CONTINUITY AND CHANGE:
PROVINCIAL HOUSING POLICY IN BRITISH COLUMBIA
1945-1985

by

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Abstract

This thesis reviews the evolution of British Columbia's provincial housing policy and programs from 1945 to the present. This overview permits the identification of what the periods are, what the major policies and programs have been, and what has changed or remained constant through the years. This overview also provides a broader context within which to eventually assess in greater detail, past and present provincial housing policies and programs.

A review of federal housing programs and jurisdictional issues provides the context for provincial housing policy. The forty year time span of is divided into three periods: 1945-1972, 1972-1976 and 1976 to the present. The major forms of housing policy intervention in each period are identified through the review of budget speeches, government documents, annual reports, newspaper clippings, published and unpublished reports and discussion with government officials.

This thesis finds that during the last forty years, there has never been a serious challenge to the role of urban land and housing markets by B.C. provincial housing policy makers. The encouragement of homeownership for as many households as possible and housing assistance for senior citizens have also been a major and continuous focus of housing policy since the 1950's. It is probable that the homeownership assistance programs have had,
however, only a marginal impact on increasing the rate of homeownership.

An active seniors' housing construction program was maintained from 1955 to the late 1970's with the majority of units sponsored by non-profit groups. In 1977, the focus of seniors' housing assistance changed from a construction assistance approach to an income assistance approach. Although the names and details of homeownership and senior citizen housing assistance programs continuously changed, the goals and content of the programs remained essentially the same.

In the analysis of housing policy trends it is found that the philosophical position of the provincial government determined its "terms of reference" for housing policy. In the 1945-1972 and 1976-1985 periods, the free enterprise orientation of the governments determined a very narrow role for government housing policy. In the former case, the narrowness of the parameters for housing policy was caused mainly by a belief that housing policy was the responsibility of the federal government, while in the latter case the narrowness was due to a nearly complete reliance on the private sector to provide housing.

While the NDP government of the 1972-1976 period had a social democratic orientation, it was still constrained in its ability to effectively deal with housing problems. These constraints included a limited term in office, the emergence of different federal priorities, the lack of financial resources and the resistance within the province to change. It
is apparent that these changes in the terms of reference of post-war B.C. housing policy have prevented any chance of a comprehensive and systematic approach to housing problems.
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Chapter 1
Introduction

As one of the more important sectors of the economy and one of the fundamental human needs, housing has always played an important role in our economic and social life. Although the federal government, through the Canada Mortgage and Housing Corporation, has played the most significant role in housing policy formulation and implementation over the past forty years, provincial governments have occasionally asserted their constitutional jurisdiction over housing, initiating their own distinctive policies and programs. This provincial housing activity is sometimes carried out in co-operation with the federal government while at other times separate and unique programs have been implemented by the provinces to meet their own economic, social or political objectives.

In British Columbia, provincial housing policy has primarily consisted of the creation of a variety of programs administered through disparate ministries, agencies and crown corporations. Although program names and content has changed continuously, the goals of encouraging homeownership and providing senior citizen housing have remained constant. Nevertheless, different approaches to housing policy resulting from changes in government has permitted some innovation and experimentation.
The lack of co-ordination in British Columbia housing programs has generally prevented the establishment of an overall long term housing policy framework. Housing programs have been used to address a variety of economic, social or political goals. The short-term nature of many programs has inhibited the ability of British Columbia housing policy makers from identifying major trends in policy and examining the impact of those trends on the province's housing sector.

In considering British Columbia housing policy over the last forty years, therefore, it is important to identify the elements or principles of housing policy that have changed and those elements or principles that have remained the same. In this thesis, it is argued that the changing underlying philosophies of the governments of British Columbia has determined the set of parameters for housing policy of each government, which, in turn has affected the government's ability to deal with housing problems. Further, it is argued that while the set of parameters or "terms of reference" underlying housing policy have changed in the last forty years, the context of a private urban housing and land market has not been challenged.

This thesis reviews the evolution of British Columbia's provincial housing policy and programs from 1945 to the present. Covering such a long period of time permits the identification of long term trends in policy as well as departures from these trends. A better understanding of the nature of and reasons for the continuity and change in provincial housing policy should provide current policy analysts and advisors with an improved
basis for considering the feasibility and desirability of alternative options. This overview also provides a broader context within which to eventually assess in much greater detail than is possible in this thesis, past and present housing policy and programs.

There is a threefold rationale for undertaking this study. First, there is a significant gap in the literature regarding provincially initiated and administered housing programs in British Columbia. The information and literature that does exist is partial and fragmented. Yet the province is continually revising its housing policies and changing its programs. An improved understanding of programs that have been tried in the past, and an assessment of their long term impacts is necessary in order to permit policy makers to gain a better perspective on how to proceed in the future. A broad overview of past housing policies and programs, placing them in context with one another, is a necessary first step in permitting a much more detailed assessment and evaluation of the provincial role in housing.

A second rationale relates to the federal housing research agenda. The Canada Mortgage and Housing Corporation has recently identified as one of its priorities the need to encourage researchers to undertake analyses of the evolution of Canadian housing policy, at all jurisdictional levels, for the period since 1945. This historical analysis has become necessary and timely, according to CMHC, due to the current government budgetary restrictions and the need for a much more thorough
analysis of past and current approaches to housing policy. Federal-provincial jurisdictional issues relating to housing is one of the important topics which must be addressed. It is hoped that this thesis will contribute to this broad research agenda.

Finally, recent indications from the new federal government point to an expanded role in housing policy for the provinces. This expanded role may take the form of greater federal-provincial partnership in program design and administration, or federal allocation of block grants for housing policy purposes, allowing the provinces to design their own programs reflecting provincial and local needs and priorities. This thesis provides a research base upon which to build a much more detailed understanding of the experience of the past so as to assist provincial housing policy makers in any expanded role they may undertake.

In specific terms, the objectives of this research are:

1) to identify and provide an initial analysis of the major forms of housing intervention undertaken by B.C. governments between 1945 and 1985. This includes not only individual housing programs but also organizational structures designed to administer B.C.housing policy and programs.

2) to identify the significantly different periods in post-war history of B.C. housing policy.

3) to identify and analyze the elements and principles of housing policy that have changed and remained the same throughout the 1945-1985 period.
Following this introduction, Chapter Two discusses the historical and jurisdictional context for post-World War II provincial housing policy in Canada. A discussion of provincial housing policy must be placed in the context of federal housing policy. Therefore, a brief overview of federal housing programs since 1945 is presented, followed by a discussion of federal-provincial jurisdictional issues, and an examination of federal-provincial relations relating to housing policy.

Chapter Three covers the provincial housing policy and programs administered in the 1945-1985 period, corresponding to the coalition and Social Credit governments. A review of the history of B.C. party politics between 1945 and 1972 provides background information for this chapter. The post-war housing situation in the province is discussed, along with an examination of the provincial response to the housing shortage. Finally, the emergence of a provincial role in public housing, senior citizens housing assistance, and homeownership assistance is presented.

Chapter Four and Chapter Five deal respectively with the 1972-1976 and 1976-1984 periods. Each commences with a general discussion of housing conditions associated with the period, followed by a discussion of the unique issues relevant to the specific period. The individual policy and programs are discussed under the headings of homeownership assistance, land supply and servicing assistance, rental housing and renter assistance and social housing assistance programs. Each chapter concludes with a discussion of the period's philosophical basis.
for housing policy.

Chapter Six concludes the thesis by placing the three identified periods in a larger context so that the broader themes of continuity and change in housing policy can be examined. An analysis of those elements of B.C. housing policy that have been continuous is presented, followed by an analysis of those elements that have changed. Finally, the thesis concludes with a summary of the broad themes in post war B.C. housing policy.
Chapter Two
The Historical and Jurisdictional Context for Provincial Housing Policy in Canada

In terms of inter-governmental relations, the history of housing policy in Canada has always presented a paradox. While the constitutional power for housing legislation clearly rests with the provinces, the federal government played and continues to play a dominant role in the development of post-war housing policy. An examination of provincial housing policy, therefore, must be placed in the broader context of federal housing policy, including the history of federal programs, an understanding of the jurisdictional issues, and the nature of changing relationships between the federal government and the provinces.

2.1 Federal Housing Activities Since 1945: An Overview

The history of post-war Canadian housing programs has largely been the history of federal legislation and its implementation through the Canada Mortgage and Housing Corporation. Appendix A provides an outline chronology of significant Canadian housing legislation from 1945 to the present, in order to help place the key programs in their broader historical context. Until World War I, there were no federal housing programs. Tentative initiatives in housing were taken between the wars, but the programs were generally small in scale, impact and importance.
The first significant direct involvement of government in the provision of housing took place shortly after Canada's entry into World War II. Wartime Housing Limited, a Crown Corporation created in 1941 by the federal government under the War measures Act, built 45,930 housing units for industrial workers during the war and veterans after the war. Wartime Housing Limited was absorbed by Canada Mortgage and Housing Corporation in 1947. CMHC then began to dismantle the program, and by the early 1950's has sold the government's wartime housing stock. (See Wade, 1984)

When it began to appear that the end of World War II was close at hand, the federal government began planning for the return to a peacetime economy. In 1943 the federal government appointed the Advisory Committee on Reconstruction and in March 1944 a sub-committee produced a study on housing and community planning. This document, known as the Curtis Report, after Clifford Curtis, who was the chairman of the Housing and Community Planning Subcommittee of the Advisory Committee on Reconstruction, clearly documented the enormous need for low and moderate cost housing in Canada. The Curtis Report recommended a national housing and planning program to provide for town planning, home ownership, home improvement, slum clearance, low-rental projects and co-operative and rural housing. The report estimated that the accumulated urban housing need for 1939-1945 was about 500,000 units.

Although the federal government realized from its wartime housing experience that direct government action could quickly
and efficiently put housing into place, it rejected this option. Indeed, in 1944 and 1945, the ministers of the Finance and the Reconstruction and Supply departments discussed and rejected the feasibility of a reconstruction-based low and medium income rental housing division to be administered by the President of Wartime Housing Limited, Joe Pigott. (Wade, 1984, 2)

Instead, the federal government reasserted its pre-war policy of indirect financial assistance to promote the homeownership sector. In 1944, major amendments to the 1938 National Housing Act were adopted. The legislation ignored most of the recommendations of the Curtis Committee. The focus was solely on homeownership and the use of an expanded private sector house construction sector as a means of creating post-war employment. The preamble to the 1944 NHA revealed the private sector, job creation orientation of the federal housing policy:

An Act to Promote the Construction of New Houses, the Repair and Modernization of Existing Houses, the Improvement of Housing and Living Conditions, and the Expansion of Employment in the Postwar Period.

In planning for the post-World War II period, housing was considered an economic lever to help enhance peacetime employment and overall economic growth. The government also considered housing a stabilization tool to aid in smoothing the transition from wartime to peacetime economies. Although there was a stated aim of analyzing, measuring and meeting the needs of low-income Canadians through provision of low rent housing, the federal role was limited to assisting access to homeownership. (Dennis and Fish, 1972, 128)
In 1946, the Central (now "Canada") Mortgage and Housing Corporation was established with a mandate to administer the NHA and to provide mortgage discounting facilities for lending institutions. Its main purpose was "to stimulate private enterprise to serve as large an area as possible of the housing field, thus reducing the pressure for publicly assisted housing." (Memorandum to Cabinet, Re: Central Mortgage and Housing Corporation Bill, "Oct. 2, 1945, cited in Wade, 1984, 160) CMHC was the "federal machinery for post-war housing expansion." (Rose, 1980, 29) As Albert Rose has concluded in his recent study of Canadian housing policy:

The emphasis on the expansion of employment in the post-war period makes it clear that the fundamental intention of the [NHA and CMHC] legislation was more economic - in terms of the avoidance of a post-war depression akin to 1919-21 - than a social concern with the well-being of all Canadians in terms of their housing requirements." (Rose, 1980, 28-29)

Late in 1947, C.D. Howe, the minister responsible for CMHC, summed up the federal government's responsibility for housing. He stated that the federal government only had a role in the direct provision of housing during conditions of national emergency. (Howe, 1947, 217) According to Howe, "the fundamental principle" of federal housing policy was "to create more favourable conditions that would encourage residential construction." (Howe, 1947, 218) Thus, the 1935 Dominion Housing Act and the 1938 National Housing Act established the principle of indirect intervention in house building before the war; the 1944 NHA reaffirmed it.
The justification for this federal position was, according to Howe, based on a constitutional constraint. The federal government pursued indirect intervention "since housing is a function of property and civil rights, a matter within the jurisdiction of provincial and municipal governments." As a result, Howe argued that "direct participation by the Dominion in a housing program is circumscribed." (Howe, 1947, 217) Moreover, "subsidization of low-rental housing...is rightly a responsibility of municipal and provincial authorities," since "they are the parties directly responsible for social welfare." (Howe, 1947, 220) Although the federal government had directly intervened in the housing market during the war based on wartime emergency powers, it cited constitutional constraints as precluding its ability and responsibility for taking action in the post-war period in addressing the housing needs of low income Canadians.

Howe did admit that the low-rental housing situation was "of such a magnitude that no one level of government can see it through." (Howe, 1947, 220) The solution to the problem would be the active co-operation of the three levels of government, as well as the active participation of private limited dividend corporations. Howe stated that

there is no reason why such corporations, apart from the question of subsidization, should not do a good job of providing and operating low-rent housing if they receive the active co-operation of the municipalities in which they operate." (Howe, 1947, 221)

While the federal government insisted that it was unable to assist in the production of low- and moderate-income rental
housing due to constitutional constraints, these constraints did not prevent the federal government from assisting homeownership. Howe stated that "it is clear that the National Housing Act is an effective means of providing urban housing for owner-occupiers" and that "this will, in the course of time, materially raise the proportion of Canadians owning their own homes." (Howe, 1947, 219) Leonard Marsh, who was research advisor to the Curtis Subcommittee, in response to Howe's position, noted that "the implicit assumption of the Curtis Report recommendations is that the national programme would be divided reasonably between homeownership and rental housing, which contain a definite proportion of genuine low-rental projects (as well as some farm housing), and would mark a beginning in slum clearance." (Marsh, 1947, 234) The federal government, however, ignored the recommendations of the Curtis Subcommittee as well as the policy advice of prominent housing analysts such as Leonard Marsh.

In the immediate post-war period, therefore, three areas of priority in federal housing policy were clearly identified: first, the promotion of homeownership, second, the principle of complete reliance on the private sector in the provision of housing, and third, the principle of governmental non-competition with the private sector.

By 1947, there was a feeling that once the nation's obligation to the veterans was fulfilled, the role of a federal crown corporation, that is, Wartime Housing Limited, as landlord to many thousands of Canadians, was not desirable. Fearing that
it would permanently remain the landlord of thousands of rental units, the federal government instructed CMHC to sell Wartime Housing's portfolio of rental units to its tenants. (Carver, 1975, 109-110)

It was not until the end of the 1940's that the federal government introduced a rental housing program. In 1949 Section 35 of the National Housing Act (later renumbered Section 40) permitted a federal-provincial partnership in the development of publically assisted rental housing projects. The participation of the federal government was perceived to be necessary according to the Minister, R.H. Winters, because "it was clear that the provinces recognized their constitutional and practical responsibilities in this field, but the majority indicated that financial assistance would be required from the Federal Government." (Winters, 1949) In order to take advantage of Section 35 of the 1949 NHA, each province had to pass enabling legislation.

The 1949 amendments were designed to require the provinces to take a larger responsibility for housing. An internal CMHC memorandum written in 1949 indicated a concern for the growing federal role in housing and its cost implications:

The role of the Federal government was to be primarily financial; there was to be no direct federal construction and operation; subsidized rental housing was to be a joint federal-provincial matter.

The Provinces have escaped very lightly over the last three or four years, and I am afraid the very activities of the Dominion for veterans has created the belief in the public's mind that the Dominion is indeed the only authority who can provide public housing. Progress could be made if the thought could be got
across that the Dominion accepts some responsibility for public housing in an overall social security program, but is incapable of acting alone in the field. (cited in Runge, 1975, 66)

Between 1949 and 1960, the number of public dwelling units constructed did not exceed 12,000. (Rose, 1980, 36)
Disappointment in the meagre quantitative achievement of the program was compounded by a down turn in the level of Canadian economic activity in 1957-1958. By the late 1950's those provincial governments who had participated in the federal-provincial housing partnership during the 1950's discontinued their encouragement of additional projects and concentrated on completing those projects that were under way. By 1961 it was evident that the federal-provincial partnership with regard to the provision of low rental, subsidized housing had collapsed. (Ibid., 37)

In contrast, however, during the same 1949-1960 period, the government strengthened its commitment, and expanded programs aimed at the encouragement of homeownership. Homeownership for all Canadians was the primary goal of housing policy. This goal was enunciated from time to time in Parliament and in speeches of ministers responsible for CMHC. Every effort was made, through indirect intervention, to provide adequate supplies of mortgage money, to manipulate the interest rate, and to generally create conditions conducive to encouraging individual homeownership. In 1954 amendments to the NHA permitted CMHC to insure the mortgage loans made by approved lenders thereby guaranteeing repayment should owners default. This permitted the chartered banks to
enter the residential mortgage lending market, opening up a new source of funds for mortgage loans.

Amendments to the National Housing Act in 1964 essentially rewrote the entire Act. Four major changes to the legislation were adopted. First, a new section was added that authorized loans to non-profit organizations owned by a province, municipality, or their agent, or by a charitable organization for the construction or purchase of a housing project for low-rental housing. Second, the urban renewal sections were substantially rewritten to broaden the scope of urban redevelopment by providing federal support for the preparation of an urban renewal plan, federal subsidies for implementing the renewal plan, and insured loans for housing projects in renewal areas. The significance for the provinces was that they were clearly recognized as the authority which must approve local urban renewal plans, with the federal government paying one-half of the costs.

Third, Section 35 (later 43 and 44) broadened the field of public housing by permitting loans to be made to provinces, municipalities or public agencies for acquiring land for the construction, acquisition and operation of public housing projects. These loans could not exceed 90 percent of the cost of the project as determined by CMHC and would be for a maximum term of fifty years. CMHC was also authorized to contribute 50 percent of the operating losses for public housing projects.

As a result of these major changes to the NHA, CMHC took on a new role as banker to provincial housing corporations. (Dennis
and Fish, 1972, 13) The new sections of the NHA were geared towards new initiatives by provincial and municipal governments. The terms presented under the new public housing legislation (90% federal funding, 10% provincial/municipal) were more favourable than the terms provided under the 1949 federal-provincial partnership (75% federal, 25% provincial/municipal) although the old provisions were retained as alternatives if a province decided to use them. (Rose, 1980, 40)

The development of housing policies in Canada took another significant turn in 1968, with the election of Prime Minister Pierre Trudeau. During his election campaign, Trudeau promised to pay significant attention to the problems of Canadian cities. Shortly after his election he appointed a senior cabinet minister, Paul Hellyer, to chair a national Task Force on Housing and Urban Development.

The recommendations of the task force can be grouped under four main concerns:

1. to facilitate and expand homeownership;
2. to reduce the cost of housing, especially for low income tenant households, and average income family households aspiring to homeownership;
3. to de-emphasize the nature and role of public housing;
4. to suggest the most appropriate forms of urban development for the future. (Rose, 1980, 46)
Although the Hellyer report's recommendations were rejected by the government, and Hellyer, in turn, resigned his cabinet post, it is evident that the report laid the groundwork for the significant changes in federal housing policy that were adopted in the early 1970's. What was never implemented was a more comprehensive approach to national urban policy.

The 1973 amendments to the NHA introduced programs such as the Assisted Homeownership Program (AHOP), the Non-Profit and Cooperative Housing programs, the Neighbourhood Improvement Program (NIP) and the Residential Rehabilitation Assistance Program (RRAP). The introduction of the socially mixed non-profit and co-operative housing programs resulted from dissatisfaction with public housing. The introduction of the Neighbourhood Improvement Program and Residential Rehabilitation Assistance Program resulted from dissatisfaction with the "bull dozer" approach of the Urban Renewal Program. However, the funding was relatively small compared to the private rental programs introduced in 1974 and 1975.

In response to a significant drop in housing starts in the early 1970's, the government introduced the Multiple Unit Residential Buildings (MURB) tax incentive aimed at encouraging wealthy individuals to invest in rental accommodation, and the Registered Homeownership Savings Plan (RHOSP) aimed at encouraging individuals to save enough for a down payment on a home. The initiation of these two programs represent a significant reliance on tax expenditures as a policy instrument. That year, two direct subsidy programs, the Assisted Rental
Program (ARP) and the Assisted Home Ownership Program (AHOP) were also introduced.

Between 1978 and 1980, both AHOP and ARP were phased out, while the MURB tax benefits were cancelled, then reintroduced, and finally cancelled again in 1982. A major theme in the 1978 NHA amendments was federal disentanglement, involving the systematic identification and elimination of duplicated controls and services, and the clarification as to which level would become the main locus of responsibility for program delivery. This was, in part, to encourage greater financial participation of the provinces. CMHC "disentangled" administration of the public non-profit program, leaving detailed project reviews to the provinces or municipalities. (CMHC, 1983, 48) The push for disentanglement was largely related to the climate of federal-provincial relations at that time in that several provinces were pushing for the transfer of tax points or federal block funding of social housing programs. Instead, the federal government countered with disentanglement which essentially offered unilateral federal funding of a core housing program for which the federal government would set the objectives and criteria, and the provinces could deliver and enhance the program. However, in 1980 disentanglement arrangements were halted since few provinces would agree to the conditions of the federal government.

In 1982, two direct subsidy programs were introduced in response to low levels of housing starts, the Canada
Homeownership Stimulation Plan (CHOSP) and the Canada Rental Supply Plan (CRSP). In response to the high level of mortgage interest rates, the temporary Canada Mortgage Renewal Plan (CMRP) was introduced in 1981, being replaced by a permanent mortgage insurance scheme in 1984, the Mortgage Rate Protection Plan.

2.2 The Federal-Provincial Jurisdictional Issues

Canadian housing policy has been plagued by the division of responsibilities between federal and provincial governments. The evolution of Canadian housing policies must be viewed, therefore, in the context of the sharing of political responsibility between the federal and provincial governments. Although the major force in housing policy has been a federal agency, CMHC, the constitutional responsibility for housing clearly rests with the provinces under the following sub-sections of the Canada Constitution Act, formerly known as the British North America Act:

2. Direct Taxation within the Province in order to the raising of a Revenue for Provincial Purposes.
8. Municipal Institutions in the Province.
10. Local Works and Undertakings.
11. The Incorporation of Companies with Provincial Objects.
13. Property and Civil Rights in the Province.
(Canada, Department of Justice, 1983, 33-34)

The constitutional basis for federal intervention in housing rests on section 91 (1a) and 91 (3), the former giving Parliament
the right to legislate on public debt and property, including the Consolidated Revenue Fund which Parliament can spend on any purpose as long as the legislation authorizing the expenditure does not amount to a regulatory scheme falling within provincial powers, and the latter giving the federal Parliament power to raise money through taxation. (Runge, 1975, 78)

Judicial interpretation of the BNA Act has supported the provincial constitutional jurisdiction with regards to housing. The Rowell Sirois report on Dominion Provincial relations noted that "if a proposed piece of Dominion legislation does not fall within the specified enumerations of section 91, it is beyond the enacting power of the Dominion, and within the powers of the... provinces." (Runge, 1975, 78) Since housing is not specifically mentioned among the specified powers of either level of government, the constitutional power for housing legislation is found in the provincial residual powers.

Although the provinces' constitutional rights over housing are unquestioned, fiscal reality has permitted the federal government to assume the major housing role. The federal government traditionally has had the greatest revenue raising powers. To bypass such constitutional problems, devices such as conditional grants and shared-cost programs have been used. Nevertheless, the constitutional ambiguity has revealed itself in conflicts in priorities between the provinces and the federal government with respect to the role of housing in the economy in general, and the structure and objectives of housing programs in particular.
2.3 Federal-Provincial Relations

It is evident that although the provinces were constitutionally responsible for housing, they did not object to the dominant federal role in housing policy and urban development following World War II. Rose (1980, 30) outlines four major factors that combined during the six years after the war that made a strong federal role in housing possible to emerge. First, the federal government's wartime emergency powers were perceived as the appropriate means to deal with serious housing congestion associated with shelter requirements for wartime workers and returning veterans. Moreover, following the war, serious shortages of consumer durable goods, building materials, steel, rubber, petroleum and other products vital to the growth of the national economy made it essential to continue certain wartime emergency powers and intergovernmental agencies such as Wartime Housing Limited. Wartime Housing Limited negotiated directly with municipalities and provinces, who perceived that the wartime housing shortage was a national problem for which the federal government should find a solution. (Wade, 1984, 51)

Second, Rose states that as the housing industry developed momentum in the second half of 1946, the incomes and preferences of families began to reflect a higher level of expectations. These expectations resulted in the implementation of the Veterans' Rental Housing Program which undertook to construct 10,000 dwellings per year of a more durable quality than those provided by Wartime Housing Limited. Thus, a serious attempt was made to provide permanent housing, which required the federal
government to negotiate directly with municipal governments, with little or no apparent objection from the provinces.

