Ontario Housing Corporation Act in 1964. Since 1964, housing corporations or commissions have been created in all provinces except Saskatchewan. Although the province of Saskatchewan allowed for the possibility of a housing authority in its 1966 Housing and Urban Renewal Act, housing matters are at present administered by the Department of Municipal Affairs.

The existence of housing agencies at the provincial level resulted in a significant increase in housing activity in Canada. The nature and extent of the activities of the provincial corporation varied with the financial position of the province and its interest in providing low income housing.

Perhaps the best example of this phenomenon is the differential use of the public housing sections of the NHA. The use of section 35A or D has been determined to a great extent, by a province's ability to finance continuing subsidies. Section 35A has the advantage, from the provincial point of view, of providing a federal subsidy to the extent of 75% of the operating losses of a public housing project. However, the fact that the federal government retains some measure of administrative control over a 35A project makes section 35D more attractive to richer provinces.

For provinces with a poor financial base, one of the major factors in the decision about which section to use is made on the basis of the trade-off between the higher operating subsidies provided under 35A and the lower capital investment possible under 35D.

Another factor in the decision about whether to use 35A or 35D is the time consideration in the development of a project. It is the responsibility of CMHC to design, call tenders and supervise the construction of 35A projects; this process takes much longer than the development of a 35D project, which is done entirely by the province.

IV. UNDERLYING ASSUMPTIONS OF LOW-INCOME HOUSING POLICY

A. POVERTY AND THE PROVISION OF HOUSING FOR THE POOR

Government policies about low-income housing can be viewed as indicating the evolution of the concept of poverty. The social darwinism of the 19th century posited that people were poor as a result of their own weakness; the logical consequence of this attitude was that government responsibility for the poor extended only to the sick and the elderly, whose poverty was excusable because of their inability to work. In the early twentieth century, the attitude to poverty changed; poverty was defined as insufficient income to obtain the minimum necessary for maintenance of physical efficiency.¹ The notion of Darwinian causality became less important in the face of the reality of poverty.

By the 1930's poverty was defined as a relative concept; that is, poverty was defined in terms of the socio-economic level of the average family in society. This conceptual change meant that many families were classified as poor according to the criteria of relative deprivation rather than the criterion of subsistence existence. Since then, the concept of poverty has become increasingly more sophisticated. Some define it in terms of the amount of discretionary income remaining after the basic necessities have been acquired. It is the concept of discretionary income that is used to establish basic income categories.

But with greater understanding about the cyclical nature of poverty and about the factors that create and maintain poverty, the conceptual definition of poverty has taken into account the intangible repercussions of subsistence living. In the 5th Annual Review, the Economic Council of Canada suggested the following definition:

¹ B.X. Rowntree. A Study of Town Life, London, 1901

In developed industrial societies, the problem of poverty is increasingly viewed, not as sheer lack of essentials to sustain life, but as insufficient access to certain goods, services and conditions of life which are available to everyone else and have come to be accepted as basic to a decent minimum standard of living.

One of the factors militating against government provision of housing for the poor has been the relative invisibility of the lowest income groups. De facto residential segregation has meant that very few Canadians were aware of the existence of the poor, let alone their numbers. Because one aspect of poverty is the absence of the skills required to make demands made known, the poor themselves were powerless either to bring attention to their difficulties or to improve upon their situation.

The first major government action designed to alleviate the housing condition of the poor (as opposed to action designed to bolster the economy) came with the public housing provisions of the 1949 amendment to the NHA. The concept of public housing was built on the premise that the poor could not afford decent accommodation in the private market. There are two basic classifications of public housing: full recovery public housing, in which the rent collected meets the cost of financing, constructing, maintaining and administering the accommodation; and subsidized public housing in which the rental revenue is not sufficient to meet the costs of the accommodation and the deficit is paid by government.

However, the recognition of the need for housing for low-income people was defined, as was poverty itself, in purely quantitative terms. The major omission in the concepts of housing needs that have been applied by the federal government has been in the realm of social consideration. The role of CMHC has been that of a lending institution; the Corporation has viewed the provision of social and recreational facilities and other social factors as the responsibility of municipalities. However, the municipalities have not given adequate recognition to the social and emotional needs of the poor. The result has been that the needs of the poor have not been met; the mere provision of clean, decent accommodation without regard to the social implications of housing is not sufficient to combat the social and emotional problems that are created and maintained by poverty.

Although for some years sociologists have been pointing to the lack of social considerations in the evaluation of housing deficiencies and in the determination of housing needs, the incorporation of social criteria into federal consciousness and housing policy is a relatively recent phenomenon. In fact, it is still of an embryonic nature.

B. THE DEVELOPMENT OF PUBLIC HOUSING

The traditional concept of public housing as 'taking care of the poor' has obvious implications for the administration of public housing projects. During recent years that concept has undergone some changes. To some extent, the shift towards less paternalistic administration is the result of the growing sophistication of government in dealing with its disadvantaged. However, much of change is attributable to public housing tenants themselves. The growth of citizen action groups attempting to claim their rights in such areas as urban renewal, expressway construction, and rental levels has encouraged and stimulated activity among under-privileged groups like public housing

tenants.

The fulfilment of tenant demands for participation in management or for self-government in public housing projects has not been accomplished for several reasons. One is the reluctance on the part of the management of public housing to relinquish any of the efficiency of professional management. There is also the conceptual problem of the reconciliation of the need to preserve the public interest with the tenants' demands for control of their environment. There are, in addition, problems to be resolved about the nature and extent of tenant participation or control in various areas of housing management. And, although two provinces have legislation enabling tenant participation in management, the others have not yet reached conclusions about how to structure tenant involvement.

