

URBAN RENTAL HOUSING IN CANADA, 1900-1985:

A CRITICAL REVIEW OF PROBLEMS
AND THE RESPONSE OF GOVERNMENT

By

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ABSTRACT

There is widespread agreement among housing policy analysts that there are serious problems with Canada's urban rental housing sector. The specific problems include declining and persistently low vacancy rates, declining private sector starts, and the unaffordability of private stock for a considerable portion of low- and moderate-income renters. Given the importance of rental accommodation, particularly for those lower-income households unable to enter or remain in the ownership sector, this situation has prompted a discussion as to whether the past and current approach to rental housing policy is appropriate to the solution of rental housing problems, or whether new or different strategies for addressing rental problems are warranted.

Within the context of both this discussion and of an ongoing debate as to the appropriate role of the state in housing markets, this thesis investigates what measures the Canadian government has taken over the past eighty-five years to address rental housing problems. Dividing this period into four eras - 1900-1940, 1940-1949, 1949-1964, and 1964-1985 - the thesis examines the existence and extent of rental housing problems; documents how rental problems have been defined and analyzed by housing experts and what their policy recommendations have been; and reviews the response of the

federal government to rental problems. The primary assumption underlying the research is that government intervention in the rental market has been minimal, ad hoc, and largely market-supportive, and that this approach to rental problems has had an enormous impact on problem resolution. Government response to rental problems is reviewed and the research assumption is tested by examining major government and private housing studies, contemporary academic articles and media reports, statistical analyses, the debates in the House of Commons, and housing-related legislation in its original and amended forms.

The evidence suggests that government intervention in the rental sector has indeed been minimal, piecemeal and reactive, largely market-supportive, and carried out within the framework of housing as a market commodity. It suggests further that intervention in the rental sector has been shaped largely by two interrelated factors: the federal government's terms of reference for intervention in the housing market, and its failure to adequately define the rental housing problem.

The federal government's terms of reference for intervention in the housing market define housing provision as a private sector responsibility, home ownership as the desirable tenure option, housing problems as temporary conditions, and housing policy as a provincial responsibility. These terms of reference have severely constrained rental policy and program options and have prevented the implementation of potentially more effective rental programs. Moreover, they have resulted in

either the neglect of Canada's rental problems or the adoption of a variety of short-term, ad hoc programs in response to crisis situations.

The federal government's failure to see the relationship between the quality, supply and affordability elements of the rental problem and thus to adequately define the problem is the second factor which has shaped intervention in the rental sector. Intervention has tended to focus on the three problem elements separately and in a clearly sequential manner, with the result that opportunities for developing a long-term, comprehensive rental housing policy aimed at simultaneous treatment of all three aspects of the problem have been missed.

The thesis concludes that only by questioning the conventional assumptions underlying Canadian rental policy and by acknowledging the interrelatedness of the three problem areas will we make progress on resolving rental housing problems.

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CHAPTER 1

INTRODUCTION

There is widespread agreement among housing policy analysts that there are serious problems with Canada's urban rental housing sector. The specific problems which have become most evident over the past ten to fifteen years include: declining and persistently low rental vacancy rates;¹ declining private sector rental starts, despite the low vacancy rates;² and the unaffordability of both new and existing private rental stock

¹The average rental vacancy rate in Canada was 4% in the 1963 to 1970 period, 2.5% in the 1971 to 1978 period, and 2.2% in the 1979 to 1983 period. In most urban areas, the rate is much lower than the national average. Canada Mortgage and Housing Corporation, "An Analysis of the Rental Market" (Ottawa: CMHC, Planning Division, 1984), p. 9.

²Between 1968 and 1973, apartment starts, which are used as a proxy for rental starts, averaged 104,000 per year. By the 1980 to 1983 period, average annual apartment starts had dropped to 52,000. In both periods, private sector activity accounted for at least 75% of the starts. Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 3.

for a considerable portion of low- and moderate-income renters.³ This situation has prompted a debate as to whether the past and current approach to rental housing policy is appropriate to the solution of rental housing problems, or whether new or different strategies for addressing rental problems are warranted.