A third factor of significance in the establishment of the major role of the federal government in housing during the early post-war years was the apparent weakness, in economic and political terms, of provinces to deal with housing problems. The provinces were not prepared, administratively or politically, to deal with the wartime and post-war housing congestion and supply problems. The federal government was, therefore, the only possible source of housing assistance. Moreover, the financial resources of the provinces during and following the war were totally inadequate to meet the new challenges they encountered.

Fourth, the prominent federal role in housing was fostered by the absence of strong opposition to public housing programs and projects. There was never strong hostility to public housing legislation directed towards the federal government as there was directed towards provincial and municipal governments. According to Rose, the lack of public opposition to federal housing policies was due to a decade of intervention in housing with Wartime Housing Limited, and the operation of a substantial lending program that had weakened antagonism towards public intervention to achieve social goals. (Rose, 1980, 31) However, at the municipal and provincial levels, the experience of the Depression had made many dissatisfied with the method by which financial assistance to the disadvantaged and work-relief programs was handled. Rose cites the opposition to the Regent
Park low income housing project in 1947 as an example of objection to public housing at the municipal level. (Ibid.)

In addition to the four factors identified by Rose, another factor of considerable importance to the expansion of the federal role in the early post-war years was the establishment of a federal crown corporation, CMHC, created expressly to administer housing programs. The provinces assumed that the federal government had taken leadership in dealing with the nation's housing problems. For example, the Interim Report by the B.C. Council for Post-War Rehabilitation states that in "the NHA, and the Home Improvement Act, the Dominion Government has already assumed leadership in dealing with this [housing] problem." (B.C., Post-War Rehabilitation Council, 1943, 163) Thus, when provincial governments might have been expected to begin to assert their constitutional rights over housing, a large federal housing apparatus with a major committment of federal expenditures had been firmly established.

As noted previously, the federal government was aware of and concerned about its expanding role in housing vis-a-vis the provinces in the late 1940's. The disappointing federal-provincial partnership program introduced in 1949 was an attempt to deal with this concern. Nevertheless, federal domination of housing policy was maintained until the 1960's when the provinces began to assert their constitutional authority to administer housing programs within their jurisdiction and to develop housing policies of their own, although often in conjunction with the federal government. The federal government was expected, after
all, to pay the major portion of program costs.

In the early 1960's, local housing authorities became interested in their own programs, partially in response to the failure of the federal-provincial public housing program. The Metropolitan Toronto Council, for example, supported the creation of a metropolitan-wide housing authority which would absorb all existing authorities in the area and would have direct access to federal funds. In 1964, aware that the NHA was being amended, the Ontario provincial government created the Ontario Housing Corporation to permit the assumption of significant public housing construction by local or provincial authorities. (Rose, 1980, 38)

The year 1964 is also considered a major turning point in federal-provincial relations in housing. The 1964 NHA amendment permitted the construction and operation of public housing by means of a 90 percent loan to provinces and municipalities and a 50 percent share of subsidies. This amendment allowed the provinces to act much more independently compared to the previous federal-provincial 75/25 percent partnership arrangement with CMHC.

The report of the federal Task Force on Housing and Urban Development (Hellyer Report) and the eventual implementation of some of its recommendations upset some of the relations that had developed between the federal government and the provinces during the late 1960's. According to Rose, (1980, 69) the report was, in substantial measure, aimed at the Ontario Housing Corporation.
which had undergone feverish governmental housing activity in 1967-1969. However, the report did permit a serious examination and re-examination of provincial housing policies. Between 1970 and 1973, all of the provinces undertook important changes in their housing legislation to meet the new federal policy and to take advantage of its provisions.

During the early 1970's, the federal government initiated a number of new programs, both unilaterally and in cooperation with the provinces. The 1973 amendments to the NHA removed the requirement for matching funds from the provinces. The federal government, as a result, provided 100% financing for non-profit low rent housing projects. Provincial aid was provided by "stacking additional subsidies" on those provided by CMHC. The arrangements that resulted from this amendment are now viewed as being very complicated, leading to inequities in the overall level of subsidies provided to meet the needs of households in different circumstances.

Thus, the provinces began to implement a wide variety of housing programs on their own initiative in order to deal with problems not dealt with by federal programs. Moreover, provincial programs were used to attain maximum input to unique provincial housing problems. By 1976, there were fifty-three housing programs that were administered by the provinces independently of the National Housing Act, including direct construction and rental subsidies, housing rehabilitation, capital financing and rent controls. (CMHC, 1983, 49)

Two forces that would change the pattern of events at the
federal level became apparent by 1977. First, the federal government had become concerned with reducing the federal budgetary deficit, and second, there was a change in the housing market with evidence of overbuilding and reduced demand. At the same time, however, the provinces were increasing their demand for block funding of capital expenditures; requesting tax points be transferred as a substitute for federal program subsidies; and proposing three-year forward budget commitments and provincial review and concurrence of federal funding reductions or alterations. The common provincial position was that greater provincial flexibility was required in the development and implementation of housing policies and programs and that there should be less duplication of provincial and federal efforts in program delivery.

In February 1978, a conference of federal-provincial housing ministers was held. A dramatic reduction in direct federal capital for public housing was proposed and in return, more generous subsidy arrangements and increased program delivery responsibilities were offered to the provinces through the Section 56.1 Non-Profit and Cooperative Housing Programs. These increased delivery responsibilities were to be in the context of "global agreements" signed with each province. (Ibid., 49)

All provinces, with the exception of Newfoundland, have signed global funding agreements. These agreements give full delivery responsibility for public non-profit projects to the provinces. With regards to private non-profit housing, the province may assume the lead role only where they provide a grant
or annuity equivalent to 25 percent of the capital cost of the project. This grant is applied against costs before the Section 56.1 assistance is provided. British Columbia and Saskatchewan have chosen to make use of this provision. In British Columbia, the province has assumed the lead role on private non-profit senior citizen housing projects. In Saskatchewan, the province has assumed the lead role for private non-profit projects, with the exception of Urban Native and on-reserve programs.

In November, 1980, a decision was reached to halt arrangements for the disentanglement of private non-profit housing projects. The principal rationale given was the lack of federal visibility in projects that were provincially administered.

2.4 Conclusion

Despite its experience with Wartime Housing Limited the federal government rejected the option of the direct provision of housing as a solution to the nation's post-war housing problems. Three main objectives of federal housing policy emerged that continue to the present: the promotion of homeownership; the principle of reliance on the private sector for the provision of housing; and the principle of government non-competition with the private sector.

Another principle that gradually emerged was that government has some responsibility for providing housing to very low income people who cannot access private market housing. The federal government attempted to place the responsibility on provincial
governments due to the division of powers under the Constitution. The relatively unsuccessful Section 40 federal-provincial partnership in public housing was an example of the federal government's attempt to get the provinces involved in low-rental housing. However, the provinces saw housing policy as a function of the federal government due to its superior financial powers, the wartime housing activity and the fact that a federal housing agency, CMHC, had been established to deal with housing matters.

The provinces only began to initiate their own housing programs in the 1970's in order to respond to specific problems not addressed by federal programs. In reaction to provincial demand for "block funding" of programs, and to reduce budgetary commitments, the federal government undertook to "disentangle" federal and provincial program delivery in 1978. In 1980, however, disentanglement activity was halted due to the concern of the federal government over the lack of federal visibility in federally financed by provincially administered programs. This long history of federal-provincial bargaining over responsibility for housing policy is currently occurring as part of the Progressive Conservative government's consultation process on housing policy. The problem of redefinition of roles for different levels of government as well as the specific federal programs are being reassessed in this consultation process.

This chapter has placed provincial housing policy in the context of federal housing policy. The next chapter begins the detailed examination the Province of British Columbia's housing policy, starting with the immediate post-World War II period.
Chapter Three
B.C. Housing Policy in the 1945-1972 Period

Immediately following World War II, the province of British Columbia faced a serious housing shortage caused mainly by wartime migration to urban areas and post-war demobilization. The resolution of this shortage was perceived by the province to be the responsibility of the federal government through their wartime emergency powers and their superior financial resources. Over time, the province developed its own policy of indirect intervention in the housing sector with a focus on two objectives: encouraging and assisting widespread homeownership and the construction of senior citizen housing. The emergence and evolution of this provincial role in housing policy was in part a response to changing federal housing program parameters and in part a response to the province's own priorities.

British Columbia's provincial housing policy in the 1945-1972 period is discussed in several contexts. First, an historical overview of the political context in the province is presented. Second, a description of the post-war housing situation in British Columbia provides a basis for understanding the government's response to the housing problem. An emphasis is placed on post-war housing conditions in Vancouver, the province's largest city. Third, the specific response of the
provincial government to the wartime and post-war housing situation is examined. Finally, the emergence of provincial housing programs in the areas of public housing, senior citizen housing, and assistance to homeownership is described.

3.1 Overview of B.C. Provincial Politics: 1941-1972

Between 1941 and 1952 the province was governed by a coalition of the Liberal and Conservative Parties and from 1952 to 1972 by the Social Credit Party. The history of the party system in B.C., from the Liberal-Conservative coalition arrangement of to the post 1974 Social Credit "coalition", is largely a history of a series of attempts to keep the CCF/NDP from power. In the 1941 election the CCF managed to win the most votes overall but placed second in the number of legislative seats. The Liberals, under the leadership of John Hart, won the election but with a minority government. Consequently, the Liberals and Conservatives agreed to form a coalition government until the end of the war, rather than call another election in the midst of the war and thereby risk a CCF majority.

During the 1945 elections the Conservative and Liberal parties decided to keep their own individual identities, but agreed to only run one candidate from either party in each riding. Liberal and Conservative incumbants were guaranteed renomination in their ridings without competition from their fellow coalitionists. In his analysis of British Columbia politics, Martin Robin (1973, 82) notes that "patriotism inspired the formation of the Coalition, and patriotism insured
its continuance." The war in Europe was over, but the battle at home against the "pink menace" continued as ever, and prudence demanded that the free-enterprise parties remained united to further the public welfare. (Ibid., 82) The Coalition government once again won the election on the promise of "sound business administration with progressive measures based on the traditional foundation of free enterprise." (Ibid., 88)

Following the resignation of Hart in 1947, Bjorn Johnson was elected leader of the Liberal party and became Premier. Along with his Finance Minister, Herbert Anscomb, the Liberals followed the centrist goal pursued by Hart of "an economic system generous enough to keep the mass of people quiet, and profitable enough to attract new people to the province." (Ibid., 97) The coalition also won the 1949 election. While the CCF's popular vote was only reduced 2%, their representation in the legislature was cut in half, proving the sound arithmetic of anti-CCF electoral cooperation.

However, by this time, members of both parties were becoming disenchanted with the coalition. The Conservatives were especially frustrated with the Hart formula which essentially guaranteed that the Liberal party would have more seats, the premiership, and control over the most important cabinet posts. The original reasons for the coalition, that is, the threat of a CCF victory and the wartime situation, were no longer present. One Conservative MLA, W.A.C. Bennett, who had challenged the Conservative leadership and lost, crossed the floor of the legislature with another Conservative, Tilly Rolston, in 1951 and
sat as independents. By the end of the year Bennett had joined
the Social Credit Party and became that party's first MLA.

In 1952 the governing coalition was dissolved and the
Liberals and Conservatives faced the voters as separate parties.
However, before the election, the electoral system was revised by
introducing the an "alternative ballot" system designed to ensure
that the Liberals and Conservatives would not knock each other
off at the polls allowing the CCF to win. The assumption was that
Liberals would give their second ballot choice to the
Conservatives, and vice versa. No consideration was given to the
growing support for the new Social Credit Party. Thus, the first
post-coalition election produced a Social Credit government with
W.A.C. Bennett as Premier. It is interesting to note that the CCF
lost by one seat under the alternative ballot system. Under the
old electoral system they would have won by seven seats. In
another general election held the following year, the Social
Credit Government won by a majority. Upon taking office in 1952
Premier Bennett stated:

It will be the policy of our government to give fair
treatment to all, special privileges to none. I want
to make it clear that our government will not be a
government of the right or the left. A Social Credit
government will be a middle of the road government.
(Neerey, 1981, 31)

It is clear that the goal of the Social Credit government
was progress and provincial development through state-aided
growth. (Morley et al., 1983, 87) Emphasis was placed on the
development of major infrastructure such as roads, dams and
railroads providing greater access to the province's resources
for private investors. Further, these major development programs helped the Social Credit maintain its broad base of support in rural areas for twenty years. According to Bennett:

Private enterprise can bring about social reform. You can't have reforms without development; that's where the socialists are wrong. They believe in no-growth policies. If there's no growth, you can't afford to give people social benefits. (Keene and Humphreys, 1980, 32)

Although the economy remained strong and vibrant, by the early 1970's, the Social Credit government began to show signs of fatigue. Seven of seventeen cabinet ministers had been in office since the early 1950's. Only one new cabinet appointment was made between 1968 and 1972. (Employer's Council of B.C., 1978, 1) Thus, by 1972 the public was ready for a change and subsequently, the New Democratic Party was elected.

3.2 The Post-War Housing Situation in British Columbia

An acute housing problem troubled wartime and post-war Canada. The housing problem may be defined as an immense unsatisfied demand arising from a problem with the quantity of accommodation available, and a problem of the poor quality of units that were available. The housing shortage was caused by three factors. First, wartime scarcities in skilled labour and building materials between 1942 to 1945 resulted in depressed rates of new construction despite rising incomes and climbing marriage and family formation rates. (Firestone, 1951, 199-203 and see Appendix C Housing Starts in B.C. 1945-1884) These manpower and material shortages in the wartime and post-war
period also contributed to steadily rising building costs, thereby further discouraging construction and adding to housing congestion.

A second cause of the housing shortage was the migration of wartime workers to urban industrial areas and the migration of servicemen's families to urban centres near armed forces bases. The wartime economy dramatically increased the demand for urban housing but was unable to meet the demand with supply. The result was severe housing congestion. The 1941 Census indicated that British Columbia had received 26,614 migrants and given up only 8,949 between 1939 and 1941. (Canada, Census, 1941, 922) This migration aggravated the housing problem, especially in the rental sector by increasing the amount of doubling up and overcrowding and by reducing vacancies.

The post-war demobilization of service-men was the third factor which exacerbated the housing shortage. According to a Department of National Defence survey of personnel awaiting discharge from August to October 1945, British Columbia was the only province likely to gain ex-servicemen and that Vancouver stood to gain disproportionately more ex-servicemen than any other large urban centre. (cited in Wade, 1984, 35)

The shortage of housing in the 1940's was manifested in overcrowding and doubling up of households. Overcrowding and doubling up had begun to develop in many cities before 1930. It was intensified during the depression and the war due to the slump in construction of new units and to migration. According to the 1941 Census, 13.2% of all households in Vancouver, and 11.1%
in Victoria were crowded. (Table I) Families with the smallest earnings, families with the lowest average income, and families of five or more suffered the most. (Advisory Committee on Reconstruction, 1944, 94 and 99)

The other element of the wartime and post-war housing problem was the deterioration of the existing residential stock. Due largely to the inability of owners to pay for improvements to their dwellings during the depression, many buildings in larger cities by 1941 required extensive repairs. (Ibid., 105) The overcrowding caused by wartime migration only exacerbated the problem of widespread deterioration in B.C.'s housing stock.

The Post-war Housing Situation in Vancouver. By the end of the war Vancouver encountered an immense housing shortage. In contrast to the national experience, however, Vancouver's housing problem developed more from wartime rather than pre-war conditions. As shown in Table I, the condition of the housing stock in Vancouver and Victoria in 1941 ranked about the same as that of Montreal, Toronto, and Hamilton and better than that of Halifax, Winnipeg, Regina Edmonton or Calgary. In addition, the rate of homeownership decreased very little in Vancouver and Victoria between 1931 and 1941 as compared to other Canadian urban centres indicating that a relatively stable housing situation existed.
<table>
<thead>
<tr>
<th>Selected larger cities</th>
<th>Doubled-up households %</th>
<th>Overcrowded households %</th>
<th>Substandard dwellings %</th>
<th>Owner-occupied dwellings %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halifax</td>
<td>17.2 (9.2)</td>
<td>26.1</td>
<td>43</td>
<td>36.5 (35.2)</td>
</tr>
<tr>
<td>Montreal</td>
<td>7.5 (6.4)</td>
<td>24.4</td>
<td>27</td>
<td>11.5 (14.9)</td>
</tr>
<tr>
<td>Toronto</td>
<td>19.1 (8.4)</td>
<td>12.4</td>
<td>29</td>
<td>43.8 (46.5)</td>
</tr>
<tr>
<td>Hamilton</td>
<td>12.4 (7.8)</td>
<td>10.7</td>
<td>28</td>
<td>44.0 (48.0)</td>
</tr>
<tr>
<td>Winnipeg</td>
<td>15.1 (7.3)</td>
<td>19.0</td>
<td>36</td>
<td>43.9 (47.0)</td>
</tr>
<tr>
<td>Regina</td>
<td>10.0 (4.5)</td>
<td>24.0</td>
<td>43</td>
<td>38.7 (50.3)</td>
</tr>
<tr>
<td>Calgary</td>
<td>12.1 (5.2)</td>
<td>18.5</td>
<td>38</td>
<td>44.6 (51.7)</td>
</tr>
<tr>
<td>Edmonton</td>
<td>7.6 (4.3)</td>
<td>22.2</td>
<td>46</td>
<td>46.3 (53.0)</td>
</tr>
<tr>
<td>Vancouver</td>
<td>8.5 (5.1)</td>
<td>13.2</td>
<td>27</td>
<td>50.1 (51.0)</td>
</tr>
<tr>
<td>Victoria</td>
<td>10.5 (4.9)</td>
<td>11.1</td>
<td>26</td>
<td>45.8 (46.8)</td>
</tr>
</tbody>
</table>

While overcrowding and doubling up did become apparent following the war, they were less severe than the rest of Canada. According to two housing reports released in 1937 and 1946, the overcrowding that did exist in Vancouver was concentrated in the downtown area bounded by Burrard Street, Clark Drive, Burrard Inlet, and 6th Ave. (Wade, 1984, 28) Crowding particularly affected low income tenants who could not afford better housing. (Advisory Committee on Reconstruction, 1944, 93)

The need for accommodation for returning ex-servicemen was the most serious cause of Vancouver's post-war housing problem. A memorandum prepared by Vancouver's Emergency Shelter Administration on May 1, 1945 estimated that 40,000 veterans would come to the area. (Wade, 1984, 36) A scarcity of building materials and skilled labour also further complicated the situation. Low vacancy rates during and immediately following the war indicated the severity of the housing congestion. The vacancy rate for rented dwellings dropped from 1.5% in 1937, to below .257% for all housing in September 1942, reaching .004% in June 1945. (Wade, 1984, 70) The immediate post-war housing need in Vancouver was described by the British Columbian historian Ormsby in the following way:

Every city and every town experienced a housing shortage, but the greatest need for new residences existed in metropolitan Vancouver. There, by August 1944, over 2,000 units were urgently required for family dwellings, and after the service men returned the lack of accommodation was so acute that veterans desperate for living-quarters seized the old Hotel Vancouver. (Ormsby, 1971, 482)
Thus, during the wartime and post-World War II period, Vancouver, being the primary population centre in the province, had encountered an acute accommodation problem which the private sector was unable to deal with and which demanded a government response.

3.3 B.C.'s Response to Wartime and Post War Housing Need: 1942-1949

In 1942, British Columbia established the Post-War Rehabilitation Council with the mandate to make "provision for advance planning of rehabilitation measures, industrial reorganization, and employment projects designed to meet post-war conditions." (B.C. Post-War Rehabilitation Council, 1943, i) This Council included members from government and opposition sides of the provincial legislature, including W.A.C. Bennett. The section of the report of the Post-War Rehabilitation Council dealing with planning and housing described the housing problems in the following terms:

The evidence placed before the Council in all the principal centres of British Columbia revealed a serious shortage of suitable housing, apart from abnormal conditions of congestion due to war activities. War-time requirements in respect of labour and building materials have increased the "back-log" of construction which had not been overtaken upon the outbreak of hostilities. Housing accommodation in rural districts has never received adequate attention and a highly unsatisfactory situation is growing progressively worse. Unwholesome slum conditions and blighted areas exist in towns and cities. Everywhere a high percentage of houses need substantial repairs. Only large scale plans with public aid will meet the situation which will demand action at the end of the war. (B.C. Post-War Rehabilitation Council, 1943, 163)

While the Council agreed with the desirability of a
province-wide home building program to deal with this problem, it stated that through the National Housing Act and Home Improvement Act, the federal government had already assumed leadership in dealing with the housing problem. The Council, therefore, stated that there was "no alternative but to make representations to the Dominion Government with respect to a problem of such proportions as to require national planning and financial aid". (Ibid., 164)

The Council did see a role for the Province in fitting housing programs into the larger problems of urban replanning and rebuilding as well as rural rehabilitation. The Council called for a provincial planning and housing authority, enabling legislation for regional planning and housing authorities, federal subsidies or loans to municipalities to undertake housing projects, and adjustments to the NHA to furnish subsidies for low-rental projects.

Although the Council's recommendation did not greatly influence actions and policies of the government, they did influence and were used by organizations such as the Co-operative Commonwealth Federation and the Labour Progressive Party, who advocated the implementation of a comprehensive program to solve the long and short term aspects of the housing problem. (Wade, 1984, 68) These two groups, along with the Vancouver Housing Association, veterans organizations, churches, professional groups, service clubs, social welfare organizations and women's organizations, formed a campaign for action on the housing problem. (Wade, 1984, 73) As well, newspapers and journals brought the post-war housing issue to public attention and discussed a
variety of potential solutions. (see for example, Sun, April 1, 1946, p.1, April 3, 1946, p. 23, April 5, 1946, p. 12, April 8, 1946, p. 6, April 9, 1946, p. 6, April 13, 1946, p. 15.)

Public protests about housing conditions went to federal, provincial and municipal government officials and politicians. Since provincial and municipal officials considered the direct interventionist role played by the federal government as necessary under its wartime powers, they consistently referred representations from protest groups to federal ministers and officials. According to both R.L. Maitland, the Attorney-General, and H.G.T. Perry, Education Minister and Chairman of the Rehabilitation Council, congestion and evictions were a "war problem" and a "national problem" with which the lower governments lacked the resources to cope. (Wade, 1984, 79)

The 1945 Federal-Provincial Conference. The first provincial initiative for dealing with the post-war housing shortage occurred at the Dominion-Provincial Conference on Reconstruction held in August 1945. A brief presented by British Columbia's Premier included the following comment on housing:

Another problem of immediate concern, particularly in urban areas, deals with housing. My Government is anxious to facilitate any arrangement that will speedily alleviate present conditions and is prepared to co-operate with the Dominion and the municipalities in this connection. It is my intention to make special representation in this regard to the appropriate department. (B.C., Legislative Assembly, 1946, p.7)

Here we see, once again that B.C. viewed the responsibility for financing and administrating housing programs to lie with the
federal government. B.C.'s contribution amounted to the passing of enabling legislation titled the Slum Clearance Act which allowed the province to take advantage of Section 12 of the National Housing Act. Under Section 12, the province could provide assistance to municipalities by paying fifty percent of their portion of costs incurred for acquiring and clearing land suitable for low- and moderate-income housing projects built by the private sector on a limited dividend basis. According to the Budget Speech of 1946, the sum of $500,000 was allocated for this purpose. The provincial brief to the Dominion-Provincial Conference on Reconstruction contained the following explanation:

Housing has been accepted by the Dominion Government as a national problem. The Dominion "National Housing Act" is in operation and gradually relieving the situation. Materials, labour and prices are under Dominion control. Low rental housing is the most pressing need.