Despite the unresolved problems, it is apparent that there will be some form of tenant participation in the management of public housing. Aside from the direct advantages to tenants involved in the management of their projects, the implications for future public housing developments are significant. Through the observation of tenant-managed projects, it should be possible for government both to make improvements in the physical and management components of public housing and to be more responsive to the social needs of the resident.

C. GOVERNMENT HOUSING POLICY AND PRIVATE MARKET ACTIVITY

Government housing policy has been used historically as a lever to regulate national economic activity. To the extent that the policies have been designed to influence the provision of housing, their purpose has been to improve the efficiency of the private housing and mortgage market.

Government lending policy in the housing market has been a crucial factor in the supply of housing. By creating a virtually risk-free investment and setting the charge for absorbing these risks below what institutional lenders would charge, the government's loan insurance

program has greatly increased the long-run desirability of mortgage investments. It is to be assumed that a substantial proportion of funds invested by approved lenders in NHA mortgages would, in the absence of such a debt protection instrument, have gone into non-mortgage investments.

The combination of the reduction in risks, greater standardization in mortgage quality and government assistance in developing a secondary market has served to persuade trust and pension funds to release some of their vast resources for mortgage investment. However, the amount of trust and pension fund investment in the mortgage market remains disappointingly small.

The government policies concerning public housing are consistent with the general theme of improving upon private market activity. According to the Urban Affairs Study, public housing is created as a supplement to remedy the deficiencies of the private sector.

Because the so-called filtering down process has functioned neither quickly nor efficiently, government intervention has been required to increase the stock of housing for low income people. Low income housing programs involving some form of public subsidy have been implemented. The land development program established by the Ontario Housing Corporation, is a good example of the creation of a public program to remedy the inadequacies of the private sector in fulfilling the needs and demands of those requiring housing.

The land development program, begun August 1967, is part of the HOME plan. Its stated purpose was to assist both the building industry and the public in meeting problems of urban development. Where lack of serviced land is impeding the development of accommodation by private enterprise, the land development program could be implemented.

This land development program does not mean that the land is cheaper; on the contrary, the price includes a substantial profit margin for OHC. However, the terms of payment do facilitate home-ownership because the land cost is removed from the down payment. The prospective purchaser leases the lot from OHC; he may lease it for fifty years, or after five-year occupancy, he may take the option to purchase the lot over a thirty-five year term. The availability of these options means a lower initial equity requirement for the purchaser.

By 1967, OHC had placed 5,000 lots on the market and today is the largest land-owner in the province.

V. THE DEVELOPMENT OF A NEW FEDERAL LOW INCOME HOUSING POLICY

In the last two years, the federal government has made an effort to redefine the problems of poverty and of urban development. The question of low-income housing has been included in the research and investigations carried out by the federal government.

Although the research is by no means complete, it has been possible to change and to re-orient some of the federal policies concerning low income housing.

A. THE HELLYER TASK FORCE

The establishment of the Hellyer Task Force on Housing and Urban Redevelopment in August of 1968 was the first major initiative in the investigation of housing problems in Canada. Although amendments to the NHA in the 1960's had considerable impact in improving the supply of low cost housing in Canada, it was evident by 1968 that serious imbalance existed, particularly in the availability of tenure forms and housing types. In addition, the stigma of living in a low cost housing development remained severe and the problem of regional disparities in the accessibility of housing to low-income people was still a serious one.

The Task Force was established to attempt to understand the precise nature and causes of the housing problems; it was committed to a critical assessment of Canadian housing policies and practices. After six months of investigations and hearings, the Hellyer Task Force presented its report.

Its recommendations dealt with a wide range of issues relevant to the provision of housing, but for the purposes of this paper, discussion will be restricted to the recommendations concerning social aspects of public housing and changes in financial techniques.

As a result of numerous public hearings and the presentation of many briefs, the Task Force began to realize the magnitude of social problems arising out of public housing. Their report recommended that extensive research into the social, psychological, and economic implications be undertaken and that, until the research was completed, no large public housing projects should be built. In addition the Task Force recommended that recreational facilities be provided for public housing through the use of vacant or redeveloped land. The report also urged that consideration be given to alternatives to public housing; it suggested that subsidized home ownership, an interest subsidy program, rent certificates, a land bank program, an income supplement program and a program to provide loans to municipalities for the purchase of existing units be considered as options.

The Hellyer Task Force also made a series of recommendations concerning amendment of the NHA and its regulations. The report recommended that the NHA interest rate be freed; this would release for other programs some of the CMHC capital funds presently allocated for direct lending. It also recommended that the NHA loan ceiling be raised from \$18,000 to \$30,000 and that an extension of the amortization period be

considered. In the opinion of the Task Force, access to NHA funds would be improved if the mortgage insurance fee were reduced and if a policy were introduced to reduce initial equity requirements through a lease-purchase plan.

In addition, the report recommended that NHA loans be expanded to include purchasers of existing housing. The report also urged that alternate forms of insured loans be considered; possibilities for an open-ended mortgage loan with a five year roll-over or a long-term loan with a variable interest rate adjusted annually could be investigated.