Given the important role the Canadian government has played in the housing sector, a number of analyses of Canadian housing policy have been undertaken in the past ten to fifteen years. The major studies include the 1969 report of the Task Force on Housing and Urban Development, known as the Hellyer Report; L.B. Smith's housing research monograph prepared for N.H. Lithwick's 1970 report on the problems of urban Canada; the 1972 report of the Task Force on Low-Income Housing, known as the Dennis and Fish Report; Smith's 1977 Anatomy of a Crisis; Albert Rose's Canadian Housing Policies, published in 1980; Michael Goldberg's 1983 primer on housing markets, policies and problems; and George Fallis's 1985 book, Housing Economics.

³In 1971, an estimated 769,000 renter households with incomes below the official government poverty line or approximately 33% of all renter households were paying in excess of 25% of income for rent. In 1981, an estimated 500,000 renter households or 18.3% of all renters could not afford adequate, uncrowded housing without paying more than 30% of gross income for rent. While the two sets of figures are not perfectly comparable, they do indicate that unaffordability among low-income renters remains a serious problem. Canadian Council on Social Development, A Review of Canadian Social Housing Policy (Ottawa: CCSD, 1977), pp. 23, 31; Canada Mortgage and Housing Corporation, Section 56.1 Non-Profit and Co-operative Housing Program Evaluation (Ottawa: CMHC, Program Evaluation Division, 1983), p. 41.

As well, numerous reports prepared by private housing consultants and organizations, such as the Social Planning Council of Metropolitan Toronto, the Canadian Home Builders Association, the Urban Development Institute, and the Canadian Council on Social Development, have also examined Canadian housing policy.

Most of these studies share a common analytic perspective. They tend to view the provision of housing as a responsibility of the private market and the role of government as a passive intermediary between market conditions and housing needs. Some analysts, such as economists Smith, Fallis, Goldberg, and Clayton have rooted their analysis of housing in a conventional neo-classical model of commodity markets. They apply relatively pure neo-classical supply and demand economics to housing analysis in an attempt to demonstrate that the housing market can and does work. The problems which are identified are merely "imperfections." While Fallis does acknowledge that housing markets are an unusual type of market, his analysis seeks to incorporate their special characteristics while retaining a workable conventional market model. The detailed examinations of forces operating in the market and of economic relationships, such as supply and demand models and price and supply elasticities, undertaken by these economists are simply reflections of their belief that housing policy must be based on a sound understanding of market dynamics as defined by the analytic tools of neo-classical economics.

From the viewpoint of neo-classical economists, housing is a market commodity, not unlike others and the housing market plays an important role in the national economy. Accordingly, government intervention in the market is considered appropriate only if it supports the market and seeks to render it more efficient and competitive and, when necessary, it serves to stabilize fluctuations in the economy. According to most neo-classical housing policy analysts, recent Canadian housing policy has served to destroy private housing sector incentive by disrupting the free operation of the market.⁴ Indeed, one of the purposes of Goldberg's monograph is to "explore a range of policies designed to improve the responsiveness and efficiency of housing markets and to identify classes of policies that are likely to be counterproductive and thus should be avoided in future."⁵

Even the Hellyer Task Force and Albert Rose base their analysis of Canadian housing problems and policies on the traditional housing-as-a-market-commodity model, and defend the use of housing as an economic stimulant. While they note that imperfections in the market mechanism exist and they adhere to the principal of adequate housing as a social right, their prescriptions focus on steps government can take to reduce land,

⁴See L.B. Smith, Anatomy of a Crisis: Canadian Housing Policy in the Seventies (Vancouver: Fraser Institute, 1977), p. vii; Michael Goldberg, The Housing Problem: A Real Crisis? A Primer on Housing Markets, Policies and Programs (Vancouver: University of British Columbia Press, 1983), p. 2.