"The National Housing Act" provides a basis of financing limited dividend corporations for low-rental projects and slum clearance. The Dominion will now pay one-half of the loss incurred by municipalities in site clearance and land.

The Coalition Government pledges itself to pay 50 percent of the balance, borne by municipalities, as Provincial aid to low-rental housing and slum clearance. (Ibid., 8)

According to a statement of policy in 1946, the Provincial Government was of the opinion that the provisions of the National Housing Act provided sufficient funds for housing construction loans at reasonable interest rates. Consequently, the delay in construction experienced at that time was seen to be due to a shortage of materials. The policy statement notes:
It is a well known fact that the difficulty is due principally to the shortage of materials. At the present time, there is a great number of houses in the course of construction, both in Victoria and Vancouver, but these cannot be made ready for occupancy owing to the shortage of supplies. (Ibid., 7)

Again, it is apparent that the province perceived that the responsibility for dealing with the shortage of building supplies rested with the federal government. The policy statement of 1946 describes limited scope of provincial action taken to deal with this problem:

During the conference, I (Premier Hart) had several interviews with the Minister of Supply, and was advised that he could not see what we can do to improve the matter as it was a question of shortages of supplies to which his department was bending every effort. During the November Conference, I was given assurance by the Minister of Supply that production would catch up with the shortage early in this year. (Ibid., 8)

Therefore, the province was unwilling to undertake action to deal with the serious post-war housing shortage, except for encouraging of the federal government to do more. Since the housing problem was viewed as resulting from the war, it was deemed to be the responsibility of the federal government through their wartime and post-war reconstruction activities. Moreover, the province was convinced that the federal government had taken responsibility for housing problems since they had undertaken the initiative for housing programs in the past.

3.4 The Emergence of B.C.'s Role in Public Housing: 1949–1972

By 1948, with the post-war emergency period over, the federal government wished to resume its role of encouraging private house building and confining its direct housing
assistance to marginal cases where the private sector was unable to provide housing. While the federal government was concerned with its growing role in housing, it was also cognizant of the shortage of low rent housing. (Howe, 1947, 220)

Similarly, the provincial government perceived problems with the adequacy of supply of low rent housing:

The Government has been deeply concerned with regard to the housing situation in this Province and has kept in close touch with the veterans' housing programme sponsored by the Federal authorities and carried out largely by the Central Mortgage and Housing Corporation.

Since the inception of this programme, there have been built in this Province more than 9,000 homes, and I have been assured that several thousand more homes will be constructed during the present year.

It is the intention of this Government to attend a meeting of Dominion, Provincial and Municipal authorities, which it is proposed will be held this year, to formulate a plan to provide low rental housing projects.

This request was made by the Union of British Columbia Municipalities at their last meeting at Harrison.

I am pleased to say that this Government is prepared to enter into a Dominion-Provincial-Municipal joint conference to work out a plan having as its objective the construction of low-rental housing projects.

(B.C., Legislative Assembly, 1949, 23)

Section 35 of the NHA (later Section 40), was the first legislation that permitted the construction of subsidized social housing. This legislation, adopted in 1949, was designed to limit the federal contribution to 75% of the capital cost to develop public housing as well as 75% of any operating losses. The provincial government had to provide the remaining 25% with the option of passing on a share of either capital costs or operating
deficits to the municipalities. It is clear that this legislation could only be implemented by provincial initiative.

The policy statement of 1950 indicates that the amendment was agreeable to the province:

At the last Session, the Government committed itself to endeavour to arrange a conference between the Dominion, Provincial and our municipal governments to go into the question of housing.

In an effort to implement this pledge, several meetings were held with the Honourable Robert Winters, Minister of Reconstruction and Supply, to discuss the possibility of a joint Dominion-Provincial-Municipal arrangement whereby an effort could be made to break the housing shortage in our Province.

I may say to members, Madam Speaker, that the discussion which I had with Mr. Winters were, to say the least, very satisfactory indeed. I want the members to know that assurance was given to the Honourable Winters that this Government would be interested in and would co-operate with the Federal Government in any reasonable effort which was made to end the housing shortage.

The proposals which are embodied in the amendments to the "National Housing Act" passed at the last Session of that parliament, in my opinion, provide the medium which to build the homes that may be required. (B.C., Legislative Assembly, 1950, 7)

The Budget Speech of 1949 announced the submission of legislation that provided for the borrowing of $5,000,000 to be applied in meeting the 25% share required from the province, and also provided for the establishment of a revolving fund that will enable the use of repayments, rental fees, and other revenues for like purposes. (B.C., Ministry of Finance, 1949, 49-50)

The Policy statement of 1950 also noted that it was the intention of the government that each public housing project be permitted to be purchased, or rented with the rent being
established at as low a level as construction and maintenance would permit. It was emphasized that every encouragement was to be given to homeownership. (B.C., Legislative Assembly, 1950, 8)

It must be remembered that the 1949 NHA amendments did not represent a belief that government had a significant role to play in housing markets. In his Budget Speech of 1950, the provincial Minister of Finance stated that:

> It is my understanding that neither the Dominion nor the Province is anxious to engage in housing activities--certainly I am not--such as would interfere with the normal construction of new houses from private sources, and that priority would be given to the kind of financial assistance that would promote increasingly the supply of new houses through ordinary channels. (B.C., Ministry of Finance, 1950, 49-50)

Despite the reluctance of the provincial government to become involved in housing programs, it was evident that by the 1950's there was a need for low rent housing. A survey of rooming houses in the West End and downtown areas of Vancouver in 1952 and 1953 found that only 15 percent of tenants were satisfied with their accommodation, and that 85 percent were anxious to move if they could find accommodation at a rent they could afford. Rents appeared to bear no resemblance to the quality of accommodation provided, especially for accommodation rented to families with children. (Wheeler, 1955, 12) In his 1955 study of public housing in Vancouver, Michael Wheeler analysed the responses to the 1951-52 survey and concluded:

> To date the building programme has shown little response to this need for low and moderate income rental housing. With the exception of special projects for veterans, and some small scale housing for older people, virtually no housing of this sort has been
constructed since the war. The construction of the Little Mountain low-rental project marks the first step towards coping with the problem on a realistic basis. Plans for the project were originally made in 1950 under the provision of the 1949 amendments to the National Housing Act enabling the joint undertaking of rental projects, either on an economic or subsidized basis, by the Dominion and Provincial governments. The first of the 224 units did not come available, however, until April 1, 1954. The remaining units filled as they were completed and by the end of the year there had been eight times as many applicants as places. (Wheeler, 1955, 12-13)

Production of public housing under Section 35 was disappointingly meager. It is evident that the purpose of this program was not to get the federal government into providing housing on a large scale, but rather for it to get out of the extensive production function it had assumed during the Second World War through Wartime Housing Limited. As a result, there was very little activity in public housing, with only seven projects providing 786 units built in British Columbia between 1950 and 1964 at a cost of $5.5 million to the federal government. (Runge, 1975, 147) The first mention of public housing projects in British Columbia occurred in the 1958 Budget Speech:

Press reports indicate that the second major step towards ridding Vancouver of its worst slum areas has been taken by City Council who have approved a plan to rezone two light industrial areas to residential, thus providing space where multi-level housing blocks will be built to accommodate people who are moved out of the slum areas.

It is understood that the Council has approved in principle a $75,000,000 20 year slum clearance and redevelopment plan to clean up blighted areas fringing False Creek and running east to McLean. I hope that the Government of the Province will be provided with plans and specifications to expedite this project. (B.C., Ministry of Finance, 1958, 25)

Provincial government investment in public housing projects
was also rationalized on the basis of employment creation.

According to the 1958 Budget Speech:

Of the many ways and means to combat unemployment it is works of this nature that lend themselves best to provide work, to supply improvements and to promote local development. (Ibid., 25)

In 1964, Section 43 was added to the National Housing Act to encourage the provincial construction of Public Housing. Three parts of the Act were substantially revised, Part II on Rental Housing, Part III on Slum Clearance, renamed Urban Renewal, and Part VI on Public Housing. CMHC provided loans of up to 90% of the costs of construction of new projects to the provinces or municipalities. Subsidies on this housing were to be paid through Section 44 of the NHA which splits the subsidies 50/50 with the provinces. The federal government assumes the role of banker under this section, the provincial share of the subsidy is considerably increased. Section 43 housing costs the provinces a smaller initial capital outlay, but a larger long-term subsidy expense.

These amendments required provincial initiative and direction. While other provinces, most notably Ontario, took full advantage of this more generous federal funding for public housing, British Columbia continued to build public housing under the 1949 NHA section 35 (later Section 40). According to Albert Rose, (1980, 81) the government of Premier W.A.C. Bennett was cautious in the expansion of the public housing stock and was clearly opposed to the very principle of public intervention in the housing market. Rather than assist public housing, the
government favoured the encouragement of homeownership for low- and middle-income families. A pamphlet issued by the government in 1972 noted:

While there is a place and a need for public housing, the greatest need is for the production of private housing, particularly in the moderate and low-cost fields. This is where the need is greatest, and this is where a great deal more could be done. The Government of British Columbia would like to assist more people toward owning a home of their own rather than encourage families into public subsidized housing. (B.C., Legislative Assembly, 1972, not paged)

From 1964 to 1974, 56 projects with 6,259 units and 297 hostel beds were constructed or improved in British Columbia under Section 40 at a cost to the federal government of $87.9 million. More than 41% of the funds were spent in 1973-74, during the NDP administration. (Runge, 1975, 147) Section 43 of the National Housing Act was not used in B.C. until 1975.

In 1967, the provincial government created the British Columbia Housing Management Commission (BCHMC) with its only responsibility being the centralized administration of federal-provincial public housing projects. The Commission's responsibilities were extremely limited, extending only to public housing, and not including other forms of low-cost housing such as co-operative housing, limited dividend housing or non-profit senior citizen housing. The two local housing authorities, the Vancouver Housing Authority and Prince Rupert Housing Authority were disbanded. (Rose, 1980, 81)

It is clear that there was dissatisfaction with the small provincial role in low-income housing and the delay to get
approvals. A 1967 newspaper report, for example, cites a 6 year delay in the approval process for the Raymur public housing project in Vancouver. In that report, Municipal Affairs Minister Dan Campbell stated that the government's policy for low cost housing was:

To support and encourage the purchase and upgrading of existing older structures in cities; to scatter low-cost homes through municipalities and regions; and to follow a regional approach to housing, instead of letting it to develop bit by bit. (Sun, Feb 2, 1967)

Thus, it is evident that the provincial role in the provision of public housing in the 1945-1972 period was extremely limited. However, during that period two provincial housing policy priorities did emerge, one of aid for construction of senior citizens housing, and another encouraging widespread homeownership. These two policy priorities continued to be of major significance up until recent times.

3.5 The Emergence of B.C.'s Role in Senior Citizens' Housing Assistance

The Province of B.C. has had one of the most active programs in Canada for senior citizens' housing, beginning with the Elderly Citizens' Housing Aid Act of 1955. Nonprofit senior citizen housing has been the mainstay of social housing programs in British Columbia.

There were two approaches to the province's provision of senior's housing. The most widely used approach was through B.C.'s Elderly Citizens Housing Aid Act of 1955 combined with Section 15 of the NHA. The two programs together allowed development, construction and management of senior citizens'
housing by non-profit and charitable organizations such as church groups, service clubs, and fraternal societies. Regional districts and municipalities could also act as sponsoring organizations. The sponsoring organization was required to fund 10% of the total costs, including land and buildings, designate the site and select the architect.

The province provided a grant of one-third the total cost of land and buildings through the Elderly Citizens Housing Aid Act. A long term loan at preferred interest rates for the balance of the capital cost was provided by CMHC. The housing was exempt from municipal taxation. The Budget Speech of 1968 described the program in the following terms:

The provision of senior citizens' housing by private, non-profit organizations is encouraged and financially supported by the Provincial Government. The involvement of local service, ethnic and religious groups in the construction and operation of these projects ensures a closer and continuing relationship between the community and senior citizen residents. Since 1955, the Province has contributed in outright grants over $8,000,000 toward 190 projects undertaken by 118 local organizations, which have provided almost 5,400 accommodation units.

(B.C., Ministry of Finance, 1968, 20)

The second approach to the provision of senior citizens housing was to use federal funding under Section 40 of the NHA. Projects built under this section had to be sponsored by regional districts or municipalities. Being publically owned, they came under the control of B.C. Housing Management Commission. As indicated in Table II approximately 1907 senior citizen units for were completed under Section 40, and 6,395 units were completed under the Elderly Citizens' Housing Aid Act between 1957 and 1972.
TABLE II
COMMUNITY AND GOVERNMENT SPONSORED SENIOR CITIZENS' HOUSING UNITS COMPLETED IN BRITISH COLUMBIA (1957 - 1978)

<table>
<thead>
<tr>
<th>Year</th>
<th>Community Sponsored Projects</th>
<th>Units</th>
<th>Government Sponsored Projects</th>
<th>Units</th>
<th>Total Projects</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>9</td>
<td>402</td>
<td>1</td>
<td>36</td>
<td>10</td>
<td>438</td>
</tr>
<tr>
<td>1958</td>
<td>9</td>
<td>290</td>
<td></td>
<td></td>
<td>9</td>
<td>290</td>
</tr>
<tr>
<td>1959</td>
<td>5</td>
<td>111</td>
<td></td>
<td></td>
<td>5</td>
<td>111</td>
</tr>
<tr>
<td>1960</td>
<td>4</td>
<td>149</td>
<td></td>
<td></td>
<td>4</td>
<td>149</td>
</tr>
<tr>
<td>1961</td>
<td>8</td>
<td>624</td>
<td></td>
<td></td>
<td>8</td>
<td>624</td>
</tr>
<tr>
<td>1962</td>
<td>9</td>
<td>418</td>
<td>1</td>
<td>69</td>
<td>10</td>
<td>487</td>
</tr>
<tr>
<td>1963</td>
<td>3</td>
<td>94</td>
<td>1</td>
<td>121</td>
<td>4</td>
<td>215</td>
</tr>
<tr>
<td>1964</td>
<td>3</td>
<td>87</td>
<td></td>
<td></td>
<td>3</td>
<td>87</td>
</tr>
<tr>
<td>1965</td>
<td>5</td>
<td>124</td>
<td></td>
<td></td>
<td>5</td>
<td>124</td>
</tr>
<tr>
<td>1966</td>
<td>5</td>
<td>219</td>
<td>1</td>
<td>188</td>
<td>6</td>
<td>407</td>
</tr>
<tr>
<td>1967</td>
<td>8</td>
<td>343</td>
<td>1</td>
<td>135</td>
<td>9</td>
<td>478</td>
</tr>
<tr>
<td>1968</td>
<td>14</td>
<td>474</td>
<td></td>
<td></td>
<td>14</td>
<td>474</td>
</tr>
<tr>
<td>1969</td>
<td>10</td>
<td>558</td>
<td>3</td>
<td>367</td>
<td>13</td>
<td>925</td>
</tr>
<tr>
<td>1970</td>
<td>23</td>
<td>1,016</td>
<td>2</td>
<td>242</td>
<td>25</td>
<td>1,258</td>
</tr>
<tr>
<td>1971</td>
<td>15</td>
<td>945</td>
<td>3</td>
<td>234</td>
<td>18</td>
<td>1,179</td>
</tr>
<tr>
<td>1972</td>
<td>13</td>
<td>541</td>
<td>3</td>
<td>515</td>
<td>16</td>
<td>1,056</td>
</tr>
<tr>
<td>1973</td>
<td>17</td>
<td>685</td>
<td>1</td>
<td>60</td>
<td>18</td>
<td>745</td>
</tr>
<tr>
<td>1974</td>
<td>9</td>
<td>880</td>
<td>5</td>
<td>449</td>
<td>14</td>
<td>1,329</td>
</tr>
<tr>
<td>1975</td>
<td>15</td>
<td>1,171</td>
<td>15</td>
<td>1,456</td>
<td>30</td>
<td>2,627</td>
</tr>
<tr>
<td>1976</td>
<td>14</td>
<td>760</td>
<td>6</td>
<td>321</td>
<td>20</td>
<td>1,081</td>
</tr>
<tr>
<td>1977</td>
<td>22</td>
<td>1,447</td>
<td>2</td>
<td>179</td>
<td>24</td>
<td>1,626</td>
</tr>
<tr>
<td>1978</td>
<td>13*</td>
<td>521</td>
<td>13</td>
<td>1,158</td>
<td>26</td>
<td>1,679</td>
</tr>
<tr>
<td>Total</td>
<td>233</td>
<td>11,859</td>
<td>58</td>
<td>5,530</td>
<td>291</td>
<td>17,389</td>
</tr>
</tbody>
</table>

Notes:  (1) Community sponsored units are those built under the Elderly Citizens' Housing Aid Act.

(2) Government sponsored units are those relating to Sections 40, 43 and 44(l)(b) of the National Housing Act.

(3) *Projects that were complete or under construction as of June 13, 1978.

For comparison, only about 3600 public housing units were built between 1955 and 1972.

3.6 The Emergence of a Provincial Role in Homeownership Assistance Programs

The encouragement of homeownership is the second major element of British Columbia Housing Policy. Some housing analysts point out that B.C. surpassed the other provinces in its effort to extend homeownership to as many people as possible. For example, Susan Fish concluded that in British Columbia the "emphasis is entirely on home-ownership, with a willingness to assist even those with very low incomes to become home owners". (Runge, 1975, 72) In 1967, the government contemplated initiating a plan whereby welfare recipients would be assisted to purchase homes. (Vancouver Sun, Dec. 5, 1967) According to Fish, this policy resulted from "the conviction that homeowners will become responsible and productive members of the community". (Runge, 1975, 72) This in part explains the lack of interest and effort in developing public housing in the province.

In the 1945-72 period, the encouragement of homeownership was implemented through two important programs, described by the Social Credit government in election rhetoric as "the most progressive homeownership programs in the world". (B.C., Legislative Assembly, 1972, not paged) First, the Provincial Home-owner Grant Act, introduced in 1957, provided a property tax rebate for homeowners. The Homeowner Grant first was designed "to relieve the specific tax burden on homeowners". (B.C.
The stated purpose was broadened in the Budget Speech of 1963:

They (homeowner grants) are designed to encourage Municipal Councils to reduce their tax requirements, to practise economics and to relieve further the burden on home-owners. This administration, as firm believers in the desirability of individual homeownership, wishes to encourage more of our citizens to achieve that end. (B.C., Ministry of Finance, 1963, 21)

The grant, which was available to all homeowners who pay property taxes started at $28 and grew incrementally to $200 in 1973 when it was frozen. The proportion of grant to total taxes payable seems to have remained roughly constant at 25% to 30% of the total tax bill. The program was implemented through the deduction of the current value of the grant from property taxes. If the value of the taxes was less than the grant, the grant was equal to the taxes minus $1.00. Therefore, the grant, essentially a deduction from the municipal tax bill, was not a direct expenditure but a form of intergovernmental transfer. The money that was not collected by the municipality through the property tax was collected through provincial taxes, and then transferred to the municipality.

The second major program designed to encourage homeownership was the Provincial Home Acquisition Act, first introduced in 1967. The stated purpose of the program was to assist people with the down payment on a first home through provision of a $500 grant. The Provincial Home Acquisition Program was introduced at a time when, according to news reports of the day, a major "housing crisis" taking place in that people with moderate incomes could no longer afford to purchase homes. (Vancouver Sun,
Aug. 5, 1967) The Provincial Home Acquisition Program proved to be the first of many home buyer grant programs that were continued until 1984.

In addition to the objective of assisting people to become homeowners, it is apparent that another objective of the program was to encourage new house construction. New construction was targeted with a larger grant in order to stimulate the supply of housing for a rapidly increasing population:

A new facet of Provincial Government support of housing was introduced at the 1967 Legislative Session with the enactment of the Provincial Home-acquisition Grant Act. This Act has its application to the private housing sector and is intended to encourage residents to own their own homes. The response in the first year of operation has been gratifying and indicates that the Provincial Government Plan has filled a need. I will be referring to proposed changes in this legislation later in this budget, but I should like to say at this point that the Home-acquisition Grant fund will be augmented by a further $10,000,000 in the current fiscal year. (B.C., Ministry of Finance, 1967, 20)

Honourable Members will recall that the Provincial Home-Acquisition Grant Act was passed at the 1967 Legislative Session, and a $25,000,000 fund therefor was established. Intended as a means of assisting British Columbia residents towards home-ownership, and to permanently locate in the community, the Act currently provides a maximum grant of $500.00 for homes acquired between April 1, 1966 and March 31, 1968, increasing to $525.00 for homes acquired from April 1, 1968. The plan has been eminently successful, from its inception, providing to date over 25,000 of our citizens with a total of $10,000,000 towards ownership of a home. However, with our rapidly growing population, the highest in the nation, the main problem is now not one of getting people into existing homes, but rather of encouraging new construction. In recognition of this problem, the Government proposes to seek approval to amend the Provincial Home-Acquisition Grant Act to give complete emphasis to house construction and increasing the grant to $1,000 applicable to new homes. (Ibid., 26)
In 1969, a major addition to the Provincial Home-acquisition program was introduced whereby home buyers would have the choice of receiving a $1,000 dollar grant, or a second mortgage of up to $5,000 when purchasing a new home. According to the government, the purpose of the second mortgage was to permit acquisition of a new home without a down payment, thereby broadening the assistance to a larger group, especially young families. (B.C. Ministry of Finance, 1969, 21-22) However, it is probable that the effect of the Second Mortgage program was to broaden purchasing power at the margins, so that those who could purchase a home were able to buy a slightly more expensive home. The announcement of the changes to the program in the 1969 Budget Speech indicates that the objectives of the program had been expanded to include encouragement of homeownership, increasing the supply of dwelling units in the province to accommodate an expanding population, and now to increase employment opportunities through increased house building activities.

The maximum second mortgage allowance under the National Housing Act makes it difficult for many deserving families now renting from transforming their own home into a reality. The new Provincial Government policy will now be a major step forward in providing many additional new homes throughout the Province, a step taken when there is underutilized capacity in the construction industry, and is, therefore, aimed at increasing employment and our productive output. By keeping pace of our housing needs, the Province will prevent the development of many social difficulties that result from poor and inadequate housing, and is, therefore, an investment in a greater, more productive future, both for the individual citizen and the Province as a whole." (Ibid., 21-22)

In 1968, the government recommended a method whereby new
homes could be provided to deal with the housing shortage of that time, that is, the encouragement of the use of advanced technology in the construction of homes. Rejecting increases in the home-acquisition grant, the government instead sponsored a contest to encourage ideas for low cost, good quality housing. (Sun, July 24, 1968.) The design competition was seen by some critics as a method of avoiding the real housing problem. (Sun, July 24, 1968) However, it is more likely that the provincial government did not wish to take further action in housing issues until the Heilper task force had completed its study, and the federal housing policy was made explicit. Therefore, there were no new programs or changes to policy introduced in the province until 1972.

3.7 Conclusion

The Philosophical Basis for Housing Policy 1945–1971. The coalition and Social Credit governments of the period 1945-1971 subscribed to a free enterprise or free market philosophy. Proponents of a free market approach believe that the role of the state is restricted to the provision of essential economic services conducive to private accumulation of wealth and maintenance of law and order. The doctrine of laissez-faire and the private ownership of property are the foundations of economic organization. Government intervention is only justifiable if it promotes and not hinders private capital accumulation. For example, the Social Credit government under WAC Bennett often intervened by building roads, railways, hydro dams and the like.
in order to provide the necessary infrastructure for the resource development of the province.

Moreover, government intervention is viewed as necessary to provide subsistence level aid to those that are unable to participate in the labour market due to age and mental or physical disability, often described as the "truly needy".

**Trends in Housing Policy 1945-1972.** It is evident that the above philosophical position greatly limited the scope for action in housing policy. The provision of housing was considered the rightful role of the private sector, with government intervention only acceptable in emergency conditions or where government intervention can assist the private market. When emergency conditions did arise after the Second World War, the province considered the solution to the post-war housing problems as being the responsibility of the federal government through their wartime emergency powers. The reluctance of the provincial government to become involved in public housing also reflects the belief that housing should be provided by the private market. Where the private market could not provide housing, it was the role of the federal government, rather than the provincial government to deal with this aspect of the housing problem.