As a result of the Hellyer Task Force and its recommendations, a series of changes was made in Canadian housing policy, and policy development. A number of large public housing projects that had been submitted to CMHC during the latter part of 1968, by Ontario Housing Corporation, were not approved until the early part of 1969. But by the end of March, 1969, most of the applications received from OHC had been processed and approved. There was, in fact, no project rejected as a direct result of the Task Force, but there were more detailed negotiations and substantial delays in approving many projects. Many of the Task Force recommendations were implemented with the passage of Bill C-192.

B. THE URBAN AFFAIRS STUDY

When the Hon. R.K. Andras was appointed Federal Minister Responsible for Housing in May of 1969, he assumed responsibility for the problems that had been brought to light by the Hellyer Report. The new Minister had a series of background papers prepared discussing the problems and explaining the need for further research. After the cabinet had considered this presentation, it authorised Mr. Andras to conduct a major urban study designed to rationalise federal government involvement in low income housing and in the broader context of urban affairs in terms of its future role, aims and priorities.

The purpose of the study was to gather and to analyse information in order to formulate objectives which would give rational direction to the policies and programmes of the Federal Government in an urban context. Dr. N. H. Lithwick was

appointed to prepare the study.

The research included projections about the rate of population growth and the rate of urbanisation; the study considered the process of urbanisation, urban poverty, housing and transportation problems, the urban public economy, as well as social unrest and the problems of the urban environment. The Lithwick study also examined the framework of urban policy and the present federal role; it surveyed alternative urban policies and examined some of the problems that would result from an unconstrained urban future.

Dr. Lithwick concluded that the prospects for an unconstrained urban future appear to be worse than future developments with governmental constraints. It was his contention that the urban system need not be taken as a constant, that urban institutions can be reformed. He argued that any strategy to control the process of urbanisation must be focussed on the determinants of the process; he identified urban economic growth and the demographic responses to that growth as the major determinants. Dr. Lithwick's conclusion was that the preferred alternative for future urban policy was control of the demographic responses to rapid development, rather than control of the urban economic growth itself. Control of the demographic factor would rationalise urban economic growth and would permit a level of control over the urban milieu at a relatively low cost and with relatively few legislative changes. The superiority of this alternative would be that it provide the government with an effective lever that could produce maximum benefits with relatively low cost and without any major intergovernmental shift in responsibility.

According to the report, the federal government should build new institutions like an urban research institute and a national urban council; it should also prepare an interim policy because of the immediacy of many problems and because of the need to minimise the problem of time lag in dealing with the problems. But the major impetus of federal policy, from Dr. Lithwick's point of view, should be for the development of

new communities to control urban sprawl, alleviate the diseconomy produced by overpopulation and to redirect urban economic growth away from the metropolis.

The findings of the Lithwick study about the structure of the poor in Canada are very significant for the development of appropriate and effective low income housing policies. According to the study more than one-third of the total poor population in Canada lives in urban centres of 100,000 or more. Of this urban poor, approximately 25% are unattached individuals over 65; an additional 15% are families whose head is over 65. This means that 40% of the poor in urban areas are senior citizens.

Another 30% of the urban poor is made up of the unemployed; some of these individuals have poor employment potential because they are ill or disabled, and some of them are unemployed because they are native people, and have few employment skills. In addition, 10% of the urban poor are part-time workers under the age of 25. Families constitute 18% of the urban poor; according to the Lithwick study, 12% are large families whose employment earnings are inadequate, and 6% are families whose head is unemployed.

These statistics on the structure of urban poverty have obvious implications for the provision of low income housing. The aged and the unemployable are particularly hard hit by urban renewal; because of insufficient income, they live in dilapidated and substandard dwellings in the city core. Public housing has not been very useful in alleviating the problems of these groups, because many projects are oriented towards families.

Existing transfer payments do not offer much help for the elderly and the unemployable; moreover, they cannot compete in the market because of their lack of information and lack of mobility. In many cases available market accommodation does not meet the specialised needs of these groups.

Senior citizens projects may be a more desirable solution to the housing problem of senior citizens; but in order to meet the social and emotional needs of the elderly, the provision of ancillary services must be carefully planned. Perhaps the greatest problem is that of access to housing, because the elderly and the unemployable have few of the necessary skills to acquire decent housing and any policy to provide housing for them must make provision to ensure access to the most needy.

The conclusions to be drawn from the Lithwick findings are that low income housing must be provided to the poor in relation to their numbers and to their relative abilities to find adequate accommodation in the market. For some, the direct provision of housing is the only viable solution; for others, transfer payments, such as a rental allowance, will permit them to find adequate dwellings.

C. SENATE COMMITTEE ON POVERTY

Mr. Hignett discussed possible alternatives for low income housing policy when he testified before the Senate Committee on Poverty.

He mentioned a guaranteed income supplement as one device to allow low income families and individuals to achieve a decent minimum standard of living; such an income supplement would improve access to adequate housing for low income people. Although in the short run, it is possible that the provision of an income supplement would cause an increase in rents and sale prices, it can be argued that in the long run it would force the private market to respond to low-income demands.

The President also discussed the alternative of a specific cash transfer like a rental allowance. A cash transfer policy has the particular advantage that subsidy recipients remain unidentified, that it allows for greater choice of accommodation and that it distributes the landlord function to include those other than government officials.