⁵Goldberg, The Housing Problem, p. 2.

construction, and financing costs, and to ensure more equitable distribution of the housing stock - measures designed to render market operation more efficient. The assumption is that the market can and will respond to housing needs. Indeed, in its Declaration of Principles, the Hellyer Task Force notes:

"The housing needs of most Canadians can and should be met through the private market. Governments, in providing the necessary regulatory framework, should seek to encourage, not inhibit, the construction industry."⁶

Of the major policy studies undertaken in the past fifteen years, only the Dennis and Fish Report is critical of the Canadian government's almost exclusive reliance on the private sector.⁷ In proposing the establishment of a substantial non-profit sector and of a large-scale public land-banking system, Dennis and Fish attribute continuing low-income housing problems to both the use of housing as an economic stabilizer and to attempts to graft social housing programs onto "a profit-making production-oriented market mechanism in which the producers conceive of housing as an artifact to be produced rather than a service to be rendered."⁸ According to Dennis and Fish, without the necessary changes in mechanisms for producing, maintaining

⁶Canada, Federal Task Force on Housing and Urban Development, Report of the Task Force on Housing and Urban Development (Ottawa: Queen's Printer, 1969), p. 23.

⁷The report was so scathing in its criticism that its contents were never made public by CMHC and the authors resorted, in 1972, to private publication under the title Programs in Search of a Policy: Low-Income Housing in Canada.

⁸Michael Dennis and Susan Fish, Programs in Search of a Policy: Low-Income Housing in Canada (Toronto: Hakkert, 1972), p. 347.

and distributing housing, the goal of housing as a social right will remain ephemeral.

In the last few years, a body of critical housing literature which challenges the traditional conceptions of housing as a market commodity and of the market as the sole basis for housing provision has emerged. The literature, authored largely by British and American political economists, questions the sanctity accorded the market and market theory, noting that theoretically-based neo-classical economic analyses of the housing market and housing problems are neither empirically nor historically-rooted. According to political economists, the formal and stylized textbook housing market never did exist because of a number of characteristics of housing which differentiate it from typical market commodities and which adversely affect the operation of the housing market. The characteristics include both factors internal to the dynamics of the housing market such as the heterogeneity, durability and fixed location of the housing stock, and macro-economic and socio-political conditions such as inflation and the availability and cost of land, which determine the broader context in which the housing market must operate. Together, these internal and external factors ensure that the housing market does not perform in a way that produces, for the majority of people, satisfaction of their economic, social and personal needs for a decent place to live, in a decent and suitable

environment, at an affordable cost.⁹ Political economists assert that the treatment of housing as a commodity rather than as a social good, and the housing industry's drive to maximize profits from every aspect of housing ownership, operation, financing and production lie at the root of housing problems in western capitalist nations.¹⁰ Canadian political economist Alan Moscovitch explains the reasoning as follows:

"...the drive for profits is in direct conflict with the needs of ordinary people for housing...The drive for profits makes the construction of new housing at prices which can be afforded by individuals and families with low incomes an unlikely possibility. The drive for profits has continuously made impossible the private construction of housing at relatively low prices. Priority is determined by the demands of finance corporations for profits at low risk...Priority, as a consequence, can only be given to housing which is likely to return a higher profit."¹¹

Proposals for the resolution of housing problems must, therefore, move beyond simply stimulating growth in the economy or tinkering with an unworkable system through the use of government subsidies. The prescription offered by political

⁹Chester Hartman, "Introduction: A Radical Perspective on Housing Reform," in America's Housing Crisis: What is to Be Done? ed. C. Hartman (Boston: Routledge and Kegan Paul, 1983), p. 5.

¹⁰See Hartman and Michael Stone, "A Socialist Housing Program for the United States," in Urban and Regional Planning in an Age of Austerity, eds. P. Clavel, J. Forester, and W.W. Goldsmith (New York: Pergamon Press, 1980), p. 238; Hartman, "A Radical Perspective on Housing Reform," p. 8; Emily Achtenberg and Peter Marcuse, "Towards the Decommmodification of Housing: A Political Analysis and a Progressive Program," in Hartman, America's Housing Crisis, p. 207.