Finally, it is evident that the two areas that the provincial government did actively intervene, that is, homeownership assistance and senior citizen housing construction assistance are in accordance with the government's free market philosophy. The encouragement of homeownership for as many
households as possible, including low income families, was an important policy for the Social Credit government. Senior citizen housing assistance was rationalized on the basis that senior citizens formed the core of the "truly needy" and therefore government housing assistance could be justified.

The general election of 1972 brought the defeat of the Social Credit government after twenty years in office. The New Democratic Party was determined to undertake a new approach to housing policy, with the focus on housing as a basic human need.
Chapter Four

B.C. Housing Policy in the 1972-1976 Period

The second distinct period in the evolution of housing policy in British Columbia generally corresponds to the New Democratic Party's term of office. For the first time the provincial government followed an explicitly direct interventionist strategy in the housing market, with the goal of producing as much housing as quickly as possible. Although the government encouraged alternative tenure systems and provided aid to rental housing and renters, the greatest amount of resources continued to be allocated to the homeownership sector and to housing for senior citizens.

This chapter examines B.C. housing policy from 1972 to 1976 by first, discussing housing conditions and problems during the period, and second, describing the administrative structure and strategy chosen by the NDP government to deal with the housing problem. Third, the major housing program initiatives will be reviewed under the categories of homeownership assistance, rental housing and renter assistance programs, and social housing assistance programs. Due to the substantial number of programs initiated and administered during this period, emphasis will be placed on those programs that were innovative. Finally, this chapter concludes with a discussion of the philosophical basis
for housing policy in the 1972-1976 period. A chronological table of program initiatives is included for reference in Appendix B.

4.1 Housing Conditions: 1972-1976

The period 1972 to 1976 corresponds to a major housing shortage in the province, despite high numbers of housing completions. The shortage was created by a number of factors that resulted in increased demand for housing units. One major factor was the high rate of migration to the province due to the employment opportunities offered by the relatively buoyant British Columbia economy. Moreover, increasing household headship rates also strengthened the demand for housing units. The increase in headship rates was caused by four factors. In the first instance, greater affluence in the 1970's allowed more people to support a separate household. Second, changing lifestyles encouraged many single people to occupy separate households rather than share units or remain with the family. Third, the increased number of divorces and separations directly increased the headship rate. Finally, during this period the baby boom generation reached the household formation stage. (Clayton Research Associates, 1984, 10)

On the supply side there was some evidence that municipal governments were not able to react to the housing shortage due to neighbourhood resistance to increased densities and lack of municipal financial resources to pay for servicing raw land. Further, changes to federal tax laws in 1972 removing the Capital Cost Allowance deduction for rental buildings affected the
viability of private rental construction. The severity of the housing problem was a major issue covered extensively in newspaper articles in 1973. These articles continuously referred to the "housing crisis" and the need for government to set priorities and take responsibility for action in the housing sector. (For example, see: Vancouver Sun, June 2, 1973 and Province, March 12, 1973)

The chief manifestation of the housing shortage was the significant increases in the cost of housing and the significant decreases in vacancy rates. In Vancouver, the ratio of annual mortgage payment necessary to pay for an average house, to average family income increased from 16.1% in 1972 to 27.3% in 1974. (Table III) The average real rent for an apartment in a privately initiated rental building of 6 units or more, increased 10% from 1970 to 1973. (Table IV) In 1976, 29.5% of all renter households in British Columbia had an affordability problem compared to an average of 20.2% of renter households in Canada. (Statistics Canada, 1980) In this context, households are defined as having an affordability problem if they are paying more than 30 per cent of their gross income for rent. The vacancy rate for rental units in Vancouver dropped from 2.6 in December 1971 to 0.5 in December 1972, and did not climb above 1 percent until 1977. The vacancy rate reached as low as 0.1 percent in December 1974 and October 1975. (Figure 1)
**TABLE III**  
**AFFORDABILITY CALCULATION FOR AN AVERAGE-PRICED HOUSE**  
**VANCOUVER CMA, 1971-1983** *

<table>
<thead>
<tr>
<th>Year</th>
<th>Average MLS Mortgage House Price Dollars</th>
<th>Mortgage Interest Rate Percent</th>
<th>Payment Per $1,000</th>
<th>Annual Mortgage Payment Dollars</th>
<th>Average Family Income Dollars</th>
<th>Ratio of Annual Mortgage Payment to Avg. Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>22,585</td>
<td>9.43</td>
<td>8.62</td>
<td>1,869</td>
<td>12,177</td>
<td>15.3</td>
</tr>
<tr>
<td>1972</td>
<td>27,007</td>
<td>9.21</td>
<td>8.45</td>
<td>2,191</td>
<td>13,596</td>
<td>16.1</td>
</tr>
<tr>
<td>1974</td>
<td>48,701</td>
<td>11.25</td>
<td>9.80</td>
<td>4,582</td>
<td>16,803</td>
<td>27.3</td>
</tr>
<tr>
<td>1975</td>
<td>54,619</td>
<td>11.44</td>
<td>9.97</td>
<td>5,228</td>
<td>19,284</td>
<td>27.1</td>
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<tr>
<td>1976</td>
<td>58,683</td>
<td>11.78</td>
<td>10.14</td>
<td>5,712</td>
<td>20,832</td>
<td>27.4</td>
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<tr>
<td>1977</td>
<td>61,001</td>
<td>10.36</td>
<td>9.12</td>
<td>5,341</td>
<td>22,088</td>
<td>24.2</td>
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<td>1978</td>
<td>62,539</td>
<td>10.59</td>
<td>9.29</td>
<td>5,577</td>
<td>24,291</td>
<td>23.0</td>
</tr>
<tr>
<td>1979</td>
<td>66,906</td>
<td>11.98</td>
<td>10.32</td>
<td>6,629</td>
<td>27,902</td>
<td>23.8</td>
</tr>
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<td>1980</td>
<td>94,182</td>
<td>14.32</td>
<td>11.92</td>
<td>10,777</td>
<td>31,269</td>
<td>34.5</td>
</tr>
<tr>
<td>1981</td>
<td>137,430</td>
<td>18.15</td>
<td>14.85</td>
<td>19,592</td>
<td>35,344</td>
<td>55.4</td>
</tr>
<tr>
<td>1982</td>
<td>102,439</td>
<td>16.00 **</td>
<td>13.19</td>
<td>12,971</td>
<td>38,525</td>
<td>33.7</td>
</tr>
<tr>
<td>1983</td>
<td>105,794</td>
<td>13.30</td>
<td>11.21</td>
<td>11,385</td>
<td>40,900</td>
<td>27.8</td>
</tr>
</tbody>
</table>

* Assumes 5 year conventional mortgage rates, 25 year amortization period and a 20% downpayment.  
** 1982 effective rate assumed at 16%.  

### TABLE IV
**RENTAL MARKET INDICATORS**  
**VANCOUVER CMA, 1962-1983**

<table>
<thead>
<tr>
<th>Year</th>
<th>Vacancy Rates (%)</th>
<th>Average Money Rents ($)</th>
<th>Consumer Price Index (1962=100)</th>
<th>Average Real Rents ($)</th>
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FIGURE 1

Vacancy Rates in Vancouver
1965-1983

Source: Canada Mortgage and Housing Corporation, Canadian Housing Statistics, Statistical Services Division, Ottawa, Various years.
4.2 The Department of Housing: A New Administrative Structure for Housing Policy

When the N.D.P. came to power in 1972 it had to respond quickly to what was widely perceived to be a serious housing crisis. In May 1973, the Province newspaper described the newly created position of Minister without Portfolio responsible for housing as "the toughest job of the year." (Province, May 12 1973) In November of that year, the Department of Housing was created by the adoption of the Department of Housing Act. The British Columbia Department of Housing was the first provincial department devoted entirely to housing issues in Canada.

During the announcement of the creation of the Department of Housing, Premier Barrett described the function of the department was to bring down the price of homes, co-ordinate land assembly and public housing programs, and to create a low-cost housing program. (Province, May 9, 1973) The Budget Speech of 1974 stated "the citizens of B.C. asked for a broader public direction in housing. Our budget today will fund several programmes of land assembly, servicing, housing construction and mortgage financing that will make this democratic right more accessible to our citizens." (B.C., Ministry of Finance, 1974, 3) The goal of the government's housing policy was stated in Housing Minister Lorne Nicolson's first budget in the following terms:

This government is dedicated to the proposition that good housing at a reasonable cost is the right of each and every British Columbian, regardless of whether he is rich or poor, lives in Vancouver or Chetwynd, comes from pioneer stock or is a newcomer to this province. (B.C. Hansard, Feb. 14, 1974, 209)
The NDP government, therefore, intended to adopt a comprehensive approach to housing policy that would expand both the scope of the programs and the scale of government intervention. The directly interventionist role in housing that the government intended to take is indicated in the mandate of the Department of Housing: "to supervise, develop, acquire, maintain, improve and dispose of housing in the province." (B.C., Department of Housing, 1975, p.5) It was clear that the provincial role in housing was to be much more than simply making money available to private developers. The new provincial role included assistance with planning and development of housing, including construction of housing to be owned by the province. The creation of the Department of Housing also permitted greater co-ordination of existing programs that were previously administered by several departments, such as the Ministry of Municipal Affairs, the Ministry of Finance, and other agencies such as the British Columbia Housing Management Commission.

The Department's policies departed from the previous provincial role in housing in both the range of tenures included and the population groups targeted. The programs administered by the Housing Department included the existing programs as well as a range of newly created ones. The programs that were continued include the Senior Citizen's housing program which was, for the first few years, maintained intact, but with additional funds. The Provincial Home Acquisition Program was also continued with amendments, but since the grant was not increased, the benefits became less significant as housing prices increased.
with inflation. The Home Owners Grant was frozen at 1972 levels, but was supplemented by the School Tax Removal and Resource Grant.

The most important activity of the Department of Housing was supposed to be the direct provision of housing on a large scale. (Runge, 1975, 163) This position is in contrast to the practise of CMHC which, despite the federal government's previous Wartime Housing Ltd. experience, felt its purpose was to provide programs through which provincial and private initiatives could be accommodated.

**Housing Production Strategies.** A three stage strategy for housing production was adopted. The first stage involved getting projects built or purchased where and when available. The leasehold mortgage program and proposal call system were utilized to purchase or build such projects. The second stage in the housing production strategy was represented by comprehensive developments which involved several types of housing. These "new neighbourhoods", limited to metropolitan areas, were designed to be fairly large, with between 600 to 5000 units. Examples of proposed new neighbourhoods were developments in Harold Winch Park in Burnaby, and a ten stage project in Port Moody. The final stage involves the development of "new communities" over a long period. An example of the "new community" approach was the Burke Mountain development in Coquitlam where the development of over 26,000 homes on 2600 acres was projected. Despite the optimistic aspirations of the Housing Department, the production of housing
units in the "new neighbourhoods" and "new communities" would take many years. In the case of the Burke Mountain development, many of the housing sites were sold to private developers by the subsequent government, where construction is currently occurring. Nevertheless, the Department of Housing programs did result in land assembly and planning which ultimately affected the nature of the developments.

Despite the extent of its proposed intervention in the housing market, the government did not see itself assuming the major role in the provision of housing but considered itself a partner with all other participants in the market. The Minister of Housing stated in an interview in February 1974 that

> the provincial government was not taking over housing from the private sector and the effect of the government's program could be "wiped out" if private housing was not built. (Sun, Feb. 15, 1974)

It is apparent that top priority was given to land assembly and servicing. The Housing Incentive Fund, renamed the Housing Fund in 1975, provided $20 million for land assembly and servicing purposes in 1974, and another $50 million in 1975. (B.C., Department of Housing, 1976, 12)

**Delivery Mechanisms.** The Province developed two mechanisms to directly produce housing. First, the Province purchased 90% of the assets of Dunhill Development Corporation, a private land development company which had a number of subsidiary companies, a land inventory, and experience in land development. The purchase of Dunhill allowed the province to gain access to land and
housing development expertise quickly since the province retained the corporation's staff of experts. Moreover, by acquiring Dunhill's assets, the province also acquired the corporation's housing inventory. The alternative to acquiring Dunhill would have been the establishment of a new crown corporation, which was seen as taking too long, or relying on consultants, which was seen as costing too much and not permitting the government to develop its own group of experts. (Sun, Feb 15, 1974) Dunhill retained its own name until 1976, when it became The Housing Corporation of British Columbia. In addition, to the direct production of housing, Dunhill acted as the province's agent in land purchasing, and handled the proposal call program.

The Proposal Call program was supposed to be the NDP government's second primary mechanism for the delivery of housing. The proposal call system was used to assist the construction of ground oriented family rental accommodation which was turned over to BCHMC for management. Dunhill Development Corporation issued the proposal call, evaluated the proposals, helped with the financing and municipal approvals, and arranged the sale of the units. The program was initiated by the Department of Housing in response to the need for the immediate construction of housing. Proposals were submitted to Dunhill for evaluation and, if found satisfactory, the Department of Housing and the developer entered into an agreement whereby the developer had the option of either selling the finished project at a fixed price or at the audited cost of the finished project plus a profit of 5% after taxes. In the latter option, the province
provided interim financing of up to 85% of the value of the land and the completed value of the project at an interest rate of 8\%.

(Runge, 1975, 165) If the government chose not to purchase the project after it has been completed, the financing charges were set at 12\%.

Unlike the federal proposal call techniques under the Limited Dividend (Entrepreneurial Housing) program which had few guidelines, and the tender call process for public housing which contained strict specifications, the Provincial proposal call method specified the area where a proposal is wanted and provided detailed guidelines. The requirements usually set guidelines for density, set a minimum number of units per proposal, indicated the type and tenure of housing, and provided standards for open space, noise control, recreation facilities, safety for children and the like. The guidelines were not binding, but the closer the proposal followed them, the more likely it was accepted. According to the Runge study the terms of the proposal call program were quite favourable and the financing was particularly helpful to small builders. (Runge, 1975, 165) Due to the short time period the program was operable, from May 1974 to early 1976, only 477 units were constructed representing a small portion of the social housing portfolio.

4.3 Homeownership Assistance Programs

The Provincial Home Acquisition Act. Although criticized by the opposition for not assisting the prospective buyer of a single family dwelling on private land, the Government continued
to implement the Provincial Home Acquisition Program. The Budget Speech of 1973 noted:

While the Government may not agree with all the details of the Home Acquisition Programme and have it under review, we certainly agree with the principle of aiding our citizens to obtain homes by providing them with financial assistance.

(B.C. Ministry of Finance, 1973, 12)

The program was amended continuously between 1973 to 1976. The most significant amendment included extending the grant to mobile home owners and members of non-profit co-operatives in 1973. Also in that year provisions were established so that homebuyers could receive benefits more than once provided that the amount of previous grants were paid back and that only the second mortgage provisions apply to the second home. Approximately 33,000 applications for the program were approved in 1974, and 32,000 were approved in 1975.

By 1975 it became obvious that inflation had eroded the effectiveness of the program. In 1968, the $1,000 grant comprised 3.9% of the purchase price of an average suburban home while in 1975 the grant comprised 1.7% of the purchase price. Similarly, the percentage of the house price that is covered by the second mortgage declined from 17.2% to 8.7% in the period from 1968 to 1975. (Runge, 1975, 113)

The Provincial Homeowner Grant and The School Property Tax Removal and Resource Grant. An important objective of the NDP government was to establish a program that would eliminate school taxes from residential property. This program was initiated
through an extension of the Homeowner Grant, called the School Property Tax Removal and Resource Grant. The new grant entitled each homeowner to a minimum of $30.00 to meet education tax costs. If the homeowner's tax bill did not exceed the then current $200.00 homeowner grant, a cheque for $30.00 was issued. If the tax bill was more substantial, the homeowner would be entitled to $40.00 or 20% of the difference between the homeowner's grant and the total tax, whichever was less. (Sun, Feb. 14, 1974) In 1975, the maximum amount of the School Tax Removal and Resource Grant was doubled to $80.00.

From the perspective of government housing expenditures, the homeowner grant appears to be the most important housing policy, even considering the 1972-1976 period of increased government housing activity. The budget for the Homeowner and School Property Tax Removal and Resource Grant was $107 million, which was $17 million more than the entire Department of Housing budget. From the perspective of intergovernmental transfers, however, the expenditure is simply a shift from municipal taxation to provincial taxation. (Runge, 1975, 123)

The Homeowner Grant had two major effects. First, the grant tends to make the property tax somewhat more progressive, since the property tax is inherently regressive in that those with lower incomes tend to pay a higher percentage of their income in property taxes. The grant is a somewhat progressive subsidy since the amount is uniform regardless of income. (Runge 1975, 122) The progressivity of the property tax for homeowners could have been better achieved, however, through the mechanism of a tax credit,
as practised in Ontario and Manitoba. The second major effect is to transfer the tax burden from homeowners to renters, thereby substantially favouring homeownership. The Renter's Tax Credit was intended to deal with this drawback, although the benefits of the Homeowner Grant comprising of a maximum grant of $280, and Renter's Tax Credit comprising of a maximum grant of $100 were not equivalent.

The Leasehold Mortgage Program. The Leasehold Mortgage Program probably represents the most innovative, as well as the most controversial housing program of the NDP government. The program provided a fundamentally different method for assisting homeownership from that of the Provincial Home Acquisition Program, and the federal Assisted Homeownership Program (AHOP). The essence of the program was the direct provision of large mortgages at subsidized rates on land leased from the provincial government under the Residential Land Lease Program. The purpose of the mortgage program was to "enable moderate-income families to get a start on homeownership without providing them with a life-long subsidy." (B.C., Hansard, Feb. 14, 1974, 215, quote from Lorne Nicholson) The philosophy behind the program can be found in the following statement of the Housing Minister: "we believe that it is proper that future further private speculation be prohibited and that any windfall profit that occurs from an increase in land value should be enjoyed by all members of the community." (Vancouver Sun, Feb. 15, 1974)

The program was initiated in the spring of 1974, following
adoption of the enabling legislation, the Leasehold Conversion Mortgage Loan Act. Eligibility criteria included limiting the program to families with at least one child and requiring a minimum residency in the province. The program offered a loan for 95% of the lending-value of a home, or $30,000, whichever was less, for homes constructed on land leased from the Crown. The mortgage was amortized over thirty-five years with a five year term, and with a maximum interest rate of 10%. The interest rate was adjusted down to 5% to assist families to limit monthly payment to a maximum of 25% of their adjusted family income. For the purposes of the program, adjusted means total income less $1,000 per annum for a working spouse or single parent.

The interest rate deduction was called a "free loan" and was available for a period of three years, renewable once for a further three years. Subsidization was therefore, limited to a maximum six year period. An underlying assumption of the program was that family income would increase 6% per year so that the full interest rate could be paid in year six. (Runge, 1975, 115) The "free loan" was repayable upon sale or transfer of the lease, less a certain forgiveness of one third, or a maximum $25 per month. When the homeowner ceased normal occupation and rented or sublet the house, the interest rate on the mortgage was increased to 10% and the ground rent was reassessed at the then market value of the land.

The reassessment of land was the key aspect of the program that kept prices low. Initially, the lots were leased at development costs, which were generally much lower than market
values. If the program had consisted of selling the lots at cost, rather than leasing them, they could have been rapidly resold by owners at market value. The owners, would thereby reap a capital gain, but the units would quickly be put out of reach of moderate income families. Since the mortgage only covers the cost of construction, unlike traditional mortgages which cover land and construction, the average mortgage under the leasehold mortgage program was smaller. Two forms of lease were offered:

1. The 60 year lease

A 60 year lease was offered at 8% of the initial cost of the land. No down payment was required, and the lease was not payable for the first year. When the lease expired the Housing Department had the option of extending the lease of compensating the lessee for the value of the improvements. In essence, the buyer obtained 100% financing of the land, which was evaluated at cost rather than market value. These provisions enabled moderate income people to purchase their own home at affordable prices. For participants, there is a trade-off between lower monthly payments and a very low downpayment and the limitations the mixed form of tenure imposes upon chances for capital gains.

2. The 99 year prepaid lease

A 99 year prepaid lease was introduced shortly after the 60 year lease. The 99 year lease offered lots at development cost. When the demand for the lots exceeded supply, a lottery system was established. With the exception of some control over changes in land use, the 99 year lease was very close to fee simple ownership in that the lease was freely assignable to others. The longer term increased the resale value of the house at the expense of losing 100% financing on the land and the addition of monthly charges for repayment of the principle on the land. The 99 year lease, therefore, required a larger downpayment and somewhat higher carrying charges. From the perspective of the province, the 99 year lease permitted less control over the publicly produced housing, but offered the advantage of producing a much larger short term cash flow. (Runge, 1975, 115-116, B.C., Department of Housing, 1976, 19)
The leasehold mortgage program was criticized in two ways. First, it ignored the reasons why homeownership is seen as desireable to the majority of the population, that is, owning a home offered a chance to build up equity. According the Bill Bennett, the leader of the opposition at the time:

It is unacceptable to the public that they do not have the opportunity to own a piece of their own country which comes with homeownership. Owning a home is the only hedge the public has against inflation and its one chance for an investment and independence. (Vancouver Sun, Aug. 31, 1974)

Second, the program was criticized on ideological grounds. The leasehold mortgage program, which essentially allowed one to purchase a house, but only lease the land from the government, was seen as an attack on the principle of the private ownership of land. Moreover, the program was viewed as being the leading edge of "socialist" government land ownership. Mr. Bennett, whose Social Credit Party platform contained a reaffirmation of the right to private ownership of land, argued that:

People have come here from countries where they were tenants of the state and couldn't own land. I can't imagine anyone fighting or going to war when they don't own land--when they're only a tenant in their own country." (Sun, Feb. 13, 1975)

Consequently, shortly after the election of the Social Credit Government in December 1975, the program was cancelled. Holders of the approximately 700 mortgages which had been approved under the program were given the option to purchase their leasehold lots. (Runge, 1975, 116 and Sun, May 6, 1978)
4.4 Rental Housing and Renter Assistance Programs

The Renter's Resource Grant and The Renter's Tax Credit. The Renter's Resource Grant and the Renter's Tax Credit comprise the province's programs of direct aid to renters. The Renter's Resource Grant established in 1974, was an extension to all renters of the Elderly Citizen's Renters Grant initiated in 1972. The program provided an annual grant of $30.00 to renters up to the age of 65, and $80 for renters over the age of 65. Thus, senior citizens remained the primary beneficiary in terms of the amount received. This legislation was repealed in 1975 and replaced with a Renter's Tax Credit, which provided benefits to all renters. A transitional grant for senior citizens was maintained for one year under special legislation.

The Renter's Tax Credit, administered through the income tax system, provided tax relief to renters up to a maximum of $100.00 per year. Unlike the Renter's Resource Grant, or indeed the Homeowner's Grant, the tax credit is extremely progressive in its distribution benefits in that the amount of the subsidy was inversely related to level of income. The maximum grant of $100.00 was available for those with no taxable income. For those with income, the $100 grant was reduced by 1% of taxable income with benefits vanishing when taxable income reached $10,000. No grant would exceed 10% of rent paid, except for senior citizens, who received a minimum grant of $80 regardless of income. However, it is clear that even the maximum grant level of $100 per year for those with no income, and $80 per year for seniors, was meager and would not be of much assistance in reducing
housing costs.

Since the tax credit was a tax expenditure, it was included in the budget of the Ministry of Finance rather than the budget of the Department of Housing. In 1976, it was estimated that $132 million would be spent on the Homeowner Grant and School Tax Removal and Resource grant, compared to $12 million for the Renter Tax Credit. Thus, the province spent approximately ten times as much on homeowners, who comprised approximately 64% of households as compared to renters who comprised approximately 36% of households.

**Home Conversion Mortgage Loan Program.** The second program for the rental sector was the Home Conversion Mortgage Loan program, included in the Leasehold and Conversion Mortgage Loan Act. The purpose of the program was to "increase rental accommodation and residential densities in large urban areas without disrupting neighbourhoods with comprehensive redevelopment." (B.C., Department of Housing, 1975, 12) The program offered low interest loans to homeowners who created new rental units in existing dwellings. The Home Conversion Mortgage Loan Program represents a first attempt to introduce residential land use intensification, which has since become a widely discussed planning strategy. However, similar to many current residential intensification attempts, the program was not successful in increasing the supply of rental units due to restrictive zoning practices and neighbourhood resistance to changing single family residential zoning. (Sun, Dec.2, 1975 and
Jan. 14, 1975)) In the first two years of operation, only 60 loans were made.