D. CHANGES IN CMHC POLICIES

Although this investigation of policy alternatives

is not yet complete, the research that has been done has permitted the government to make some changes in its housing policies. As far as public housing is concerned, the problems identified by the Hellyer Task Force required immediate action. When Mr. Andras lifted the freeze on public housing construction that had been imposed as a result of the task force, he acknowledged that changes in public housing were essential, and made it clear that construction was being resumed because of the great need for public housing.

In response to the problems of public housing, Mr. Andras introduced new guidelines for public housing in April of 1970. The major impact of the new guidelines was on the rental scale. The guidelines suggested that new adjustments be made in the scale on the basis of family size; that a provision be made for periodic adjustments based on changing prices and incomes. The guidelines also advised that a new lease be instituted establishing the rental rate for a two-year period; rent would be adjusted during the course of the lease only in the case of decrease in income. The new guidelines also adjusted the ceiling on rent at the upper limit of the income scale; this is designed to minimize the extent to which rent to income operates as a dis-incentive and to encourage a greater income mix in public housing projects. The acceptance of these guidelines is a matter of provincial discretion; some of the provinces have chosen not to apply the guidelines.

Mr. Andras also introduced proposals for financial assistance for social and recreational facilities, the provision of grants for public housing tenants' associations, protection of the rights of tenants and formal training programs in public housing management.

E. THE 1970 CAPITAL BUDGET

The 1970 capital budget indicated a further re-orientation of federal housing policies; the focus was to be placed more clearly on the provision of low income housing. Not only was the total budgetary allocation increased by 61%, but of the \$1094M total capital budget for 1970, \$730M was specifically

designated for low income housing. This allocation will have produced over 60,000 starts for low income housing. In the last two years, the government has made commitments totalling 87,000 units of low income housing. The activity in 1969 and 1970 is equivalent, in units produced, to all activity from 1948 to 1968.

The significance of the 1970 capital budget is that it operationalises the concern of the federal government in the provision of housing, particularly of low income housing. As Mr. Andras commented recently, "I have switched its (CMHC) direction to the provision primarily of low income housing... I further intend to maintain the general emphasis of CMHC policy on homes for the low income group." And, although that which remains undone is, at times, staggering, this new effort is indicative of the seriousness of the intentions of the federal government to progress beyond the traditional use of housing as an economic weapon and to make its housing policy on the basis of the need for housing.

VI. NEW INITIATIVES IN THE PROVISION OF LOW INCOME HOUSING

A. BY THE PROVINCES

The provinces have a significant role in the provision of low income housing, and in recent months several provinces have devised new proposals and programs to meet the housing needs of low income people. Initiatives have been taken in the fields of housing research and development, the provision of public housing, rental supplements and the administration of subsidized housing.

Manitoba, under the Schreyer government, will triple its housing program in 1971. The provincial government conducted surveys and identified the Manitoba housing need for 1971-1975 to be 21,800 units; it also designated 21 locations as priority areas. The government has estimated that the provision of 3,600 units of public housing in 1971 will fulfil a great percentage of the existing demand for public housing.

In order to accomplish its housing program the Manitoba government has suspended municipal responsibility for low income housing because municipalities, through their own initiative, have never participated in the provision of housing to the extent that was required of them. Instead the Manitoba Housing and Renewal Corporation has full authority to initiate projects where the need exists.

In Nova Scotia, the provincial government has formulated a five year housing research and development proposal to investigate the integration of all sectors involved in the provision of housing, to develop new methods to provide housing both in the construction field and in the administrative field and to initiate a pilot project designed to test some of the concepts developed. Although the research and development proposal is still in an embryonic state, it is indicative of the provincial concern for new directions and techniques in the provision of housing.

Another Nova Scotia initiative in the provision of low income housing has been taken in the utilization of the shell housing concept. There are many advantages to providing housing in which the occupants do the interior finishing themselves. In terms of subsidies required, it is estimated that four families can be accommodated through home ownership of shell housing for the cost of accommodating one family in rental public housing.

From the point of view of required capital outlay, the per unit cost of shell housing is approximately 25% lower than the per unit cost of public housing; and the recovery period for shell housing is 10 to 25 years shorter than for public housing. For the shell housing program to be successful, the province requires a generous Section 40 allocation.

In Quebec, the province has improved housing conditions for low income people through revision of public housing administration and through providing aids for the

rehabilitation of existing houses. The provincial government commissioned a report on the rental regulations of subsidized housing and when the Roger Report was completed in November of 1969, it made significant recommendations concerning eligibility for public housing and the determination of the rental scale.

After considering the social and emotional needs of the people concerned, the report recommended that a household be defined simply in terms of people who have lived together and normally do so; this permits households whose members are not of one nuclear family to stay together if they live in public housing. The report also recommends managerial training and tenant participation in the management of public housing. In recognition of the stigma so frequently attached to public housing, the Roger Report recommended a mix of subsidized and non-subsidized housing both within a neighbourhood and within a particular project.

The report also made recommendations concerning the eligibility of families for public housing based on the condition of their present accommodation, on the family circumstances (including income and number of dependents) and on the displacement of families through urban renewal or expropriation by a public body. In addition, the report made recommendations concerning the determination of family income that will result in greater flexibility in the rental scale.

Legislation establishing the Quebec Housing Corporation contains unique provision for joint grants given by QHC and a municipality to defray the costs of demolition, reconstruction or restoration of residential buildings in urban renewal areas. These provisions make it possible for some families to remain in the urban renewal area and so permit the continuation of established communities. In addition, when families are evicted from their dwellings, a rental allowance will be paid to the family by QHC

and the municipality for the first year of relocation. Although there are many restrictions placed on eligibility for rental allowance, the scheme does constitute progress in the treatment of people involved in the process of urban renewal.