Rent Control and Tenant-Landlord Regulation. Until 1970, the body of law regulating landlord-tenant relations in B.C. remained essentially unchanged from its 1858 origins. Rooted in common law, it drew no distinction between residential and industrial/commercial tenancies. In April 1970, a series of amendments brought significant reform, including the requirement for three months notice of rent increases and limiting rent increases to once a year.

In 1973, a comprehensive review of landlord-tenant relations was undertaken by the Law Reform Commission of British Columbia. The report recommended the need for increased security of tenure and advocated the establishment of a Rentalsman. Although the Commission did not recommend a system of rent controls, it did recommend that:

The proposed Act empower the Rentalsman, on the complaint of a tenant that he has been discriminated against in the setting of a rent increase with the purpose of dislodging him from the premises. The burden of proving which shall be on the tenant, to declare that the increase is discriminatory and ineffective. (Law Reform Commission of British Columbia, 1973, 7)

On April 9, 1974 the new Landlord and Tenant Act was introduced in the legislature. The Act included significant changes, such as creation of the office of the Rentalsman and security of tenure provisions permitting evictions only for specific "just causes". Part of the Act was subsequently revised
to permit a scheme of rent regulation whereby the cabinet, on the Rentalsman's recommendation, could set an allowable rent increase, with consideration given to operating expenses and capital expenses, as well as to rent increases above the allowable increase where justified by the landlord.

On May 2, 1974, the Residential Premises Interim Rent Stabilization Act was adopted, providing an interim measure to stabilize rent increases until a revised Landlord and Tenant Act was proclaimed. The Interim Act provided that landlords could not increase rents by more than 8% of the the rent charged during the last rental period in 1973. The Act was made retroactive to January 1, 1974. Municipalities were authorized to apply to the Lieutenant-Governor in Council for exemption from the Act. The 1974 Landlord and Tenant Act subsequently received Royal Assent on June 20, 1974, with only the section establishing the Rentalsman being proclaimed.

The rentalsman was appointed on July 1, 1974. Dr. John Cragg of UBC was commissioned to undertake a study proposing the appropriate allowable rent increase to replace the 8% interim limit. Dr. Cragg concluded that rent controls could be safely used to lower rents if landlords in general "are reaping and can expect to reap profits in excess of those needed to induce them to provide housing". (Runge, 1975, 295) In September 1974, Dr. Cragg orally reported to the Rentalsman that rents should increase by 30% to compensate landlords for rent increases that could not be captured between 1972-1974 due to rent control. At that point, the Rentalsman asked to be relieved of his duties.
urging that the office of the Rentalsman not be responsible for setting allowable rent increases. (Ibid., 296)

Following a protest by tenants groups on October 18, 1974, the Attorney-General announced on October 25, that a Rent Review Commission would be established separate from the Rentalsman to administer rent review. On November 4, the Attorney-General introduced the Landlord-Tenant Amendment Act which increased the ceiling rate from 8% to 10.6%, with an allowance for major renovations. No rent limit was applied to new accommodation for the first five years. The legislation establishing the Rent Review Commission was proclaimed on December 2, 1974.

In February 1975, the Interdepartmental Study Team on Housing and Rents was commissioned by the Attorney-General and the Minister of Housing to "document the magnitude of trends in the housing and rental markets, consider alternatives and recommend suitable policies." (Jaffery, 1975, 5) Thus, the Study Team was appointed to examine the future of rent control in B.C. and the implications of rent control in the housing sector. Its ultimate task appeared to be to recommend to the B.C. government a set of housing polices which would respond to the public concern with the housing situation in B.C. as indicated in press articles cited earlier. In September 1975, Karl Jaffary, Chairman of the Study Team, released a report entitled Housing and Rent Control in British Columbia. In the following month Dallard Runge, the Director of the Study Team, released another report entitled A Comprehensive Social Housing Policy for British
Columbia. The first report was the official report, while the second report was the research staff report.

The two reports are very similar in content. Both reports, for the first time, presented background information regarding the history of provincial government activity in housing, existing housing programs, housing and taxation, rent control, and statistical information regarding housing conditions in B.C. Both reports make the case for a strong interventionist role for government in housing issues. The differences in the reports are minor and technical, representing only slight variations in emphasis. For example, in the recommendations regarding housing supply policy both reports recommend that production subsidies should be used to ensure an "adequate" supply of housing, with the Runge Report adding that "over the next five years, the Housing Department should expand its present delivery mechanism to be in a position to supply at least half the housing need in the province." (Runge, 1975, 15)

The two reports were criticized by Raymond Heung (1976) an economist who wrote on behalf of the Fraser Institute, as having methodological shortcomings and also indicating a peripheral understanding of the operation of the housing market. (Heung, 1976, 2) Although the Runge and Jaffary reports failed to have a significant influence on policy makers due to a change in government, they constitute the first major endeavour in the analysis of provincial housing policy.
4.5 Social Housing Assistance Programs

Public Housing. In 1974, B.C. finally took advantage of the federal government's ten year old Section 43 public housing program. Under Section 43, CMHC provided loans of up to 90% of the costs of construction of new projects. In addition, rent geared to income subsidies on Section 43 public housing were paid through Section 44 of NHA which splits the subsidy 50/50 with the provinces. Section 43 housing costs the provinces a smaller initial capital outlay but a larger long-term rent supplement subsidy as compared to the provisions of Section 40 housing. The amount of public housing that could be built by British Columbia was limited by the amount of money that the federal government was willing to allocate in each budget year. In 1975, the provincial government requested $22.5 million dollars for Section 40 housing and $227.6 million for Section 43 housing. The federal allocation, however, housing was only $10.4 million for Section 40, and $34.5 for Section 43. By 1972 and 1973 the federal government had already begun to move towards assisted homeownership and entrepreneurial rental housing subsidies as a substitute for public housing in order to limit its subsidy committment. (Runge, 1975, 147)

The public housing stock developed under Section 40 and 43 was managed by B.C. Housing Management Commission (BCHMC) which had its mandate reconstituted in 1974 to permit decentralization of management with an emphasis on improved communication with tenants. In addition, its maintenance capability was enhanced.
New public housing was constructed through the Proposal Call program of Dunhill Development Corporation, with the finished units turned over to BCHMC for management.

A major change in policy occurred in 1974, when the federal and provincial government reached an agreement regarding an 'income mix' policy to ensure a mix of income levels in each family development. Provincial public housing was not to be reserved for those most in need, rather a resident population was to be sought that reflected the characteristics of the surrounding population. To achieve the desired income balance, 35% of Commission managed family units were offered to families of moderate income. In accordance to the new policy, the provincial program was renamed "Provincial Rental Housing".

Despite not obtaining all the funding it desired from the federal government, the provincial government assisted the construction of about 1,300 new units under Sections 40 and 43 in 1974, a 36% increase in the existing stock of public housing. In 1975, another 1,800 units were assisted. Between December 31, 1974 and December 31, 1976, the social housing portfolio of BCHMC grew from 4,200 units to 8,450 units. (B.C., Department of Housing, 1975 and 1976 and B.C., Ministry of Municipal Affairs and Housing, 1976) Therefore, it is apparent that a significant contribution of the provincial government during the 1972-1976 period was to assist the construction of a substantial portion of the public housing supply for the province. Table V shows public housing production under Section 40 and 43 of the NHA from 1971 to 1982.
### TABLE V

**FEDERAL/PROVINCIAL HOUSING PRODUCTION BY YEAR AND BY PROGRAM**

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<tbody>
<tr>
<td>AHOP, Direct &amp; Private</td>
<td>0</td>
<td>0</td>
<td>329</td>
<td>989</td>
<td>2481</td>
<td>5921</td>
<td>4893</td>
<td>1574</td>
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<tr>
<td>ARP, Direct &amp; Private</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1869</td>
<td>4269</td>
<td>9254</td>
<td>838</td>
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<td></td>
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<tr>
<td>Sec.40, Public Housing</td>
<td>N/A</td>
<td>301</td>
<td>218</td>
<td>417</td>
<td>898</td>
<td>639</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Sec.43, Public Housing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1055</td>
<td>911</td>
<td>29</td>
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<td>Sec.40, Rural and Remote</td>
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<td>0</td>
<td>0</td>
<td>120</td>
<td>120</td>
<td>158</td>
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<td>50</td>
<td>195</td>
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<td>0</td>
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<tr>
<td>Sec.15, 15.1 Non-Profit</td>
<td>2185</td>
<td>799</td>
<td>2098</td>
<td>2288</td>
<td>1648</td>
<td>2714</td>
<td>846</td>
<td>515</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Sec.34, 18 Co-op</td>
<td>0</td>
<td>0</td>
<td>74</td>
<td>466</td>
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<td>125</td>
<td>66</td>
<td>44</td>
<td>0</td>
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</table>

**Source:** Alberta Housing and Public Works, 1980, *Future Fiscal Arrangements For Housing In Canada.*
Co-operative Housing. Changes to the National Housing Act in 1973 encouraged the development of non-profit co-operative housing. In 1974, the B.C. Provincial government recognized co-operatives as a legitimate housing alternative and provided various programs to assist their development. According to the government:

due to inflated costs, spiralling construction costs and abnormal interest rates, few wage earners in B.C. can afford a house today. The Department has therefore placed emphasis on housing co-operatives as it is a most satisfactory and fulfilling way of providing good and adequate housing at a reasonable price. Co-operative housing subscribes to the principle that housing is for shelter, not profit. (B.C., Department of Housing, 1975, 15)

There are two kinds of housing co-operatives; the continuing co-operative and the building co-operative. The continuing co-operative involves collective ownership and management of a project after completion, while a building co-operative is made up of a group of people who collaborate in the building of housing units that are then owned individually. Building co-operatives are relatively unimportant in B.C., although the province provided assistance through provision of leased lots, leasehold mortgages, interim financing and consulting services.

Continuing co-operatives are much more significant. The province provided five categories of assistance, which, along with federal assistance, made development of co-operatives viable. First, the province purchased land for housing co-operatives, or give them preference in the disposition of Crown Land. Second, the province leased land to co-operatives at 4% of
market value per year, with the first payment due one year after execution of the lease. This assistance was particularly important as the lease removes the costly and risky process of obtaining an option to purchase land without any guarantee from CMHC that the project would be approved.

Third, the province provided interim financing because approval from CMHC could take as long as three months, during which time the project could be stalled without the interim financing. Fourthly, the province provided a "High Impact Grant" of up to 10% of the construction costs in special cases to lower rents for a period of not less than five years and not more than 10 years. The High Impact Grant was a form of production subsidy in response to a crisis caused by inflation. The intent of the grant was to lower the initial rents in a project over a five to ten year period, on the assumption that household incomes would rise over the life of the project, so that by the end of the grant period, economic rents could be paid.

Finally, the province and the federal government subsidized up to 25% of the units in co-operatives for very low income households through Section 40 of the NHA up to Fall 1975, and through Section 44 after Fall 1975. Under Section 40, the province paid for 25% of the subsidy, under Section 44 this was increased to 50%. Between 1973 and late 1975, there were 895 government-assisted cooperative housing units completed and 360 under construction. (B.C., Department of Housing, 1976, 17) Table V shows the number of co-operative units produced by the federal and provincial governments between 1973 and 1978. The
major restriction to the development of co-operative housing in B.C. was the lack adequate federal funding levels. The province asked CMHC for 60.4 million for co-operatives in 1975 but was only allocated $10 million.

In order to facilitate the development of co-operative housing, the government offered to support an existing non-profit organization, United Housing Foundation, as the main development agency for co-operative housing in the province. The Department of Housing gave United Housing Foundation a grant roughly equalling two thirds of their operating budget on the condition that the organization be accountable to the government. (Runge, 1975, 133-134)

**Non-Profit Housing.** Until very recently, private non-profit senior citizen housing has been one of the most sustained and extensive of the social housing programs in British Columbia. Virtually all private non-profit housing in British Columbia has been for senior citizens. This housing has been produced through close cooperation between the B.C. Department of Housing and CMHC. Senior citizen housing was funded under three sections of the NHA, Section 40 public housing, Section 43 provincial rental housing, and Section 15.1 non-profit housing. In February 1975, an estimate of activity under the three programs showed 1,502 units under Section 40, 2,255 under Section 43, and 3,005 under Section 15.1. (Runge, 1975, 141)

The federal private non-profit program, amended in 1973, provided non-profit organizations with 100% loans at favourable
interest rates, amortized over fifty years. In addition, organizations were eligible to receive up to 10% of the capital cost as a grant, which was simply given by forgiving 10% of the loan repayment. Further, a $10,000 grant was given to newly organizing groups.

The province targeted its aid to low income non-profit housing by offering a one-third capital grant for self-contained units and 35% grant for special care units. Moreover, the province offered to purchase suitable sites for low-income non-profit housing and transferred the title to the non-profit organization following approval of the mortgage and repayment of purchase price to CMHC. In 1975, very strict income limits for individuals were relaxed to permit a larger mix of incomes in a project.

Between 1973-1975 the rise in capital costs for new housing was so large that the whole non-profit program was put in jeopardy. For example, the average price per unit produced increased approximately 30% from $7,775 in 1973 to $10,078 in 1974. (Runge, 1975, 143, and CMHC Regional Office Statistics) Due to the high rents that had to be charged to make the program viable the non-profit program was in danger of being unable to assist low-income people. CMHC was faced with the possibility of coming into possession of a large number of senior citizen housing projects. In order to save the program, it was necessary to make shelter subsidies available through Section 44 of the NHA. The federal government and provincial government came to an
agreement in 1975 to share equally the Section 44 rent supplement subsidy.

It is significant to note that the province could have saved money by constructing senior's housing under Section 40 of the NHA, where the federal government's share of subsidies would be 75%. This situation may have provided the impetus to the federal government to allow the Section 44 rent supplement subsidies to be used for non-profit senior citizens' housing programs. The province apparently chose non-profit senior citizen's housing as its preferred strategy since it believed that the management of such projects would be more responsive to the needs of the residents than public housing would be. (Runge, 1975, 144)

The province did not assist family non-profit housing. However, in 1974, the Greater Vancouver Regional District created the Greater Vancouver Housing Corporation to acquire and build rental accommodation for families using Section 15.1 provisions. The public non-profit provisions of Section 15.1 were more favourable to municipal corporations, as compared to provincial corporations. Municipal corporations received the same terms as private non-profit societies, that is, municipal corporations can receive 100% financing as compared to only 95% financing for provincial corporations.
4.6 Conclusion

The Philosophical Basis for Housing Policy: 1972-1976. The New Democratic party subscribes to a philosophy of social democracy. Social democrats do not question capitalism itself, but argue that contemporary democratic capitalist nations have failed to realize or are incapable of realizing humanistic and moral values. Thus, governments must resolve the structural problems of capitalist economies. (Offe, 1984, 124) Government intervention is seen as essential and continuous in order to regulate the private market to make it responsive to human needs. Where the private market is unable or unwilling to meet the needs of society in general, or a part of it, the government has a responsibility to ensure that the neglected needs are being met. Social democrats believe that basic human needs, such as food, shelter, education and medical care should be provided to all people without stigma.

Trends in Housing Policy: 1972-1976. The philosophical position of the New Democratic party permitted a wide scope for government intervention in housing. Moreover, the widespread acknowledgement of the existence of housing problems in the early 1970's provided opportunities for action. Although the government did continue to encourage homeownership, assistance was also given to rental housing, public housing and relatively non-conventional housing and land tenures such as co-operative housing and leasehold land tenure. Further, assistance was not limited to a specified group of "truly needy" resulting in programs aimed at
a broader range of groups, especially low and moderate income families.

The NDP government also attempted new methods of housing production that involved different levels of government intervention. It must be acknowledged that the level of housing production under many of the programs, for example, the Proposal Call Program and the Residential Land Lease Program, did not approach the optimistic goals set by the government. The relatively disappointing performance of the Department of Housing can be attributed to three major constraints. First, the NDP government was only in office for slightly over three years. There was, therefore, little time to plan, analyse, implement and fine tune many of the programs. Following the defeat of the NDP government, many of the programs were abolished or substantially changed. Second, the province faced a lack of capital to finance all the programs it wished to undertake. On the one hand, the province could not obtain the unit allocation and financing that it desired from the federal government for federal-provincial programs. On the other hand, limits to the province's budget restricted the number of units that the Department could realistically construct. Third, the province encountered resistance to innovative programs such as the Home Conversion Loan Programme and the Residential Land Lease Programs since they were seen as undermining the sanctity of homeownership and private property.

In spite of these constraints there were a number of achievements. Probably the most significant achievement of the
NDP was the doubling of the public housing stock. Another achievement was inclusion, for the first time, of the rental housing sector and renters in provincial housing policy.

The defeat of the NDP in December 1975 marked the end of an attempt to undertake a more comprehensive approach to housing policy in the Province of British Columbia. The newly elected Social Credit government quickly changed the direction of housing policy to a greater reliance on the private sector.
Chapter Five

B.C. Housing Policy in the 1976-1985 Period

The election of the Social Credit Party in December 1975 marked a significant transition in British Columbia housing policy from an active direct interventionist strategy to a passive indirect interventionist strategy. The basic tenets of housing policy under the Social Credit Party include reliance on and a belief in the ability of the private market to provide adequate housing, belief in minimizing restrictions on the rights of private property, encouragement of homeownership, and restriction of government aid to a narrowly defined group of "truly needy". This chapter examines housing policy and programs in the 1976-1984 period by first, describing housing conditions and characteristics during this period and second, reviewing the basic principles underlying housing policy. Third, housing programs that were adopted are discussed under the categories of homeownership assistance, land servicing and supply, rental housing assistance, and social housing assistance. Finally, this chapter concludes with a discussion of the philosophical basis for housing policy in the 1976-1985 period.

5.1 Housing Conditions 1976-1985

By 1975 the serious housing shortage of 1972-1974 was over. Housing starts had increased by 8.7% in 1975 and by 10.5% in
1976. (See Appendix C) The vacancy rate, while exceptionally low in 1975, began to increase slightly and remained above 1.3% until 1979. (Figure 1) Thus, housing was not the major public issue it had been in the 1972 election campaign.

However, by late 1979 another housing shortage was emerging. Vacancy rates fell from 0.9% in April 1979 to 0.2% in October and then remained at 0.1% until August 1982. Housing starts decreased by approximately 30% between 1977 and 1980. Although this decrease was partially compensated by a 37.3% increase in housing starts in 1980, there was still substantial unfulfilled need. The housing shortage was caused, in part, by the increase in migration to the province due to employment opportunities created by the buoyant economy of the resource-rich western region of the country.

The affordability calculation for the Vancouver Census Metropolitan areas, as shown in Table III, indicates the severity of the early 1980's housing problem. Between 1979 and 1981, the average MLS mortgage house price for Vancouver more than doubled from $66,906 to $137,430. The increase in house prices, along with a high rate of inflation, caused a panic in the housing market whereby those who did not own a home believed that they had to purchase immediately or face further substantial price increases, and those who did own a home saw the potential of reaping huge capital gains through speculation. At the same time, mortgage interest rates were increasing, reaching a high of 21.46% in September 1981. (CMHC, 1983, Canadian Housing
Statistics, Table 75, p. 65)

The combination of high house prices and high mortgage rates resulted in an increase of the ratio of annual mortgage payments to average family income from 23.8% in 1979 to 55.4% in 1981. (Table III) Newspaper reports noted quite accurately that the purchase of a home was beyond the financial capabilities of an average income family. (Sun, Nov. 24, 1982) Renters also faced some increases in the cost of shelter. As indicated in Table IV, average real rents increased by 11% from 1979 to 1981.

In early 1982, the housing shortage had eased considerably. By October 1982, vacancy rates in Vancouver reached 1.9%. In the house buying market, the housing boom had turned into a bust as prices reached their peak and began to drop. The once buoyant provincial economy fell into a period of recession in 1981, a recession that continues to the present. In 1982 exceedingly high interest rates contributed to a 52.4% decrease in housing starts. As indicated in Appendix C, housing starts remain at historically low rates.

5.2 Basic Tenets of Housing Policy: 1976-1984

Reliance on the Private Market. Following the election of the Social Credit Party in 1975, a preference for an indirect interventionist strategy for housing assistance emerged over the direct interventionist strategy generally favoured by the New Democratic Party. The Social Credit government believed that housing is properly and most efficiently supplied through the private market, rather than by government. This belief stems from
a philosophy of support for a free market and support for free enterprise in general. A pamphlet issued by the Social Credit Party in 1981 outlines its basic beliefs:

We believe in the free enterprise system, particularly as represented by the individual. We further believe that government should encourage growth by the private sector, not pose the threat of takeover which produces a negative business climate, harmful to our economy.

We believe that the natural resources of British Columbia belong to the people of our province and that revenues derived from resource development should provide services to people in all regions of B.C. (Morley, et al., 1983, 105-106)

The belief in the role of the private sector in the provision of housing has two important consequences for government intervention. First, government housing policy is best aimed at supporting and providing incentives for private industry to construct housing to meet the needs of the population. For example, government does not build rental housing, but instead provides subsidies or tax incentives to the private market to encourage the construction of rental units. Further, government has a role to play in maintaining a stable investment climate which encourages the housing industry to construct housing. The removal of rent regulation and programs aimed at stabilizing mortgage rates are two examples of measures aimed at improving the housing investment climate.

The second consequence for government intervention is the principle of non-competition with the private sector. Direct government intervention is limited to assisting only those individuals whose special needs cannot be met through the private market, or where the private sector is unable to construct
The government's commitment to the role of the private sector in the provision of housing was described in 1976 in the following terms:

The philosophy of the housing department was also changed in 1976. Fundamental to the Ministry's existence is the commitment to provide a variety of housing for all citizens—present and future. That commitment means assisting in the delivery of housing through the private sector in co-operation with local governments and, where absolutely essential, by government initiatives alone. (B.C., Ministry of Municipal Affairs and Housing, 1976, 50)

The change in emphasis in the ministry was reflected in the introduction of new housing programs and the cancellation of other programs. For example, provincial participation in the federal Assisted Rental program, described as "the happy marriage of private financing, private initiative and government assistance, research and subsidies" replaced the proposal call program where government contracted with private developers to build rental accommodation that remained in government ownership. (B.C., Municipal Affairs, 1976, 51)

This emphasis on the role of the private sector extended beyond housing issues to include all economic matters. In the budget speech of 1978, the government articulated its belief that the private sector provided the key to long-term economic growth and it must restrain its spending to facilitate private sector growth. In order to accomplish that challenge, the government directed its policy towards:

- the practice of fiscal responsibility to control public spending and reduce the government's share of
total economic activity;
-the achievement of greater efficiency in public sector spending;
-the reduction of government constraints on the free market system. (B.C., Ministry of Finance, 1978, 9)

It is evident that the Social Credit government's belief in and reliance on the private sector to provide housing has become stronger over time. A statement of government housing policy in 1982 provided the following rationale for housing policy:

The province recognizes that the solutions to many housing issues lie in the individual drive and initiative of our people, expressed through the private sector of the economy. The role of government policy is to provide the climate for individual initiative to thrive and to encourage the British Columbia housing industry to provide the housing needed in the province. (B.C., Ministry of Lands, Parks and Housing, 1982a, not paged)

By 1984, the province stated its case using much stronger language. According to a 1984 statement of government housing policy:

The province is convinced that the supply of housing is best achieved through the individual drive and initiative of our people, expressed through the private sector of the economy. (B.C., Ministry of Lands, Parks and Housing, 1984b, not paged)

A review of the housing goals articulated in the 1982 and 1984 documents reveal a much stronger reliance on the private sector and an even further diminished role for the public sector in housing in the most recent policy statement. The 1984 statement of goals focuses on measures to create a more stable investment climate, to deregulate the housing industry, to encourage the more efficient use of land and housing and to strictly limit government intervention in housing to those whose
special needs cannot be met by the housing industry. Further, the policy also stated the desirability of encouraging the federal government to develop similar housing policies, that is, to develop housing policies which induce the private sector to make long-term investment in housing and target social housing expenditures to those most in need.

The earlier policy statement contained the same objectives of encouraging a stable investment climate, encouragement of a more efficient use of land, and assisting those having special needs, but also contained broader objectives aimed at ensuring an adequate supply of housing for a wide range of tenure types, encouragement of home-ownership, and fulfilling the Province's constitutional responsibility for housing.