A recent initiative on the part of the Ontario government has been the development of a pilot project for native peoples housing. The provincial government has given a \$200,000 grant to Ontario Housing Corporation for the construction of 25 houses in isolated communities in Northern Ontario. The houses will be made available to Indians through rental or home ownership.

The Indian associations in each area will decide on the type of houses that will be built. Upon completion of the units, OHC will transfer ownership to community development corporations which will be responsible for the allocation of the houses, the maintenance, and the management of the project. Although this pilot project is a very modest one, both in terms of the need for housing among the Indians and of the potential of the province of Ontario to provide housing, it represents an innovation in Ontario housing policy; this is the first program in Ontario to provide housing for native people.

In New Brunswick, a proposal has been implemented to integrate 'public housing' tenants into a privately owned rental housing development through the technique of a rental supplement. This plan was devised by the New Brunswick Housing Corporation and was implemented under CMHC's \$200 M. program for low income housing. The substance of the proposal is that CMHC will make a Section 16 loan to a private entrepreneur and that there will be an agreement between the entrepreneur and the New Brunswick Housing Corporation so that a certain proportion of the units will be made available to tenants selected by NBHC. These tenants will pay a rent based on income and any deficit will be paid jointly by NBHC and CMHC under the terms of Section 35E.

The particular advantages of such a plan are that it permits an integration of families at various income levels within a single housing development, and that it reduces the stigma of public housing occupancy by achieving some measure of anonymity for those families who must rely on state assistance to obtain decent accommodation.

B. BY THE FEDERAL GOVERNMENT

The major new federal initiative in the provision of low income housing was the 1970 Innovative Housing Program. Two hundred million dollars was reserved from the capital budget for the purpose of finding innovative methods of providing quality housing for low income families.

Projects selected were supposed to contain an element of innovation and be directly related to the financial capacity of families with incomes between \$4 and \$6,000 per annum. Unfortunately, these aims were not achieved in many instances. The program was mainly directed at housing needs within metropolitan and major urban areas where conditions of tight housing and high costs exert the greatest pressure on the low income segment of the society.

The program will result in the construction of 17,042 units of varying forms and tenures.

The implementation of the \$200M had indirect but nonetheless substantial effects on the construction industry and the provincial and municipal governments.

The building industry was encouraged to examine the problem of housing for low income groups. At an inter-government level, other federal agencies, provinces and municipalities were motivated to work with CMHC. The response was good: Alberta responded by offering up to a 2% provincial interest subsidy; Quebec adapted its 3% interest subsidy program so that specific projects under the \$200M would be eligible for the subsidy; Saskatchewan is offering

a \$500 capital grant to purchasers of units built under the \$200M. Some municipalities have donated land or sold it on favourable terms.

It was hoped that the attention of approved lenders and lending institutions would be directed towards the increasing need for low income housing. Both the Royal Bank and Royal Trust responded with interest.

One conclusion from the \$200M program was that many types of innovations are possible under existing legislation and through existing programs. It can be assumed that one effect of the \$200M will be to incorporate its innovations into regular CMHC programs.

One major impact of the \$200M was recognition of subsidized home ownership as a viable alternative for housing low income families. The importance of this program lies with the concern of the federal government with the financial implications of a continually expanding program of subsidized public housing, and with the continuing ability of government to absorb the growing annual costs.

Fifty-five percent of units approved were home ownership or condominium. Recognition of the fact that more experimentation in this area is necessary has led to the proposal of a program of assisted home ownership for 1971.

The crucial fact indicated by the special Low Income Housing Program was the need for continuing research and development in housing; a request has been made for 1971 to extend some of the innovative research touched upon but not fully explored under the \$200M.

The basic concept for a program of housing research and development is that it should be for projects that involve several new features of design, integration with community services, and so on. It would not be related to the housing starts situation and would seek to support other experimental projects, for example, the urban assistance program. A proposal call technique for certain kinds of experimental developments, for example, housing technology,

would be employed.

VII. THE NEW ENVIRONMENT OF LOW INCOME HOUSING

The formulation of effective federal housing policies must take into account not only the basic need for housing, but also the developments related to the provision of low income housing. Variables such as changing demographic patterns, the increasing political involvement of low income people, the changing structure and function of the housing market, and municipal financial capabilities will affect both the nature and extent of federal housing policies.

For example, the Urban Affairs study revealed that significant demographic changes will result in the rapid growth of housing needs for senior citizens. Dwellings occupied by the aged will increase by a factor of 3, as compared to an increase of just over 2 for all other groups. It is estimated that 57% of the increase will involve non-family units, typically aged indigents who constitute the bulk of the urban poor.

The significance of the demographic projections is that government activity in the provision of housing meet the demand or, even more likely, at a rate that is more rapid than the demand. If the private market input into the housing stock increases at the same rate as the last five years, then the percentage of housing supplied by the private sector will diminish as the demand grows. It is doubtful that the private sector will be stimulated to increase its housing activity since low income housing needs do not generally become expressed demands. Therefore, it is not unlikely that the government, in order to ensure the fulfillment of demand, must increase its activity in the provision of housing more rapidly than the demand is increasing, so that the inadequacy of the private sector contribution will not result in a more severe shortage.