**Encouragement of Homeownership.** Another principle of the Social Credit government is the belief in private property ownership in general, and the encouragement of homeownership in particular. As the following discussion of provincial homeownership assistance programs indicates, programs aimed at encouraging homeownership for as many as British Columbians as possible, to the exclusion of other types of housing programs, is a dominant objective of housing policy since 1976. Indeed, as described in Chapters 3 and 4, providing opportunities for homeownership is a long standing part of provincial housing policy. Programs such as the home-owner property tax grant, home buyer grant, second mortgage programs and interest rate reduction programs have favoured ownership over rental housing.
The belief in private property and preference for private homeownership is part of a larger policy of encouragement of individual ownership instead of government ownership:

Our government believes in personal economic freedom. It has constantly dedicated itself to providing greater investment and ownership opportunities for the individual in B.C. Our commitment is to individual ownership not big government ownership—which leaves little or nothing for the individual. (B.C., Ministry of Finance, 1979, 37)

**Assisting only the truly needy.** Although the Social Credit government believes that it is the role of the private sector to provide housing, it acknowledges that some groups are not served by the private housing market and, as a result, the government must assist those with "special" housing needs. This principle was articulated in the first Budget Speech delivered by the newly elected Social Credit government:

Mr. Speaker, no one political movement can lay exclusive claim to serving the interests of all the people. The government, even before approaching office, was concerned for the welfare of all groups in society, both the people who are able to contribute to our economic growth, and those who through no fault of their own are unable to do so---the elderly, the sick, the underprivileged, the handicapped, and the unemployed. This latter group, above all others, needs compassionate help from governments at all levels to provide them with hope and to free them from the indignities they may suffer. As government, we are pledged to maintain and to improve the social programs which sustain these people. At the same time, we want to make it very clear we will not provide an atmosphere in this Province which will encourage the so-called "free-rider"--those who are able but unwilling to play their part in building for the economic security of all. (B.C. Ministry of Finance, 1976, 5)

It is apparent that the province had carefully defined and severely limited the groups entitled to government assistance.
The eligible groups include only the elderly, the chronically ill, the handicapped and the very poor. The working poor, those employable but unable to find work, and those with moderate or low incomes but unable to find suitable housing are not included in their definition of needy, and therefore, are expected to fend for themselves in the housing market. This position of the provincial government in 1976 is in direct contrast to the position of the NDP government which stated that good housing at a reasonable cost was the right of each British Columbian regardless of income. (B.C., 1974, 213)

The principles presented in the 1976 budget speech have remained to the present, although the definition of those with special housing needs has become even more restricted. A statement on housing policy published in 1982 contained the following goal:

To develop government programs to help those British Columbians whose special housing needs cannot be met by the housing industry. (B.C., Ministry of Lands, Parks and Housing, 1982a, not paged.)

In the 1982 policy statement, those with special housing needs is narrowly defined to mean those "most in need", that is, "the elderly, the disabled and families who are housed in provincially managed units or in provincially subsidized units managed by non-profit groups or the private sector." (Ibid.)

In a later statement of housing policy released in 1984 the definition of those with special housing needs is further limited to include those with affordability and adequacy problems. Affordability problems were defined as low income households who
spend more than 30% of income on rent and adequacy problems were defined as housing which did not meet health and safety standards or was unsuitable to the requirements of those with special housing needs. Assistance was limited to the minimum level required to ensure safe and adequate housing. Specific income support and housing supply programs are only provided for seniors, older singles (over 55) and the disabled with affordability and adequacy problems. For families, assistance is limited to existing public housing units. In 1984, social assistance payments, that is, welfare benefits, were included in the policy statement as housing assistance. Social housing programs are described in greater detail later in the chapter.

5.3 The Reorganization of Housing Policy Administration

The housing policy function became somewhat of an orphan in the post-1976 period. In 1976 the political agenda had changed, and housing was seen to be of less importance. Immediately following the election the Department of Housing was disbanded. Following adoption of the Government Reorganization Act, the operations of the Department of Housing and Department of Municipal Affairs were carried on under the new Ministry of Municipal Affairs and Housing. In 1978, the housing policy section was transferred to the Ministry of Lands, Parks, and Housing, partially reflecting the new emphasis on creating programs that increase the supply of land for residential purposes, and assist in servicing of residential land. In that year, responsibility for the SAFER (Shelter Assistance for
Elderly Renters) and the Renter's Tax Credit (Rentaid) were transferred to the Ministry of Human Resources. Moreover, responsibility for the provincial involvement in the Neighbourhood Improvement Program was transferred back to the Ministry of Municipal Affairs. Although the Ministry of Lands, Parks and Housing tends to undertake the role of coordinating the disparate elements of the housing programs, there is no attempt to provide a well coordinated and integrated administration of housing policy and programs. This lack of organization tends to reflect the Social Credit government's current political priorities of which government housing activity is not included.

Significant changes also occurred with the responsibilities of crown corporations involved with housing. In 1976, Dunhill Development Corporation was renamed the Housing Corporation of British Columbia. The function of the corporation was limited to carrying out specific projects for sale in order for the Corporation to monitor on behalf of the Ministry of Municipal Affairs and Housing, trends in the construction industry. The corporation essentially acted as the development and servicing agent for the province. (B.C., Municipal Affairs and Housing, 1976, 68) In 1978, the government decided to cease operation of the corporation, and dispose of its assets.

5.4 Homeownership Assistance Programs

In 1976 the provincial government agreed to participate in the federal Assisted Homeownership Program (AHOP). This program is in accordance with the province's preference for indirect
intervention in that it is designed to achieve its objectives through incentives to the private sector. Following the initiation of provincial AHOP the Leasehold Mortgage Loan Program was discontinued and the approximately 700 participants were given the option to buy out their land leases.

**The Assisted Home Ownership Program (AHOP).** The objectives of AHOP were to extend the range of families able to enter the homeownership market, to present low-income families with an alternative to rental or public housing, and to encourage the building industry to produce modestly priced housing for low income families by the introduction of a continuing program. (Runge, 1975, 103)

The provincial assistance to AHOP consisted of a subsidy stacked on the federal assistance. Assistance was available for the purchase of new homes that were approved by CMHC to be built under AHOP. AHOP assistance consisted of three parts. First, CMHC provided an interest reduction loan which acted to reduce the mortgage interest rate to 8% and was interest free for the support period. The method for repaying of the loan was designed so that total payments did not exceed 25% of the total family income. Second, a subsidy from CMHC was applied if there was a dependent child and the payments still exceeded 25% of the family income after the application of the interest reduction loan. The maximum federal subsidy in the first year was $750. Finally, a provincial subsidy was applied if the monthly payments still exceeded 25% of the family income after the application of the interest reduction loan and the $750 CMHC subsidy. The maximum
provincial subsidy in the first year was $750.

The federal government abolished AHOP in May 1978 as part of their strategy of limiting direct federal administration of provincial housing program, known officially as disentanglement. Table VI indicates the number of AHOP units that received provincial assistance.

Table VI

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<th>Year</th>
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<td>28</td>
<td>.13%</td>
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<td>635</td>
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<td>1978</td>
<td>515</td>
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<td>1979</td>
<td>438</td>
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</tbody>
</table>


**Provincial Home Purchase Assistance Program.** In 1976, the government also amended the Provincial Home Acquisition Program by dropping the grant for purchasing an old home and increasing the maximum amount for a second mortgage to $5,000. The name of the program was changed to Home Purchase Assistance and featured a $1,000 grant for purchasers of new homes. The program was evidently designed to stimulate the construction industry since existing homes were not eligible for grants. AHOP participants
were not eligible for the Home Purchase Assistance Program. In 1978, following the discontinuance of AHOP an additional form of assistance was made available for a short period of time if the applicant's total payments on the first and second mortgage plus taxes exceed 25% of the family income. The assistance was in the form of an interest free loan that acted to reduce the monthly payments on the government's second mortgage down to an amortization rate of 8%. The interest free loan was repayable when the property was sold or refinanced upward. In 1978, mobile homes became eligible for benefits of the program.

The Family First Home and First Home Grants. The Family First Home Grant introduced in 1978 consisted of a $2,500 grant for first time home buyers with a dependent child. The grant was applicable to new or old houses, as long as the cost of the home was within maximum price levels.

In 1979 the Home Purchase Assistance program was simplified with all home purchase assistance grants and second mortgages included under the program title. The major substantive change was that the $1,000 grant, called the First Home Grant, was made available to purchasers of new or old homes. However, the grants were only available to the first time home purchasers. In 1981 the maximum second mortgage was doubled to $10,000. In 1983 the First Home and Family First Home grant portion of the Home Purchase Assistance Program were abolished. The Second Mortgage Loan Program, however, remains in effect. Table VII summarizes activity under the Home Purchase Assistance Program from 1980 to
1984 provides an indication of the number of participants and program costs.

---

**Table VII**

**Activity Under the Home Purchase Assistance Program 1980 - 1984**

Number of Participants and Value of Grants and Mortgages

($ \times 1,000)$

<table>
<thead>
<tr>
<th>Year</th>
<th>First Home Grant</th>
<th>Family First Home Grant</th>
<th>Second Mortgages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>$</td>
<td>Number</td>
</tr>
<tr>
<td>1983-84</td>
<td>7,198</td>
<td>7,198</td>
<td>6,342</td>
</tr>
<tr>
<td>1982-83</td>
<td>5,485</td>
<td>5,485</td>
<td>5,691</td>
</tr>
<tr>
<td>1981-82</td>
<td>7,894</td>
<td>7,894</td>
<td>6,411</td>
</tr>
<tr>
<td>1980-81</td>
<td>4,922</td>
<td>4,922</td>
<td>6,182</td>
</tr>
</tbody>
</table>


---

**Housing Initiative Program.** In 1980 the Housing Initiative Program was created to provide $200 million in mortgage funds at 9 3/4% for eligible homebuyers and apartment developers. Only 2,227 households could take advantage of the $125 million dollars allocated to ownership housing. The remaining $75 million was allocated to rental housing. Mortgage interest rates were approaching 16% at the time, and the money was very quickly taken up. The program was criticized for being a hastily prepared exercise to assist the sagging lumber industry and for not
providing assistance to those who really needed it since participants had to be able to afford interim financing at the very high interest rates. (Sun, Jan 17, 1980) Mortgage interest rates in 1980 ranged from a low of 12.92% to a high of 15.60%. (CMHC, 1983, Canadian Housing Statistics, Table 79)

The B.C. Home Program. In 1982, the three year B.C. Home Program was introduced in response to record high interest rates. The program provided monthly payments to reduce interest rates by a maximum of 6 percentage points, for a maximum of $60,000 in total mortgage principal. The benefits were in the form of an interest free loan repayable in three years. By 1982 however, mortgage interest rates had peaked and were beginning to fall limiting the impact of the program. (Ibid.) Approximately 54,000 households received benefits under the program, with a total loan value of $84,418,000.

The Homeowner Grant. The province continued to raise the homeowner grant between 1976 and 1983. The current maximum grant is $380 with an additional $250 for seniors and war veterans. The elimination of property taxes was seen as the goal for elderly homeowners who "had made their contribution to our country and now deserve the benefit which allows them to live out their lives in their own homes". (B.C., Ministry of Finance, 1978, 33) The minimum property tax payable for homeowners was increased to $125 in 1982, with the exception of seniors and the handicapped, where it remained at $1. The cost of the homeowner grant in 1982-83 was $257.7 million.
**Mobile Home and Remote Housing.** The provincial government viewed the purchase of mobile homes as one method to encourage affordable homeownership. Therefore, in 1978, the Mobile Home Registry was established. The purpose of the registry was to provide protection for owners and purchasers of mobile homes, and to improve the security of lenders financing mobile homes, in a similar way to the Land Title Act. The program was also designed to encourage all parties involved in industry and local government to treat mobile home owners in the same fashion as owners of conventional housing. In 1982 the Accelerated Mobile Home Development program was initiated in response to a shortage of mobile home sites. The program provided a grant and a loan with a 15% interest rate to local governments to acquire land and service mobile home sites.

Homeownership opportunities for low-income families in remote areas was made available through the Remote Housing Program. The program provided affordable housing where such housing was not available through the private market. The program was financed through the Section 40 federal-provincial partnership, where the federal and provincial government share the financing costs on a 75-25 basis respectively. The mortgage costs of the purchasers were subsidized so that they pay a maximum of 25% of their income in monthly payments. The ongoing subsidy cost to the province was about $500,000 annually between 1975 to 1980. Some units were also financed under AHOP.

The program assisted only about 250 units per year between
1975 to 1977, then demand for the program dropped to 65 in 1979, and 58 in 1980 due to resistance among local governments and residents to public-housing type activity.

5.5 Land Supply and Servicing Programs

An important strategy of the government was to increase the supply of developable land in order to lower the cost of residential land. The programs generally involved the disposition of Crown land to private developers and assistance to municipalities in providing infrastructure to private and municipally owned land. Unlike its predecessor, the Social Credit government was not interested in development of Crown land by the government.

The Joint Committee on Housing was established by the Honourable Hugh Curtis, Minister of Municipal Affairs and Housing in 1976 for the purpose of enquiring into the problems affecting the delivery of housing in the province. The committee consisted of members of the legislature, municipal officials, and provincial government housing officials. The report, often called the Bawlf report, after the chairman Sam Bawlf, concluded that there were a number of factors in the system of government controls over planning, servicing and development of housing which had unduly constrained the production process. The conclusions of the report dealt with streamlining and reorganization of the role of government, but most importantly, with the disposal of Crown and municipally owned land for housing and the need for provincial assistance to municipalities for land
In 1976, the government continued the Land Servicing programme which provided short-term financing to municipalities for servicing of land for housing purposes under the Municipal Act. The program was expanded to include communities throughout British Columbia. The 1978 Annual Report of the Ministry of Lands Parks and Housing described the role of the program:

In this way, individual land holders have access to these trunk service lines which encourages the subdivision and servicing of individual parcels of land. Thus, land with development potential is available without necessitating direct purchase and resale by the crown. (B.C., Ministry of Lands, Parks and Housing, Annual Report, 76)

Further, the Replotting Assistance Program was announced in 1976 which provided technical expertise to Municipalities who wished to undergo a replotting program. Replotting of existing registered subdivision plans was often necessary in situations where the legal subdivision boundaries ignored topography or contemporary building practices or densities, and therefore development was not possible or infeasible. Moreover, in 1976, the government initiated an inventory of Crown Land suitable for housing purposes.

The provincial government decided to participate in the Municipal Incentive Grant Program in 1976 that was designed to encourage municipalities to promote housing construction on already-serviced land, to develop more land for medium density, modest sized affordable housing, and to speed up the development approval process. Grants of $1500 per eligible unit were made available to designated municipal governments and regional
districts. The program was part of the AHOP/ARP package. The portion of the grant payable from the provincial government was $500. Between 1976 and 1979, payments were made for approximately 16,000 units.

A Crown Land Program which made Crown Land available to Municipalities for development and sale to individuals who wished to build a home was introduced in 1977. Interim financing was also given for subdivision development projects to those municipalities who could demonstrate a need and demand for serviced building lots. The rural counterpart to this urban program was the Rural Subdivision Program which promoted subdivision of Crown Land in unincorporated areas.

In 1979 the Ministry of Lands Parks and Housing restructured the administration of programs dealing with the issue of shelter into the Housing Programs Branch, dealing with the development and formulation of provincial housing policy, and the Land Programs Branch providing a common program management responsibility for all crown Land Programs in the Ministry.

The 1982 statement of provincial housing policy described the objective of the land supply programs as ensuring a 3 to 5 year supply of zoned and serviced land in every community. The elements of the land supply program were:

- more intensive use of existing land, including review of zoning and density regulations as required in the proposed (never adopted) Land Use Act.

- use of suitable Crown Land for residential development by making Crown land available to municipalities and private developers, and making development financing available to local governments where required.
- Use of provincial funds to finance land servicing by local governments which are required for subdivision development.

- Use of provincial funds to assist in major land assembly and redevelopment projects. Examples include the Songhees Development in Victoria, the Westwood Plateau Development in the North-east sector of Greater Vancouver and B.C. Place in Vancouver.

- Direct sales of Crown land to the public in rural areas to ensure that a steady supply of lots is available. (B.C., Ministry of Lands, Parks and Housing, 1982a, not paged)

The policy statement of 1984 reiterated the above elements, but also emphasized the principle of government non-competition with the private sector. The description of each approach to expanding residential land supply emphasized how the program would assist, or at least not distort, the private market. No mention is made of how the programs would directly assist the consumer.

- Make suitable Crown land available when and where needed, at market value to provide a fair return to the crown and avoid distorting the private land market;

- Where Crown land is to be developed for residential use, the land will be made available in large parcels to the private sector for on-site development.

- Two major projects which will provide substantial opportunities for private sector development are: 1200 hectares of land in Coquitlam and Port Moody..., Songhees Peninsula on the inner harbour of Victoria. (B.C., Ministry of Lands Parks and Housing, 1984b, not paged)

Between 1981 and 1984, approximately 14,000 residential lots were serviced through the provinces servicing and supply programs. The summary in Table VIII indicates the number of projects and the amount of expenditures associated with the province's crown land
sale projects.

The land supply program can be criticized for not helping those most in need of housing assistance. Since the government assisted land that was developed by the private sector, or was sold at market value, only those who could afford market land prices could benefit from the initiative. Moreover, very little or none of the land was earmarked for social housing purposes which could have provided housing to individuals and families with low- and moderate-incomes. (Sun, Dec. 9, 1980) The government's unwillingness to provide land for social housing, based on its belief that social housing activity was not part of the proper role of government, is a lost opportunity. On one hand, the government missed an opportunity to generate revenue from leases or land sales to non-profit or cooperative housing on land that would otherwise remain vacant until the housing market improved. On the other hand, low- and moderate income households lost an opportunity to live in decent, affordable housing.
### TABLE VIII

**MAJOR LAND SALES PROJECTS**

<table>
<thead>
<tr>
<th>COMMUNITY</th>
<th>Single-Family Lots</th>
<th>Multi-Family Lots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Songhees (Victoria)</td>
<td>0</td>
<td>2,500</td>
</tr>
<tr>
<td>Harold Winch Park</td>
<td>0</td>
<td>1,378</td>
</tr>
<tr>
<td>(Burnaby)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Riverview Heights</td>
<td>770</td>
<td>280</td>
</tr>
<tr>
<td>(Coquitlam)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westwood Plateau</td>
<td>750</td>
<td>0</td>
</tr>
<tr>
<td>(Coquitlam)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nordic Estates</td>
<td>41</td>
<td>134</td>
</tr>
<tr>
<td>(Whistler)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>1,561</strong></td>
<td><strong>4,292</strong></td>
</tr>
</tbody>
</table>

5.6 Rental Housing and Renter Assistance Programs

The Assisted Rental Program (ARP). In 1976, the newly elected Social Credit government emphasized the delivery of rental housing through the private sector. Thus, the proposal call program was replaced with participation in the federal Assisted Rental Program. ARP was based on the premise that the private sector will respond in the public interest, that is, it will build rental units if given a reasonable financial incentive. The amount of assistance was based on the number of units in the project, the land acquisition and construction costs, mortgage interest rate, attainable rents and operating costs. The guaranteed rate of return varied between 5% and 10%. If the maximum Provincial grant (an average subsidy of $595.00 per unit for first year) was not sufficient to allow the owner to maintain an agreed upon rate of return on equity, a further subsidized loan was available from CMHC.

This interest free loan was repayable one year after the end of the ten year disbursement period. The total of the combined assistance was decreased by one-tenth of the first year assistance for each subsequent year. The reduction was accelerated if the owner's return on equity is higher than the guaranteed rate. If the return on equity less than the guaranteed rate, the assistance was maintained at the previous years level. Originally 25% of the units were earmarked for rent supplement under Section 44.1(b). The ARP program was abolished in 1978 as part as the move to program disentanglement by the federal government. Table IX provides a summary of the number of units.
that received assistance and the capital expended by the province.

Table IX

Assisted Rental Program—B.C. Summary#

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Units</th>
<th>Capital Expended ($)</th>
<th>% of Total Apt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>3,606</td>
<td>679,401</td>
<td>*</td>
</tr>
<tr>
<td>1978</td>
<td>12,806</td>
<td>5,002,275</td>
<td>*</td>
</tr>
<tr>
<td>1979</td>
<td>15,103</td>
<td>7,840495</td>
<td>*</td>
</tr>
</tbody>
</table>

# Provincial commitments under the program ceased in 1978, so that the statistics indicate number of ARP units being assisted, rather than number approved, or under construction. Units assisted between 1977-1979 represents starts that were made in 1976-1978.

* there were 31,515 units assisted between 1977-1979, and 31,054 apartment units constructed from 1976 to 1978, indicating that most apartment starts were ARP Assisted.


The Home Conversion Loan Program. The new government continued the Home Conversion Loan Programme which offered loans of $15,000 for the first unit created in an existing dwelling and $9,000 for each additional unit. In 1981 the maximum loan amount was increased to $25,000 per unit and the program was made applicable to commercial and industrial property converted to residential rental units. The purpose of the program was to increase the housing supply and encourage more intensive use of
municipal services in built up areas. However, due to zoning and building by-law regulations which restricted the creation of additional units, the program was not successful. Approximately 800 loans for residential conversion were approved from the program's inception in 1974 to 1984, representing a minor addition to the rental housing stock.

**The Housing Initiative Program.** In 1980, $75,000,000 of the $200 million allocated for Housing Initiative Program was earmarked for rental projects. The rental portion of the program was initiated in response to decreases in apartment starts in 1978 and 1979. Mortgages were approved for 98 projects designed to produce 2,851 rental units. The first mortgages provided a three year term on a sliding scale of 9 3/4% the first year, 10 3/4% the second year, and 11 3/4% the third year.

**The Renter's Tax Credit.** In 1979 the maximum renter's tax credit increased $50 to $150. The grant reduction function was increased from 1% to 1.5% which maintained the grant for renters with incomes below $10,000. The increase in the credit reduction function also increased the progressivity of the benefits so that those with little or no income received the greatest benefit. The increase in the renter's tax credit was part of a package that also increased the Homeowner Grant by $100. In the 1979 Budget Speech the Finance Minister concluded:

Through this increase in the renter's tax credit and the previously announced increase in the homeowner's grant, every homeowner and most tenants should see their housing costs reduced.

(B.C., Ministry of Finance, 1979, 42)
Once again, the difference in treatment between homeowners and tenants is apparent. The increase in the grant given to homeowners was double that given to renters. By the time the renter's tax credit was cancelled in 1983, the Homeowners Grant was $380 while the Renters Tax Credit was a maximum of $150. Moreover, while all homeowners were eligible for the maximum amount of the grant as long as their property taxes were over $380, only those tenants with very low incomes received the maximum renter's grant, since the grant was inversely related to income.

**Post 1980 Rental Housing Policy.** In 1982, as part of a statement of provincial housing policy, the government articulated a rental housing policy that focussed on the role of the private sector in producing rental accommodation and the role of the federal government in providing assistance to the rental market through tax incentives. The objective of the policy was to establish a private rental market with a 2-3% vacancy rate and the annual construction of 10,000 rental units. (B.C., Ministry of Lands, Parks and Housing, 1982a, 6) As shown in Figure 2 the number of apartment units started per year has fallen short of that goal. Moreover, the vacancy rate in Vancouver has only exceeded 2% in one six month period in 1983. (Figure 1) The strategies chosen to achieve the objective include the provision of a stable investment climate through rent decontrol, encouragement of favourable federal tax policies for rental construction and encouragement of the creation of rental units.
Canada Mortgage and Housing Corporation, Canadian Housing Statistics, Statistical Services Division, Ottawa, Various years.
through conversion of existing structures. The government saw it necessary to monitor the need for special programs for rental construction such as the 1980 Housing Initiative Fund which provided low interest mortgages to rental housing developers. It is apparent that, with regards to rental housing, the government saw as its responsibility the creation of conditions favourable for the provision of rental units by the private market. Moreover, the provincial government perceived that the federal government had a particularly important role to play by providing the rental housing industry with tax incentives.