A. POLITICAL ORGANISATION OF LOW INCOME GROUPS

In recent years, a new force has been added to the urban political scenes with the growth of citizens' groups. One report places the number of these at 215, although the survey on which it was based was an incomplete one. These groups have been formed for a variety of reasons: to fight urban renewal and expressway construction, to demand welfare rights, tenants' rights, public housing rights and for the achievement of other community-oriented goals. Citizens' groups have formed at various income levels, ranging from welfare recipients to middle income suburbanites.

Although, as might have been predicted, most of the citizens' groups operate in large metropolitan centres, the activities of such groups are making an impact in smaller urban areas as well. Native people have also formed their own organisations; while their ultimate objective is to achieve some measure of "Red Power", the immediate focus of these organisations is the problem of housing. Housing conditions for native people, especially for those in remote areas, are among the very worst in the country.

The common denominator of citizen group activities is discontent with government or private agency bureaucracy and its inability to find satisfactory solutions to the needs and wants of the people. The effect of this movement has been, if not to make administrators and policy makers more responsive to the people, at least to make them aware that present conditions are unsatisfactory and will not be tolerated indefinitely.

Because many low income groups have formed on the basis of public housing residency, their activities will have an effect on the development of low-income housing; this effect will be

most strongly felt in the areas of tenant-landlord relations, tenant management, rent control, urban redevelopment, and the understanding of the needs and preferences of urban residents.

B. MUNICIPAL FINANCES AND SOCIAL CAPITAL IN THE 1970's

The constitutional responsibility in the field of housing lies with the provinces. For a variety of reasons and through various means, the federal government has assumed some part of that responsibility. Because national monetary policy and general economic development influence the supply of housing, and because the housing market is a highly influential commodity market, it is appropriate that there should be federal government involvement in the field. The banking function, through which most residential capital is supplied, is a federal responsibility.

In addition, residual responsibility must fall to the federal government if the housing needs of Canadians cannot be met or are not being met by the activities of other levels of government. That responsibility can be defined, in part, in terms of the ability and willingness (or inability and unwillingness) of other levels of government to meet the need.

As far as municipalities are concerned, their responsibility in the provision of housing is a matter of provincial discretion. Some provinces have left much of the initiative to provide housing with the municipalities; in Manitoba, however, the provincial government has recently suspended some of the municipalities' power to initiate new housing and has authorized the provincial housing corporation to provide accommodation in those areas where there is a particular need for it.

Within the context of municipal authority in the housing field, there are various financial constraints operating on municipalities. These constraints are relevant for the provision of any kind of social capital; the particular concern here is for their effect on the provision of low income housing and its related services. Increased demand without a concomitant increase in revenue, horizontal cost functions in many municipal services, and demands for

increases in the quality of others have resulted in the deterioration of the financial capabilities of many municipalities.

Since the two main sources of municipal funds are the property tax and capital borrowing, the prospects for improvement in municipal financial capabilities are not bright. The unequal relationship between property tax and income coupled with the unequal relationship between income and demand for services has already strained many municipal budgets. There are definite limits on a municipality's ability to borrow in the capital market, and while these limits are extended somewhat through centralized borrowing by the province, the constraints imposed by present conditions in the bond market, by the increasingly international nature of the borrowing market which makes larger governments more attractive investment prospects, and by the rising ratio of debt charges to current revenue make it apparent that revenue from capital borrowing cannot increase to the required level.

One traditional way out of municipal financial difficulties is through provision increased aid from senior levels of government. In some areas like education, the trend is toward increasing provincial responsibility financing. In other fields, programs can be expanded so that senior levels of government absorb part of the heavy financial burden of the provision of social capital.

As far as low-income housing is concerned, the relative financial ability of a municipality to provide housing is compounded by unwillingness on the part of municipalities to do so. Low income housing in a municipality means a lower property tax revenue, increased demands for educational, recreational and transportation services, and community opposition.

The combination of financial inability and unwillingness does not, of course, mean that municipalities will ignore the powers allowed to them for the initiation of housing programs. But it does mean that the incentives

offered by federal government programs must be effective both from a provincial and a municipal perspective. To the extent that municipalities are a determining factor in the provision of housing, federal programs must contain inducements sufficient to overcome the apparent disadvantages to the municipality in the provision of low income housing and related services.

C. THE NATURE OF THE HOUSING MARKET

For any federal government policy to be effective in increasing the supply of housing in Canada, it must take into account the particular nature of the housing market. Federal government policies to regulate the availability of mortgage credit are possible through the mechanisms of monetary policy, direct lending, mortgage insurance and legislation affecting mortgage regulations (e.g. amortization period, loan-value ratio and so on). Although the supply of mortgage money has been, and still is, the single most important factor in the supply of housing, other factors are becoming increasingly important.

If it can be assumed that the ultimate objective of any housing policy is to influence the supply so that it meets the actual need, these other factors affecting the supply of housing must be given serious consideration.

The problems of inflation (affecting the costs of labour and material) and land costs (largely the product of speculation), have operated to undermine the effective demand. On the supply side, the shortage of serviced land (a product both of zoning regulations and servicing standards and provision) and the increasing unprofitability of residential construction for the small builder have operated to decrease the relative availability of houses.

Another important factor is the demographic changes that have occurred in recent years. It is estimated that the effects of undoubling and non-family formation accounted for 30% of the increase in the housing need between 1951 and 1966. Those trends are likely to continue.