A statement of housing policy issued in 1984 indicated a yet stronger reliance on the private sector to provide rental housing. The government did not see itself even having a role in monitoring the rental situation in case a short term government stimulus was required. The objective of the new rental housing policy was to ensure "an adequate supply of well maintained and sound rental housing in urban centres". (B.C., Ministry of Lands, Parks and Housing, 1984b, not paged) This objective does not specify a targetted vacancy rate nor a targetted annual construction rate. Similar to the previous statement of policy, the approach taken to achieve the objective included the provision of an economic climate suitable to the encouragement of long-term private investment in rental housing, and the encouragement of the federal government to ensure that tax policy assists capital investment in rental unit construction, that is, encouragement of the reinstatement of the MURB tax provision. Further, the government saw the removal of rent controls and rent
review as a strategy that would permit rents to rise over time to cover costs, so that new rental construction would be feasible. (Ibid.)

Rent Regulation. The system of provincial rent controls was discontinued in 1983. Prior to that time, however, the number of rental units protected under rent control had been continuously reduced. Rent controls were only applicable to units with a rent not exceeding a stated amount, which had not been increased for some time. For example, in 1983, one bedroom rental units renting for less than $300.00 per month were included in rent control legislation. Since average money rents for units in the Vancouver CMA were $419.00 (Table IV) it is evident that the majority of units were not rent controlled.

Rental units that were not subject to rent control that rented for less than a stated amount ($750 in 1984) were protected by rent review. The landlord could increase the rent by any amount, but the tenant had the right to appeal the rent increase to the Rentalsman if the tenant felt the increase was excessive. Rent review was abolished in July 1984 when the Residential Tenancy Act was repealed. The same legislation abolished the office of the Rentalsman.

5.7 Social Housing Assistance Programs

Senior Citizen Housing. The government continued the policy of assisting senior citizen housing under the Elderly Citizen's Housing Aid Act, the federal government's non-profit housing
provisions and Section 40 and 43 of the National Housing Act. In 1979, the provincial and federal government signed a Global Funding and Low Income Housing Operating (Senior Citizens) Agreement as a move towards disentangling federal and provincial administration of senior citizen rental housing assistance. The provincial aid included provision of a suitable site for senior citizens' housing if the sponsoring non-profit organization did not have one, and provision of a capital grant for up to one-third of the cost of construction. Also, the ministry would fund any rent supplement payments that would be required to ensure that rents did not exceed a reasonable portion of income.

Between 1979 and 1984, 1,837 seniors housing units were completed at a cost of $24,113,714. The number of senior citizen housing units constructed in the 1979-1984 period was substantially reduced from previous years. Further, priority in allocation of senior citizens units was given to small communities which did not have active rental markets. Seniors in areas with large rental housing markets, such as the major urban centres, were expected to rely on the new shelter allowance for housing assistance.

The Shelter Aid for Elderly Renters (SAFER) program, introduced in 1977, provides direct cash assistance to senior citizen renters of low and moderate income whose rent exceeded 30% of their income. According to the 1978 Annual Report of the Ministry of Lands, Parks and Housing, SAFER was initiated because:

It was recognized that the costs of constructing senior
citizen housing has become increasingly expensive, so that it is possible to reach only a fraction of those senior citizens in need. SAFER provides immediate relief wherever suitable rental accommodation is available in the marketplace, and allows recipients freedom of choice in selecting their accommodation. (B.C., Ministry of Lands, Parks and Housing, 1978, Annual Report, 74)

For the purposes of calculating SAFER benefits, rent maximums are used, which were occasionally reviewed. In 1978, administration of the program was transferred to the Ministry of Human Resources. Table X provides a summary of the SAFER program in 1982:

Table X

<table>
<thead>
<tr>
<th></th>
<th>Singles</th>
<th>Couples</th>
<th>Sharers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum allowance</td>
<td>$134</td>
<td>$65.35</td>
<td>$23.08</td>
</tr>
<tr>
<td>Maximum eligible rent</td>
<td>$330</td>
<td>$365</td>
<td>$365</td>
</tr>
<tr>
<td>Average client's rent</td>
<td>$259</td>
<td>$312</td>
<td>$194</td>
</tr>
<tr>
<td>Average payment</td>
<td>$62.83</td>
<td>$25.22</td>
<td>$6.81</td>
</tr>
<tr>
<td>Number of clients</td>
<td>10,047</td>
<td>969</td>
<td>246</td>
</tr>
</tbody>
</table>


The cost of the SAFER program was $7.9 million per year in 1979-1980 and 1981-1982, rising to $9.1 million in 1983-84. The number
of recipients has decreased from 13,500 in 1979-80 to 10,200 in 1983-84.

Co-operative Housing. The government continued assisting co-operative housing until 1978 through interim financing and the High Impact Grant, initiated under the NDP administration. Since the federal government introduced an Interest Reduction Grant program for co-operatives in 1978, the provincial High Impact Grant Program was cancelled as it was perceived as no longer necessary. A change to the financing mechanism of the co-operative housing program initiated by the federal government in 1978 allowed the provinces to "drop out" of jointly funding the program. The 1979 Global Funding Agreement signed by the federal and provincial government gave responsibility for family housing programs to the federal government.

Housing Assistance for the Disabled. The Federal-Provincial Global agreement gave responsibility for assistance to housing for the disabled to the provincial government. The responsibility for approximately fifteen group homes for the disabled was transferred from the Ministry of Human Resources to the Ministry of Health in 1979. The Ministry of Lands, Parks and Housing provided rent subsidy assistance to approximately 70% of the residents.

In 1980 an intergovernmental committee was formed by federal, provincial and City of Vancouver officials to coordinate and expedite provision of federal-provincial housing assistance for the handicapped. The result of the consultation
was the creation of the Rental Housing Assistance for Disabled Persons program which includes financial aid to the non-profit sector for the construction of units. Non-profit societies building or renovating housing for the disabled were eligible for capital grants of at least 25% of costs as well as ongoing operating subsidies.

The province also provided rent supplements to disabled tenants in various community housing projects and live-in assistants where necessary. The objective of the programs were to rehouse in their own communities those disabled persons that lived in institutions and to provide specially designed housing units not provided by the private sector. (B.C., Ministry of Lands, Parks and Housing, 1984d, not paged)

**Public Housing.** Public housing units were not built after 1976. Under the Federal-Provincial agreement in 1979, the federal government assumed responsibility for family housing. Thus, the B.C. Housing Management Commission essentially became a property management service for government owned social housing.

**5.8 Conclusion**

**Philosophical Basis for Housing Policy: 1976-1985.** Like their predecessors who governed between 1952-1972, the Social Credit government elected in 1976 fully subscribe to and implement housing policy on the basis of a free enterprise philosophy. The Social Credit government has demonstrated an even stronger reliance on the private sector in recent years, resulting in a substantially decreased role for the provincial government.
in housing. This reliance on the market is the result of increasing deficits, economic recession and general disillusionment with the welfare state. In light of changing economic circumstances, supporters of the free market approach have questioned virtually all forms of social expenditure programs that comprise the welfare state. Moreover, taxes and regulations associated with the welfare state are seen as disincentives to work and to invest. These disincentives are seen to contribute to the decline in economic growth and the unrealistic expectations of labour. Thus, the key to economic growth is seen to be the removal of the burden of the welfare state from private enterprise through deregulation and decreased government spending on social programs. Implementation of this general philosophy has clearly occurred in provincial housing policy.

However, the Social Credit government still recognizes that some degree of intervention is needed in areas where the market is perceived to be ineffectual in overcoming gross inequalities and injustices. The policies of free enterprise oriented governments may advocate cutting of social programs, but a minimal residual welfare structure is maintained. Assistance becomes available only to the "truly needy", consisting of those who due to age, handicap or illness are unable to contribute to or find a place in the market economy.

Government intervention is also sometimes considered acceptable in cases where intervention improves conditions for
the operation of the private market. For example, the creation of the town of Tumbler Ridge in the north east sector of B.C. was supposed to provide the necessary infrastructure to permit private mining companies to exploit the area's coal mines. Similarly, the various land servicing programs of the Social Credit government are seen to provide the necessary infrastructure to permit the private housing market to construct housing.

**Trends in Housing Policy: 1976-1985.** Housing policy under the contemporary Social Credit government fully reflects their philosophical position. Following their election in 1976 the government followed a much narrower housing policy focus than the NDP government. The parameters of housing policy under the Social Credit government include reliance on the private sector to provide housing, with government assistance only provided in those situations where the private sector is unable to provide housing and to a group of "truly needy". Thus, senior citizens housing construction is only undertaken in those communities without a significant rental market. Low-income senior citizens who live in urban areas are assisted by a very narrowly targeted form of shelter allowance. The majority of programs that were implemented in the 1972-1976 period to increase the supply of government owned housing or assist renters were abolished by the Social Credit government.

The government has continued support of homeownership although the grant programs have been cancelled. However, as the high mortgage rate problem of the early 1980's indicate, the
government was willing to help alleviate specific problems in the homeownership market. The encouragement of homeownership has occurred at the expense of the rental market. Social Credit rental housing policy aims to create conditions suitable for the encouragement of the private rental housing market. These conditions are seen to be created by the removal of regulation, so that rents can rise to make private development economically feasible and desirable. It is apparent that the government has not considered actions to deal with the anticipated shortages in urban rental housing.

The previous five chapters have provided an overview of B.C. housing policy and programs since World World War II on a period-by-period basis. The following chapter analyses long term themes and trends identifying the elements of housing policy that have changed, as well as those that have remained constant through the years.
Chapter Six

Continuity and Change in B.C. Housing Policy: An Overview

The preceding review of British Columbia housing policy during the last forty years cannot provide a full exploration and analysis of any one period or program. However, the review does permit an identification of what the periods are, what the major policies and programs have been and what has changed or remained constant through the years. This chapter places the three periods, 1945-1972, 1972-1976, and 1976-1985, into a larger context so that broad themes can be identified and examined. Those elements of B.C. housing policy that have remained constant are examined first, followed by a discussion of those elements that have changed.

6.1 Continuity in Provincial Housing Policy

A. No Challenge to Urban Housing and Land Markets.

The most significant continuous element of B.C. housing policy over the last four decades is the lack of any challenge to urban housing and land markets as the sole basis for the provision of housing.

The lack of such a challenge from the free enterprise oriented governments of 1945 to 1972 and 1976 to the present is understandable. To these governments, as Chapters Three and Five point out, the private ownership of land, and private land and
housing markets are basic tenets of the free enterprise philosophy. Housing is valued not only for its use as shelter but for its exchange value as a market commodity. Speculation in housing and residential land is accepted as a fully legitimate means for investment activity. The maintenance and enhancement of housing and land as market commodities and the use of government policies and programs to this end, is a basic element in the underlying philosophy of the 1945-1972 and the present provincial governments.

The New Democratic Party government also never challenged the private urban housing and land markets. Although the policy statements of this social democratic party emphasized the role of housing as shelter, as one of the basic human needs rather than a speculative commodity, there is no record of any serious consideration of policies which would even begin to tackle the commodity nature of housing. Many NDP members did, however, consider this to be a major cause of housing problems. Alternatives to the treatment of housing as a market commodity are now increasingly being discussed in the literature. (see, in particular, Achtenberg and Marcuse, 1983; Hartman, 1980; Hartman and Stone, 1983; and Davidoff, 1983)

There were several NDP programs which at least partially removed some aspects or forms of housing from the private market. For example, during their term of office approximately 10,000 units of senior citizen, public housing and co-operative housing were constructed. These housing forms are all removed from the private housing market in that they cannot be resold for profit.
These non-market units represent approximately 10% of the total number of housing starts for the years 1973-1975.

Such programs were based on a need to provide affordable housing to low- and moderate-income families rather than to as a part of any broad program that would lead to a more thorough decommodification of housing. The NDP's expanded assistance to low- and moderate-income families was based on a view that inadequate housing is an inherent side-effect of the capitalist system and a belief that the state has a responsibility to mitigate such negative impacts. This is common to all social democratic parties in the advanced western nations. (Offe, 1984, 147)

The only program aimed at retaining social ownership of land was the Leasehold Mortgage program which, due to the NDP's short term in office, had only about 700 participants. The majority of these leaseholders had opted for 99 year leases, which is virtually equivalent to fee-simple ownership, meaning that the government had little control over the market exchange of the the leased land. In comparison, approximately 60,000 home purchase assistance grants were issued to home buyers during the same period.

In terms of the production of social housing in the rental sector, the government did permit the construction of approximately 500 units through the Proposal Call Program. However, this small number of units was built by private developers, with the completed projects bought by the government at a negotiated price.
Rather than pursuing a program of decommodification, the programs of the NDP represented the use of resources of the public sector to enable the provincial government to act as a big residential developer in the private market, providing housing units to those unable to fully participate in the housing market. For the most part, the NDP programs were virtually the same as any conservative government has implemented, only the NDP put a great deal more financial resources into them. Since the NDP government had to operate within the logic of the market-dominated housing system the cost of their programs were extremely high. In the year 1973-1974, the NDP government spent approximately 4.7% of its budget on expenditures related to housing, compared to 0.9% in 1978-79 by the Social Credit government. (Statistics Canada, Catalogue 68-207, various years)

B. The Emphasis on Encouraging Homeownership
Throughout the last thirty years, the encouragement of homeownership for as many British Columbians as possible has remained the focus of housing policy. Figure 3 graphically summarizes B.C.'s programs aimed at the encouragement of homeownership since 1950. It is obvious that the encouragement of homeownership is in accordance with the philosophy of the free market oriented governments. The NDP government also continued to support homeownership assistance programs. Both the homeowner grant and home acquisition grant program first introduced by the Social Credit government were continued under the NDP administration.
SUMMARY OF B.C. HOMEOWNERSHIP ASSISTANCE PROGRAMS

PROPERTY TAX GRANT

SECOND MORTGAGE

HOME BUYER GRANT

B.C. HOME PROGRAM (Mortgage Assistance)

LEASEHOLD MORTGAGE & RESIDENTIAL LAND LEASE

PROVINCIAL AHOP

HOUSING INITIATIVE PROGRAM

Moreover, because the majority of land leases issued under the Residential Land Lease Program were for 99 years, the leasehold program closely resembled freehold tenure. The Residential Land Lease Program and the Leasehold Mortgage Program did manage to offer long term leasehold tenure to families with lower incomes than that of other homeownership programs. However, unlike Social Credit, the NDP administration did not focus exclusively on ownership housing. The NDP's support for homeownership was probably a pragmatic political decision based on the recognition that in 1971, 63.3% of households in B.C. owned their own home.

Since the inception of the home buyer assistance program in 1967, 181,360 grants were approved and 105,580 Second Mortgages were issued. Therefore, a significant number of households took advantage of the program. The homebuyer assistance program was also expensive. Between 1980 and 1984 approximately $86.4 million dollars was spent on the First Home and Family First Home grant programs. (B.C., Ministry of Lands, Parks, and Housing, 1983-84, Annual Report, 36) Therefore, it is important to examine the extent to which the homeownership assistance programs achieved the objective of permitting as many households as possible in B.C. to own their homes.

Figure 4 compares rates of homeownership of households in Canada and British Columbia from 1921 to 1981. Although it is impossible to draw causal relationships between the effect of homeownership assistance programs and the rates of homeownership, it is possible to examine trends.
FIGURE 4
Homeownership Rates
Canada & British Columbia, 1921—1981

According to Figure 4, between 1921 and World War II the rate of homeownership in B.C., which initially was much lower than the rest of Canada, increased gradually while the Canadian rate fell sharply. By 1941, the homeownership rate in Canada was slightly lower than British Columbia and has remained in that position ever since. Between 1941 and 1951, the rate of homeownership in B.C. increased from 49% to 69.6%. Since there were no Provincial housing programs in this decade, the increase in the rate of homeownership must have been related to the immediate post-war macro-economic conditions and the early federal government housing and mortgage market programs.

Between 1951 and 1961, the rate of homeownership increased, but at a much slower rate reaching a peak of 71%. Paralleling the rest of the country, the rate of homeownership fell sharply between 1961 and 1971, despite the introduction of federal and provincial homeownership assistance programs. Between 1971 and 1981, the period of greatest homeownership assistance activity, the rate of homeownership once again increased slightly to 64.4%, but did not increase at as great a rate as in the rest of Canada.

The evidence suggests that the extensive and expensive provincial homeownership assistance programs have not by themselves significantly increased the rate of homeownership among B.C. households. It is probable that offering demand subsidies that comprise approximately 2% of the purchase price of a house is not sufficient to encourage households into homeownership. It is likely that the homeownership assistance
programs have only provided assistance at the margins by encouraging households to buy a house slightly earlier than they might otherwise have.

In recent years the case has been made that homeownership is becoming more affordable. This is true, but only in comparison with the highly inflated values of the 1981 real estate boom and the peak in mortgage interest rates. In their 1985 Economic Update, for example, the B.C. Central Credit Union provides the housing cost comparison in Table XI.

<p>| Table XI |
|-----------------|-----------------|
| <strong>COMPARATIVE HOUSING COSTS, 1981 AND 1984 - VANCOUVER</strong> | |</p>
<table>
<thead>
<tr>
<th>1984</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average House Price</td>
<td>$116,000</td>
</tr>
<tr>
<td>Down Payment (25%)</td>
<td>$29,000</td>
</tr>
<tr>
<td>Mortgage Principal</td>
<td>$87,000</td>
</tr>
<tr>
<td>Mortgage Rate (Annual Average)</td>
<td>12.00%</td>
</tr>
<tr>
<td>Amortization Period</td>
<td>25 years</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$ 916</td>
</tr>
<tr>
<td>Qualifying Household Income</td>
<td>$ 36,600</td>
</tr>
</tbody>
</table>


The above cost comparison clearly indicates that a decline in both house prices and mortgage rates have combined to lower the down payment and monthly payment required to purchase an average priced house in Vancouver. However, the payments required to purchase an average priced house in Vancouver is still beyond the resources of most households. It is important to note that the monthly payment figure of $916 does not include the other...
components of shelter costs, such as taxes, insurance, heat, utilities and maintenance. The necessary qualifying household income would, therefore, be much higher. Given that the average weekly earnings in B.C. in August 1984 was $425.22 or $22,111 per year, only average income households with two incomes could afford an average priced home in Vancouver. Average single-income families, low income families and the 16.4% of the labour force who are unemployed (January 1985) are unable to purchase the average-priced house.

In their analysis, the B.C. Central Credit Union acknowledges that the down payment and qualifying income requirements still exclude many families from purchasing the more "affordable" housing. More significantly, however, they note that this relatively better affordability situation will only last as long as house prices and mortgage interest rates remain at their current levels. According to the economists at the B.C. Central Credit Union:

The housing market operates in the shadow of the overall economic climate in the province. Provincial growth has fallen to below one percent, unemployment has climbed and in-migration has become almost non-existent. The effect of these factors on the housing demand has been only partially offset by declining interest rates. Until employment prospects increase and the economy becomes stronger, the B.C. housing market will see little upward price movement. (B.C. Central Credit Union, 1985, not paged)

When the macro-economic conditions in the province improve, and the rate of employment increases we can expect to see upward price movement in the housing market. Any increase in house prices or interest rates will have an immediate impact on the
number of buyers able to purchase a home because of wage levels are not expected to increase significantly during the next several years. This analysis also indicates the power that one of the external factors on the housing market, mortgage interest rates, has on the affordability of housing and the ability of government programs to encourage homeownership. Therefore, any benefits created by the decrease in the price of ownership housing or the decrease in mortgage interest rates are tentative at best.

As the above discussion indicates, the housing policy actions of the provincial government had little to do with the macro-economic conditions that combined to create the decrease in the price of purchasing a house. Other than the homeowner grant, the only provincial program targeted towards the encouragement of homeownership in the last year is the Second Mortgage Program. The Second Mortgage program, with its limit of $10,000, tends to reduce the amount required for a down payment in that the second mortgage can be applied against the down payment, and therefore increases the ability to purchase. However, the monthly payments are increased so that ability of the program to allow homeownership opportunities to become available to those lower down the income scale is limited. Moreover, the current maximum house price for program eligibility is $85,000, which excludes most houses in the Vancouver metropolitan area.

The emphasis on the encouragement of homeownership has resulted in the neglect of renters and the rental housing market.
Figure 5 graphically indicates provincial government housing programs targeted to renters, or the rental market. The renter's resource grant and tax credit was relatively insignificant in its impact on assisting renters in that the maximum grant level was $150 per year for those with little or no income. The Conversion Loan Program has assisted the construction of an average of 80 units per year, and therefore, has had virtually no impact on rental supply.

The NDP's "Provincial Rental Housing" program under the provisions of Section 43 of the NHA resulted in the construction of approximately 2,000 units of publically owned rental housing, which, although a significant supply achievement for a three year period, was a relatively minor addition to the overall rental housing stock. It should be noted, however, that production under this program was limited by the reluctance of the federal government to increase the number of units allocated to B.C.

Under the Assisted Rental Program, the federal and provincial government jointly assisted a significant number of rental starts, 31,515 units, which constituted the majority of apartment units produced in B.C. between 1975-1978. The impact of the ARP program can be seen in the increased apartment starts between 1975 and 1978 in Figure 2. At the termination of ARP, apartment starts fell dramatically until the reintroduction of the Multiple Unit Residential Building (MURB) tax provisions in the early 1980's. Since the removal of the MURB provisions, apartment starts have fallen to extremely low levels.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RENTERS GRANT &amp; TAX CREDIT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONVERSION LOAN PROGRAM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RENT REGULATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEC. 43 RENTAL HOUSING</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROVINCIAL ARP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUMMARY OF B.C. RENTER & RENTAL HOUSING ASSISTANCE PROGRAMS

FIGURE 5
Unlike the ownership sector, there does appear to be a direct and significant relationship between government programs and investment in rental housing. This is probably due to the fact that in the last fifteen years rental housing has not been a lucrative investment without government subsidies. As a result, it appears reasonable to assume that rental housing problems will worsen in the immediate future. During 1985 there are expected to be fewer than 2,000 rental housing starts in B.C. (Clayton, 1984, 3) As a direct result, vacancies in the existing rental housing stock are expected to tighten during the next eighteen to thirty-six months. In its 1985 Economic Analysis, the B.C. Central Credit Union states that:

A crunch in apartment vacancies is expected to hit specific areas of British Columbia, most notably the Lower Mainland, in 1986. In contrast to Vancouver, Victoria and Kelowna, many British Columbian communities have high vacancy rates. Because of their high rates, it is unlikely that the rental tightening will affect communities outside the Lower Mainland, the Capital Regional District and Kelowna. (B.C. Central Credit Union, 1985, not paged)

The B.C. Central Credit Union also notes that at the first sign of economic recovery, it is expected that the demand for rental accommodation will increase. In Vancouver, the demand for rental units will likely outstrip supply in a rather short period of time when the economy rebounds. In the absence of rent regulation, it can be expected that rents will increase in response to the increased demand.
C. Emphasis on Assistance to Housing for Senior Citizens.

Another element of housing policy that has remained consistent has been the emphasis on assistance to housing for senior citizens. Figure 6 graphically summarizes the various programs that have targeted assistance to the construction of seniors' housing or provided aid to seniors to offset housing costs.

Up until the late 1970's the senior citizens housing construction program was quite substantial. As Table II and Table XII indicate, between 1970 and 1978 an average of over 1,000 units per year were constructed under the Elderly Citizens Housing Aid Act and Section 40 and 44 of the NHA. After 1978, assistance to seniors' housing construction was reduced.

<table>
<thead>
<tr>
<th>Year</th>
<th>Units Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>560</td>
</tr>
<tr>
<td>1980</td>
<td>240</td>
</tr>
<tr>
<td>1981-82</td>
<td>403</td>
</tr>
<tr>
<td>1982-83</td>
<td>873</td>
</tr>
<tr>
<td>1983-84</td>
<td>382</td>
</tr>
</tbody>
</table>

Source: Ministry of Lands, Parks and Housing, Annual Report, Various years.

Seniors citizen housing production has decreased dramatically over the last five years. In terms of capital expenditure, since 1979, the provincial government has spent approximately $24 million on assistance to seniors' housing construction. This amount is only slightly more than the amount spent on homebuyer grants in one year 1983-84 (ie. $23 million in 1983-84).
SUMMARY OF B.C. SENIOR CITIZEN'S HOUSING ASSISTANCE PROGRAMS

FIGURE 6

HOUSING AID FOR ELDERLY CITIZENS

SEC. 15/56.1

SEC. 44 RENT SUPPLEMENT

ELDERLY CITIZENS RENTERS GRANT

RENTERS TAX CREDIT

SAFER

SECTION 40

SECTION 43

The decrease in emphasis in seniors housing construction was accompanied by an increase in emphasis on an income support approach to assisting seniors with the introduction of the Shelter Aid for Elderly Renters (SAFER) Program in 1977. Construction of seniors housing is limited to those areas where the private market has been unable to construct adequate rental accommodation, generally small or rural communities. Elderly renters in areas with large rental markets, such as Vancouver, are expected to rely on the SAFER program for housing assistance. Consequently, provincial government participation in assisting the construction of seniors housing in Vancouver has been very limited with only 297 units assisted since 1981. (City of Vancouver, Social Planning Department, personal communication)

According to the Social Credit government's 1984 statement of social housing policy, the income support approach is supposed to be more cost-effective than construction. To illustrate this point, the government provided the following breakdown of the cost of a senior citizen housing unit in an urban location. (B.C., Ministry of Lands, Parks and Housing, 1984d, not paged)

<table>
<thead>
<tr>
<th>Capital cost per unit:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$10,000</td>
</tr>
<tr>
<td>Construction</td>
<td>35,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$45,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly cost per unit:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>$465</td>
</tr>
<tr>
<td>Operating costs</td>
<td>150</td>
</tr>
<tr>
<td>Monthly costs</td>
<td>$615</td>
</tr>
<tr>
<td>Less rent (based on income)</td>
<td>170</td>
</tr>
<tr>
<td>Government monthly subsidy</td>
<td>$445</td>
</tr>
</tbody>
</table>
The document notes that the subsidy of $445 a month is almost six times greater than the average paid out each month to a person receiving SAFER. Opting for an income support approach enables the government to help a greater number of people with the same amount of money. However, further examination indicates that this conclusion is misleading. Table XIII provides a summary of the benefits under the SAFER program for an individual similar to that used in the government's construction cost scenario, that is, a single elderly person with an income of $570 a month, which consists of the Old Age Security Payment and Guaranteed Income Supplement ($533.61) and some savings. The two scenarios in Table XIII provide a summary of the typical SAFER payments provided to those paying the maximum eligible rent of $330 for singles, and payments for those paying a more realistic urban area rent of $400.
Table XIII

The SAFER Program in B.C.: Analysis of Benefits for Singles

<table>
<thead>
<tr>
<th>Example 1: A household paying the maximum eligible rent of $330.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly income</td>
</tr>
<tr>
<td>Monthly rent</td>
</tr>
<tr>
<td>30 percent of income</td>
</tr>
<tr>
<td>Affordability gap = $330 - $171 =</td>
</tr>
<tr>
<td>shelter allowance = .75 X affordability gap =</td>
</tr>
<tr>
<td>Rent paid - shelter allowance</td>
</tr>
<tr>
<td>% of income paid in rent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Example 2: A household paying a typical urban rent of $400.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly income</td>
</tr>
<tr>
<td>Monthly rent</td>
</tr>
<tr>
<td>30 percent of income</td>
</tr>
<tr>
<td>Affordability gap = $330 - $171 =</td>
</tr>
<tr>
<td>shelter allowance = .75 X affordability gap =</td>
</tr>
<tr>
<td>Rent paid - shelter allowance</td>
</tr>
<tr>
<td>% of income paid in rent</td>
</tr>
</tbody>
</table>

It is apparent that even with the SAFER allowance, elderly renters pay substantially more for housing, in terms of rent paid and percentage of income paid for shelter, than their counterparts in publically owned or private non-profit seniors housing. Indeed, in the larger urban areas such as Vancouver or Victoria, elderly renters receiving SAFER benefits may still be paying more than 50% of their income for housing. Therefore, the comparison of costs between government monthly subsidies for seniors housing construction and average amount paid to SAFER recipients is not appropriate since entirely different levels of assistance are being compared.

Further, the comparison does not take into account the fact that seniors housing construction adds to the long term stock of seniors housing, which will be greatly required as the percentage of elderly households increases significantly by the end of this century. Also, the monthly subsidy to government constructed units is expected to remain relatively stable, while shelter allowance payments can be volatile due to changes in rent levels and vacancy rates. The volatility in SAFER benefits, or alternatively, increases in affordability problems for senior citizen renters on fixed incomes, may become quite serious in Vancouver, which is expected to face low vacancy rates in the near future accompanied by rent increases due to the absence of rent regulation.

For the most part, the SAFER program is a well-targetted program that provides some relief to elderly renters in the
province. The program is justifiable to traditional economic analysts and free market oriented governments in that the truly needy are assisted in a manner which allows them to become actors in the private market. Further, a shelter allowance is considered to be a transfer of income, which in theory, gives the recipient freedom of choice in the private market, rather than the supposedly less efficient transfer in kind.

However, the major drawback of SAFER is that elderly renters and the tax payers who pay the bills must still face the uncertainties of the private rental market. The SAFER program cannot be considered a substitute for a seniors housing construction programs. The housing supply programs for senior citizens not only provides adequate, stable and affordable housing for today's elderly in locations where it is needed, but also contributes to the stock of seniors housing that will be needed into the future.

6.2 Major Changes in B.C. Housing Policy

A. The "Terms of Reference" for Housing Policy.

The philosophical orientation of the government in power determines the "terms of reference" for housing policy. The "terms of reference" is defined here as the conceptual framework or set of parameters from which the rationale for and the nature of housing policy is determined. The "terms of reference" which a government defines for itself provides both opportunities for and constraints on the ability of the government to deal with the housing problems of the day. The following discussion
demonstrates how the "terms of reference" for housing policy has changed in each of the key periods in B.C.'s post-war housing policy history.

**Terms of Reference for the 1945-1972 Period.** The free market philosophy of the 1945-1972 government defined a very narrow terms of reference for housing policy. A major tenet of this philosophy is the reliance on the private market to achieve economic and social ends with as little direct government intervention as possible. The provision of housing is considered to be solely within the domain of the private sector, with government intervention only acceptable in emergency conditions or where government intervention can assist the functioning of the private market.

According to basic housing indicators, such as housing starts, homeownership rates and vacancy rates, the private sector in B.C. did, in general, do a satisfactory job of providing housing in the post-war years up to the early 1970's. Further, when housing problems did arise, for example, in the immediate post-war period, the province permitted and encouraged the federal government to intervene. The province considered the solution of post-war housing problems to be the responsibility of the federal government due to its wartime emergency powers. The province never opposed the continuing long term federal role in housing policy formulation and program implementation in the two decades following the war. Thus, while the free market philosophy of the provincial government did have some effect, it appears
that the reliance on the federal government was a more important factor determining the minimal nature of provincial housing policy during this period.

The second tenet of the free market philosophy is the view that government aid should be provided to a defined group of "truly needy" who, because of age, disability or income constraints, cannot find accommodation in the private sector. The decision to very narrowly define the group of "truly needy" severely limits the number of recipients who can receive housing assistance, thereby restricting the scope of housing program options. In the 1945-71 period senior citizens were defined as a group worthy of government aid. The majority of the aid was provided to private non-profit organizations for construction of seniors' projects, though some of the funding was allocated for publically owned seniors' housing.

A third tenet of the free market philosophy is the private ownership of land and housing. Certainly, the most important policy of the 1952-72 Social Credit government was the encouragement of homeownership. This policy was continually articulated. A 1972 policy document states this goal quite clearly:

People require a home either by purchase or by lease—homeownership or renting. The province's main thrust is towards the achievement of homeownership because the Government feels this meets the social and personal needs of the majority of the citizens. (B.C. Legislative Assembly, 1972, not paged)

A position that favours homeownership so thoroughly limits housing policy and program options. The reluctance to support
public housing reflects the government's belief that low income people are better served by ownership assistance programs. The rationale for provincial housing policy in the immediate post-war to early 1970 period was, therefore, to widen homeownership opportunities to as many people as possible, to aid public and private non-profit organizations in providing senior citizens' housing, and to otherwise minimize the provincial government role in the housing market.

**Terms of Reference for the 1972-1976 Period** In terms of housing policy, social democrats such as the NDP see adequate and affordable housing as a right and a basic social need, like medical care or education. Housing is valued as a social utility. In addition to shelter, housing provides social status, access to jobs, education and other services, a framework for the conduct of household work, and a way of structuring economic, social and political relationships. (Achtenburg and Marcuse, 1983, 207) Unlike the proponents of the free market, social democrats value housing more for its use-value as secure, good quality shelter than its exchange-value as an investment. Social democrats support measures that decommmodify some of the housing stock, such as co-operative and non-profit housing. However, in general, they do not acknowledge that the root cause of housing problems may be structural and linked to the treatment of land and housing as typical commodities. (Ibid., 207)

Nevertheless, the broader terms of reference of the the NDP government were not constrained by a reliance solely on the
private sector or by the necessity to only direct aid to a narrowly defined group of "needy". The wider set of NDP policy parameters allowed the government to experiment and to be innovative. Examples of programs that were innovative at the time and which attracted attention across the country were the Home Conversion Loan Program and the Leasehold Mortgage Program.

The NDP also attempted new methods of government initiated housing production, such as the proposal call program and the purchase of a private development company to pursue land development on behalf of the government. The NDP government did not limit aid to a narrowly defined group of needy; programs were targeted to low- and moderate-income people, homeowners, renters and seniors. In this respect, the Renter's Tax Credit represented an innovative program in that it attempted to deal with the inequity between owners and renters due to the focus on programs favouring ownership housing over rental housing. The rationale for housing policy under the NDP was, therefore, to ensure that all British Columbians had access to adequate and affordable housing, and seek greater equity in the distribution of housing. This did not preclude the participation of the private sector in the housing market. Indeed, the NDP saw the continued participation of the private housing sector as essential to the success of their programs. In effect, the NDP government acted as large developer in the private housing market on behalf of those excluded from the market.

While the terms of reference affecting provincial housing policy were broad, and permitted a wide range of programs, the
province was limited by the terms of reference of federal housing policy. During the 1972-76 period, the federal government followed an indirectly interventionist strategy for housing assistance through programs such as AHOP, ARP, and Entrepreneurial Housing which provided assistance to the private sector to increase the production of housing. The federal Entrepreneurial Housing program, for example, was in direct competition with the NDP's proposal call program in that both programs competed for virtually the same resources. As well, the federal government cost-shared many programs with the provincial government, such as co-operative and non-profit housing and public housing, giving the federal government ultimate control over how many of those units would be built. Finally, conflicting views on the virtues of freehold versus leasehold tenure prevented co-operation between the two levels of government and prevented the combining of the B.C. and federal ownership programs. If the two levels of government were able to co-operate and jointly sponsor programs, the eligible income level might have been even further reduced, helping more lower income households.

Two other constraints faced by the provincial government in initiating innovative housing policy was the lack of provincial capital and citizen resistance. The full program of direct construction which the NDP wished to pursue was expensive; if all department requests had been met in 1975, the amount spent on provincial or provincially controlled housing programs would have
been about a half a billion dollars. (Runge, 1975, 77) By comparison, the total capital budget for CMHC was $1.041 billion in 1975. The second major constraint was popular opposition to some of the more innovative programs. In 1971, approximately 63% of households in B.C. owned their own home on a freehold basis, and, therefore, owners and potential owners were not very responsive to ideas such as leasehold tenure or conversion of single family dwellings to permit rental suites. Further, there continued to be substantial neighbourhood resistance to the construction of public housing and rental housing in general.

Terms of Reference for the Period Since 1976. The Social Credit government of 1976 followed the same free market principles as their predecessors in the 1950's and 1960's, that is, reliance on the private sector to construct housing, targeting assistance to a narrowly defined group of truly needy, and encouragement of homeownership. As the discussion in the Chapter 5 indicates, the Social Credit Government, for the most part, followed an indirectly interventionist strategy in housing policy whereby programs were designed to assist the private sector. Programs were also designed to improve conditions for the operation of the private housing sector, such as the removal of rent controls. As noted in Chapter Five, the evidence indicates that in the last few years, the province has become much more dogmatic in their reliance on the private sector to provide housing. The government's most recent policy document regarding housing is explicit in stating that "provincial
policies and programs will be tailored to support and motivate
the housing industry to meet the housing requirements of the
population". (B.C., Ministry of Lands, Parks and Housing, 1984b,
not paged) Government intervention is only seen as essential to
protect an undefined "vital public interest."

The premise of the current government is that the private
housing market is capable of being responsive to the needs of the
people. However, it is apparent that a high percentage of
construction that is occurring is assisted by the federal and
sometimes the provincial government. For example, of the 3,863
apartment units started in Vancouver in 1983, 1,994 were assisted
through the NHA, either by the social housing programs (643
units), or by the market housing programs (1,351 units). Less
than half of the units (1,869) were financed without NHA
assistance. (CMHC, 1983, Canadian Housing Statistics, Table 13)
Thus, the private sector seemed to require government assistance
to build housing despite low vacancy rates and rent decontrol. A
dogmatic reliance on the private sector to provide housing limits
the government's ability to deal with housing problems,
especially the provision of low and moderate income housing,
which the private sector seems unable to produce without large
government subsidies.

The Social Credit government has defined a very narrow group
"in need", worthy of receiving aid. This includes seniors, the
mentally and physically handicapped, and very low-income
families. Aid to families, in the form of public housing, has
not been increased or emphasized since the federal government
assumed responsibility for family social housing in 1979 through the Global Funding Agreement. This definition of a narrow target group restricts the ability of the government to act in order to meet the existing or emerging needs of other groups who are not part of the government's "truly needy" category. An example is the refusal of the provincial government to take action to prevent or ameliorate the displacement of low-income singles in the Downtown Eastside caused by the world exposition and the B.C. Place development.

The Social Credit government has continued the encouragement of homeownership through the homeowner grant and the B.C. Second Mortgage Program, but has cancelled the other home buyer grant programs. A maximum price limit of $85,000, applicable for the entire province, was set for the B.C. Second Mortgage Program program in 1983 to ensure that available benefits go to those in the lower income brackets. The amount of financial resources aimed at homeownership programs, as in the case of all other programs, has therefore been reduced.

The rationale for housing policy under the Social Credit government from 1976 to the present is to create and maintain an investment climate that will motivate the housing industry to meet the housing requirements of the province, with government assistance only provided to a small number of those defined as "truly needy".
6.3 Conclusions

This research provides an overview of post World War II housing policy in British Columbia in order to permit analysis of general trends and to provide a broader context for future policy formulation. Three distinct periods of provincial housing policy have been identified and the program initiatives undertaken in each period have been examined. From this historical perspective, it is possible to analyse elements in housing policy that have remained continuous and those elements that have changed.

First, it is found that during the last forty years, there has never been a serious challenge to the role of urban land and housing markets by housing policy makers. Although the social democratic NDP administration did implement some programs that constructed housing that was removed from the private market, the objective of these programs was not to initiate a program of decommodification of the housing stock.

The emphasis on encouraging homeownership for as many households as possible and housing assistance for senior citizens also been continuous since the 1950's. It is probable that the homeownership assistance programs have had, however, only a marginal impact on increasing the rate of homeownership. It is obvious that macro-economic factors such as interest rates, inflation, household income and demand for housing are more significant determinants on the ability of households to purchase their own houses.

An active seniors housing construction program was maintained from 1955 to the late 1970's with the majority of
units sponsored by non-profit groups. In 1977, the focus of assistance for seniors housing changed from a construction assistance approach to an income assistance approach. Government assisted seniors' housing construction was targetted to those areas, generally small communities, which did not have adequate rental markets. Although the names and details of homeownership and senior citizen housing assistance programs continuously changed, the goals and content of the programs remained essentially the same.

In the analysis of housing policy trends it is found that the philosophical position of the provincial government determined its "terms of reference" for housing policy. In the 1946-1972 and 1976-1985 periods, the free enterprise orientation of the governments determined a very narrow role for government housing policy. In the former case, the narrowness of the parameters for housing policy was caused mainly by a belief that housing policy was the responsibility of the federal government, while in the latter case the narrowness was due to a nearly complete reliance on the private sector to provide housing.

While the NDP government of the 1972-1976 period had an expanded social democratic orientation, it was still constrained in its ability to effectively deal with housing problems. The NDP government was constrained by its limited term in office, the emergence of different federal priorities, the lack of financial resources and the resistance within the province to change. These changes in the terms of reference for post war B.C. housing
policy have prevented any chance of a comprehensive and systematic approach to housing problems.

In terms of provincial housing policy in the future, there is no indication of significant change in the current Social Credit government's policy of reliance on the private sector for provision of housing and the limitation of the role of the public sector to a residual function. However, such an inflexible approach may have to be reconsidered if predictions of a serious rental housing shortage in major urban areas come to pass, or if macro-economic conditions negatively affect the homeownership market. One source of potential change in B.C. housing policy may arise from the current federal housing policy consultation process where the roles of the various levels of government are being reexamined. It is too early, however, to speculate on the actual result of this consultation process.

This research provides a starting framework for further, more detailed analysis of British Columbia housing policy and programs. It has not attempted to evaluate, on a program by program basis, the specific impacts of provincial housing initiatives. Indeed, this overview tends to raise many questions regarding specific program effects. Through this identification and analysis of broader trends, however, it should now be possible to move on to very detailed evaluations of specific programs and to analyse proposed future programs in the context of the larger housing trends, including the dynamics and outcomes of past housing initiatives.
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Appendix A

OUTLINE HISTORY OF CANADIAN HOUSING LEGISLATION AND KEY STUDIES 1940-1984

------------------------------- 1940'S -------------------------------

1940 Rent Controls introduced by the Wartime Prices and Trade Board.

1941 Wartime Housing Limited
Built 45,930 housing units in nine years.

1943 Report on Social Security for Canada, by L. Marsh, for the Advisory Committee on Reconstruction.

1943 A Housing and Community Planning subcommittee of the Advisory Committee on Post-war Reconstruction is established. L. Marsh appointed as Research Advisor.

1944 National Housing Act (major amendments)
"An Act to Promote the Construction of New Houses, the Repair and Modernization of Existing Houses, the Improvement of Housing and Living Conditions, and the Expansion of Employment in the Postwar Period."

1944 Housing and Community Planning, Final Report of the Advisory Committee on Reconstruction's housing subcommittee.

1946 Central Mortgage and Housing Corporation established.

1947 Regent Park North, Toronto, Canada's first public housing project.

1949 National Housing Act
Section 35 federal-provincial public housing assistance (75/25). About 12,000 public housing units built by the early 1960's.

------------------------------ 1950'S -------------------------------

1954 National Housing Act
NHA Mortgage loan insurance; housing redevelopment.
1960'S

1964 National Housing Act (major amendments)
Urban Renewal and Public Housing expanded (90/10; 50/50).


1970'S


1971 Ministry of State for Urban Affairs established.

1971 Programs in Search of a Policy: Low Income Housing in Canada, by M. Dennis and S. Fish.

1973 National Housing Act (major amendments)
Assisted Homeownership Program; Non-Profit and Co-op Housing Assistance; Neighbourhood Improvement Program; Residential Rehabilitation Assistance Program; Land Assembly Assistance; New Communities Program; Native Housing.

1978 National Housing Act (major amendments)
Program revised; some abolished; theme: federal disentanglement.

1978 Ministry of State for Urban Affairs abolished.

1980'S

1981 Canada Rental Supply Program and the Canada Mortgage Renewal Plan initiated.

1982 Canadian Homeownership Stimulation Plan initiated.

Appendix B

OUTLINE HISTORY OF BRITISH COLUMBIA HOUSING POLICY 1940-1985

--------------------------- 1940's ---------------------------

1941 Coalition Government elected.

1942 Post-War Rehabilitation Council established.

1946 Slum Clearance Assistance Act adopted.

--------------------------- 1950's ---------------------------

1952 Social Credit Government elected.

1955 Elderly Citizens Housing Aid Grant introduced.

First Public Housing Project in Vancouver finished.

1957 Provincial Homeowner Grant Act introduced.

--------------------------- 1960's ---------------------------

1967 Provincial Home Acquisition Act introduced.

British Columbia Housing Management Commission (BCHMC) established to manage public housing.

--------------------------- 1970's ---------------------------

1970 Provincial Home Acquisition Act amended to include grant for purchase of existing units.

Landlord and Tenant legislation adopted.

1972 New Democratic Party elected.

Elderly Citizens Renters Grant Act proclaimed.

1973 Department of Housing Act passed, establishing B.C.'s first Ministry of Housing.

Housing Incentive Fund established to ensure an orderly supply of reasonably priced land.
1974 Dunhill Development Corporation purchased Office of Rentalsman created and rent control legislation enacted.

Public Housing- Section 43 NHA used in B.C. for first time, program named Provincial Rental Housing.

BCHMC reconstituted and given a fresh mandate.

Housing Fund replaces Housing Incentive Fund.

Renter's Resource Grant replaces Elderly Citizens Renters Grant.

Department of Housing takes over administration of Provincial Homeowner's Grant.

New financial assistance programs adopted and administered by the Department of Housing:

- Home conversion mortgage loans
- High impact grants for Co-operative Housing
- Interim financing for Co-operative Housing
- School tax removal and resource grants
- Rental information and service grants

Land Assembly Program established.

Residential Land Lease Program announced.

Proposal call method to build low income rental housing introduced.

Rent Supplement Program (Federal) applied to Provincial rental units.

United Housing Foundation given grant to assist establishment of continuing cooperative housing.

Strata Title Act passed, first condominium tenure legislation.

1975 Residential Land Lease Program introduced.

Rent-Aid (B.C. Renter's Tax Credit) introduced to replace Renter's Resource Grant.

Elderly Citizens Renters Grant Act reintroduced provide payment for one year.
1976  Social Credit Party elected.

Responsibility for housing programs moved from Department of Housing to Ministry of Municipal Affairs and Housing.

Provincial Home Purchase Assistance Program introduced.
(modified version of Provincial Home Acquisition Program for new homes only).

Introduction of Provincial ARP/AHOP, in conjunction with the federal program.

Introduction of Municipal Incentive Grant.

Residential Land Lease and Leasehold Mortgage programs terminated.

Joint Committee Report on Housing (Bawlf Report) commissioned.

Land Servicing Program no longer applicable to lands assembled by Crown.

Replotting Assistance Program announced.

Crown Land inventory initiated.

Dunhill Development Corporation renamed Housing Corporation of British Columbia.

1977  Shelter Assistance for Elderly Renters (SAFER) introduced.

Crown Land Program established to make Crown Land available to Municipalities and private developers.

1978  Responsibility for housing programs transferred to Ministry of Lands Parks and Housing.

Family First Home Grant introduced as a modification of Provincial Home Purchase Assistance Program where families with children are targetted with a larger grant.

Mobile Home Registry introduced.

Housing Corporation of B.C. disbanded.
1978 ARP/AHOP/MIG discontinued.
(cont'd)
High Impact Grants discontinued.

1979 SAFER transferred to Ministry of Human Resources.

Global Funding and Low Income Housing Operating Agreement signed with Federal Government whereby Province would undertake responsibility for housing programs targeted at seniors and handicapped, while Federal Government would be responsible for family housing. Province continued non-profit aid to seniors, and introduced rent supplements for the disabled.

------------------------------- 1980's-------------------------------

1980 Rental Assistance to Disabled Persons Program introduced to provide financial aid to the non-profit sector for construction of units in addition to rent supplements.

Housing Initiative Program introduced, where $200 million in mortgage funds at favourable interest rates were offered to homebuyers and apartment developers.

1981 Lease to Purchase Program for first time home buyers introduced.

1982 B.C. Home Program to offset mortgage payment difficulties is introduced.

Accelerated Mobile Home Development Program introduced.

1983 Family First Home and First Home Program replaced by the B.C. Second Mortgage Program.

B.C. Renter's Tax Credit (Rentaid) discontinued.

Rent Controls removed.

## Appendix C

**Housing Starts by Type of Unit**

**British Columbia, 1945-1984**

<table>
<thead>
<tr>
<th>Year</th>
<th>Single Detached</th>
<th>Semi-Detached</th>
<th>Row</th>
<th>Apartment and Other</th>
<th>TOTAL B.C. STARTS</th>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Increase (Decrease)</td>
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<td>---</td>
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<td>10,000</td>
<td>3,000</td>
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<td>---</td>
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<th>Change From Previous Year</th>
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<td>419,310</td>
<td>25,474</td>
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<tr>
<td>Average</td>
<td>13,977</td>
<td>849</td>
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**SOURCE:** CMHC, Canadian Housing Statistics, various years.
British Columbia Housing Starts

1945-1984

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<td>30</td>
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<td>1975</td>
<td>35</td>
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<tr>
<td>1980</td>
<td>40</td>
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British Columbia Housing Starts
By Type of Unit, 1955-1984

(Thousands)