It is these factors that make the nature of the housing market so important in any attempt to formulate federal government housing policy. The concept of a national housing market is relevant only to the extent that the supply of mortgage credit and general inflationary trends are national concepts. However, there must be a disaggregation of the national housing market if the other factors are to be considered.

Once the relative independence of each local housing market has been recognized, the effect of other factors on the supply of housing becomes apparent. While there may appear to be no serious problem with land speculation at a national level, the influence of speculation in forcing up the price of land becomes obvious at the local level. Land speculators, operating at the level of one city, can control a significant proportion of the available commodity with a view to influencing the market price.

Many metropolitan land markets are dominated by a small number of speculators and developers who control much of the local supply of serviced land. In many cases, given the advantages of vertical integration and the relative economies of scale, the same developers control a large proportion of residential construction. The problem is compounded when these developers can use their political influence to change local zoning regulations.

The lack of an aggregated national market is also evident in the construction factor of housing supply. The plethora of diverse municipal building regulations has been a major deterrent to the development of an extensive prefabricated housing industry in Canada.

In the rental market, the influence of local government is also significant. Stringent municipal regulations about window

space, fire exits and repairs to premises often remove a part of the supply which would (not should) have been available to poor families, elderly persons, and single young people. Small landlords often just withdraw from the housing market rather than invest further in their holdings to upgrade them to minimum levels. Municipal bylaws can eliminate a part of the housing stock by the simple mechanism of banning basement suites, as happened in Vancouver.

The same is true of the supply of serviced land. When municipalities provide area servicing, they can do so at about the same low level of their normal financing costs. For example, in Regina up until 1968, the city serviced about 25% of the developed land for residential construction at a minimum level and without subsidy. However, with increasing pressure on municipal funds, many municipalities have halted the provision of area servicing and have left it up to the developers. The developers then have control over the supply of serviced land and a major influence on its price.

When, as is the case in most cities, the municipalities do not provide subdivision servicing, the developers purchase the land and service it from the municipal trunk system. This investment carries a high rate of market interest; despite the high carrying costs, the function has apparently been profitable to developers, but the price of land has skyrocketed in urban areas. In some areas, where the local developers do not have the capacity to carry the servicing costs on large tracts of land, the supply of serviced land has been reduced to a minimum.

Another factor in the supply of serviced land, again only identifiable at the local level, is the provision of trunk servicing. The provision of trunk extensions is a municipal function, and where such servicing

is not being provided, no developer can install servicing.¹ This not only restricts the supply of services land but also inflates the price of the available commodity.

The essentially local nature of many features of the housing market is becoming increasingly more important in the provision of housing for Canadians. If federal government efforts to improve the supply are to be effective, there must be investigations into the relationships between local governments, local markets and the overall housing and fiscal policy to complement the continuing studies of the national housing market. In order to fulfill the housing needs of Canadians at a minimum cost to government, some effort must be made, in cooperation with other levels of government, to reduce the negative effects of multiple markets and incompatible local regulations and policies.

THE SUPPLY OF RESIDENTIAL CAPITAL FOR THE PRESENT DECADE

In his brief to the Hellyer Task force on Housing and Urban Development, Mr. Michael Boyd suggests three alternative means of ensuring that adequate funds for single family mortgages are provided. One would be "...to throw the burden on the government (to make direct loans) on the valid premise that to provide adequate housing for a growing population is a vital social and economic necessity... Alternatively, the lending institutions could be forced by legislation to lend on home mortgages up to a given percentage of their assets, as is sometimes done in Europe."² A third alternative, and the one preferred by Mr. Boyd is the establishment of "a new class of financial institution patterned after the Building Societies in the United Kingdom whose sole function is to collect savings from the public and make home loans at rates

¹ This has proved to be a severe problem in Edmonton.

² Brief - Mr. M. Boyd, C.A. - Creation of New Savings and Mortgage Institutions - August 9, 1968.

of interest that fluctuate in line with the rate paid on savings..." He recognizes throughout the paper the increasingly critical state of the structure of the housing market and alludes to the social implications of that structure, e.g., the shift to apartment accommodation.

But in the context of the challenge of rapidly growing family housing requirements in the present decade (as projected in the Urban Affairs Study) it is necessary to canvass all the options and to fully recognize the "system costs" of these. We already have amply demonstrated for us the results of "private affluence, public squalor" in the American laboratory. The entire question of residential capital and of supporting social capital supply should be examined, perhaps in somewhat the following manner:

BASIC ALTERNATIVES	PREVIOUS EXPERIENCE	SYSTEM COST EVALUATION
1. Nationalization of Housing Provision - as a public utility (social use of savings and profits)	In socialist countries	In context of war devastation, perhaps least costly method of equitable, rapid, provision. Inflexible tendencies
2. Government provision of bult of housing (tax revenues and bond sales)	In the United Kingdom (45-50% annual public housing starts)	Closely tied with a lengthy institutional history of local authority provision. Varying successes Sufficiently widespread that "ghettos" possibly avoided.
3. Capital levy and mortgage bank (by legislative enactment)	In a general form (for more than individual mortgages) not known	Much greater program flexibility than with public provision. Uses privately owned funds for social purposes.
4. Formation of new savings institutions	U.S. Savings and Loan Associations, U.K. Building Societies	Employs private funds Depends on (limited) capacities of public to save Costs of establishing network could be high. Limited to housing <u>per se</u> .

It would appear from the above and other estimates of financial, economic, and institutional capacities to bear the load to be placed on them that a "root problem" approach involving thorough-going change potential is required.

E. CONCLUSIONS: SOCIAL CHANGE AND HOUSING POLICY

As the Minister pointed out on April 21, 1970, "...the greatest weakness of the public housing program is that it is necessary - and at best is an attempt to treat the symptoms rather than the cause of a deep social problem".¹ If low income housing programs in general go only as far as treating symptoms, a lengthy and costly road awaits them. While housing programs can clearly not be poverty programs, they can contribute to and foster constructive social change. They can be tools of a more general social development.

At the recent Poor People's Conference, and in other meetings, housing is mentioned again and again as a priority issue. It is an ideal issue around which people can organize themselves for more general problem-solving ventures. This is particularly true in the case of efforts to rehabilitate central city neighbourhoods and of the efforts of native people.

In addition to this organizational base, of course, good or adequate housing can provide the kind of physiological and psychological conditions for more general "bootstrap" efforts. If the evidence on the social effects of good housing alone is inconclusive, that on the effects of poor housing is not. It is natural to assume that there is a "threshold effect" - beyond a certain level of improvement housing does not remain a factor in breaking the "poverty cycle".

If a theme for the future emerges from our review of the evolution of low income housing policy, it is that an increasingly "strategic" approach to housing programs is required. We need to home in on problems and needs and to use our programs to maximum advantage in varying packages and contexts. This kind of approach can help us to meet the complex and fast-moving requirements of the Seventies.

¹. Statement on the Public Housing Program in the House of Commons.

URBAN RENEWAL PROJECTS TO BE IMPLEMENTED (Sections 23B and 23C, NHA)

Projects Approved by Order-in-Council, Section 23B, NHA									
NUMBER OF PROJECTS	AREA (Acres)	NUMBER OF FAMILIES DISPLACED	ESTIMATED COST \$000	ESTIMATED NET FEDERAL CONTRIBUTION \$000	ACTUAL EXPENDITURES \$000	NUMBER OF LOANS	Loans Approved Section 23C, NHA		
									\$000
1	42.5	785	3,123	1,362	-	-	-	-	-
7	102.2	2,209	25,805	9,825	6,001	-	-	-	-
17	558.8	6,565	75,542	28,196	22,092	-	-	-	-
10	106.2	1,685	31,298	13,335	6,395	3	1,114	-	-
9	691.2	4,540	129,841	48,293	7,419	8	9,421	-	-
5	325.8	2,247	63,948	24,698	12,452	3	5,168	-	-
20	1,096.9	948	45,249	17,991	23,054	16	15,100	-	-
1969					628	-	-	-	-
Nfld.					-	-	-	-	-
P.E.I.					-	-	-	-	-
N.S.					-	-	-	-	-
N.B.					2,945	1	2,678	-	-
Que.	1,000.3	1,526	38,595	15,279	3,456	13	10,187	-	-
Ont.	61.6	292	8,933	3,623	2,073	2	1,937	-	-
Nan.					12,101	-	-	-	-
Sask.					653	-	-	-	-
Alta.					7	-	-	-	-
B.C.	53.0	18	1,246	353	335	-	-	-	-
					856	-	-	-	-

APPENDIX B

NHA ASSISTANCE FOR RENTAL PROJECTS FOR LOW INCOME GROUPS, CANADA, 1946-1969¹

Loans to Limited-Dividend Companies (Section 16, NHA)

Period and Area	New Housing				Existing Housing			
	Loans or Projects	Units	Hostel Beds	\$000	Loans or Projects	Units	Hostel Beds	\$000
1946-1969 ²								
Nfld.	2	198	64	3,480	-	-	-	-
P.E.I.	7	38	-	228	-	-	-	-
N.S.	8	561	-	4,726	-	-	-	-
N.B.	6	269	-	1,883	-	-	-	-
Que.	64	9,588	-	74,988	-	-	-	-
Ont.	191	16,924	102	130,128	1	154	-	847
Man.	53	2,720	198	21,152	-	-	-	-
Sask.	61	2,377	751	17,220	-	-	-	-
Alta.	38	4,736	-	42,735	-	-	-	-
B.C.	88	2,824	-	13,659	-	-	-	-
Canada	518	40,235	1,115	310,199	1	154	-	847

¹ Data are net. Excludes loans for student housing projects (Section 36B, NHA)
² Includes 32 loans for 3,315 units in the amount of \$24,235,167 made to Housing Enterprises of Canada, Ltd.

NHA ASSISTANCE FOR RENTAL PROJECTS FOR LOW INCOME GROUPS, CANADA, 1964 - 1969

Loans to Non-Profit Companies (Section 16A, NHA)

Period and Area	New Housing				Existing Housing			
	Loans Or Projects	Units	Hostel Beds	\$000	Loans Or Projects	Units	Hostel Beds	\$000
1964-1969 Nfld.	2	-	90	473	-	-	-	-
PEI	13	209	172	2,900	-	-	-	-
N.S.	4	91	208	2,040	-	-	-	-
N.B.	11	36	668	4,451	-	-	-	-
QUE.	119	2,167	7,147	70,946	10	2	1,530	8,482
ONT.	39	1,738	2,149	25,129	2	1	75	416
MAN.	59	896	1,283	14,462	-	-	15	85
SASK.	55	432	1,684	12,283	1	5	22	33
ALTA.	3	25	82	592	-	-	-	-
B.C.	79	1,697	1,216	15,299	10	1	150	484
CANADA	384	7,291	14,699	148,575	23	9	1,792	9,500