¹¹Alan Moscovitch, "Housing: Who Pays? Who Profits?" In Inequality: Essays on the Political Economy of Social Welfare, eds. A. Moscovitch and G. Drover (Toronto: University of Toronto Press, 1981), pp. 325-326.

economists is to decommodify or remove as much of the housing system as possible from the profit-maximization drive.¹²

Suggested vehicles for facilitating decommmodification include social production and ownership of housing, public financing of housing, social control of land, and tax system reform.

Within the context of this ongoing debate as to the most desirable means of producing and managing housing, and the appropriate role of the state in the housing market, this thesis investigates what measures the Canadian government has taken over the past eighty-five years to address one aspect of housing problems: rental problems. The primary assumption underlying the research is that government intervention in the rental market has been minimal and ad hoc and has not challenged either the principle of housing as a commodity or that of the market as the best allocative mechanism. This pattern of intervention has evolved out of a set of four fundamental and rarely-questioned assumptions about the appropriate role of government in housing, about the capacity of the private rental sector to meet Canada's rental housing needs, and about the role of rental tenure in Canadian society. These assumptions have severely constrained rental policy and program options and have prevented the implementation of potentially more effective rental programs. These constraints on government rental policy have resulted in either the neglect of Canada's rental problems or the adoption

¹²See Hartman, "A Radical Perspective on Housing Reform," p. 9; Achtenberg and Marcuse, "Towards the Decommmodification of Housing," p. 220.

of a variety of short-term, ad hoc programs in response to crisis situations.

The most significant underlying assumption influencing government intervention in the rental sector is the adherence to the belief that housing is a market commodity whose provision is a private sector responsibility, and its corollary that the market is the best allocative mechanism. Accordingly, government has involved itself in housing provision only in extraordinary or emergency circumstances, and only in order to aid the market rather than circumventing or competing with it. From this, it has followed that when government has had to intervene, actors in the market place have been used for program implementation.

This sanctity accorded the private housing market appears to be based on a strong value accorded to individualism, a notion which implies that the acquisition of housing is a personal responsibility. Thus, except in the case of a narrowly-defined group of "truly needy" (the elderly, mentally or physically disabled, and single parents on welfare), who are incapable of assuming such responsibility, an attempt is made to minimize the nature and extent of the government's role in the housing market.

The second assumption defining government intervention in the rental sector is the focus on home ownership as the desirable tenure option given its allegedly stabilizing effect on family life and society. Indeed, references to the

stabilizing influence of home ownership pervade both early and recent Canadian housing literature. As a result of this attitude, rental tenure has, relative to home ownership, enjoyed "second class" status in Canada.¹³

The third assumption influencing the nature of government intervention in the rental sector is the contention that not only rental sector but housing problems in general are temporary aberrations rather than manifestations of fundamental, long-term problems. This view that short-term market imperfections or ephemeral macro-economic conditions are responsible for rental problems follows from the belief in the efficiency of the market mechanism, and has meant that government has consistently either neglected rental problems or responded with ad hoc, short-term interventions.

The final assumption influencing government intervention in rental problems is the view that housing is largely a local matter, with problems best left to the municipalities and

¹³See Albert Rose, Regent Park: A Study in Slum Clearance (Toronto: University of Toronto Press, 1958), p. 18; Nicholas Steed, "The Lingering Death of the Family House: A Report on the Shelter Squeeze," Macleans, May 1967, p. 15; Roy LaBerge, "A New Concept," Canadian Labour 13 (February 1968):25; Canadian Real Estate Association, Housing in Canada: A Continuing Challenge, All Sector National Housing Conference Report (Don Mills, Ont.: CREA, 1982), p. 52; Harry Flemming, "Tenants Outnumber Landlords: Shouldn't They Have More Rights?" Atlantic Insight 4 (February 1982):61; A.G. Dalzell, Housing in Canada, Vol. 2: The Housing of the Working Classes (Toronto: Social Service Council of Toronto, 1928), p. 19; Canada, House of Commons, Special Committee on Housing, Minutes of Proceedings and Evidence, Nos. 1-11 (Ottawa: King's Printer, 1935), p. 171.

provinces to sort out. Section 92 of the British North America (BNA) Act delegates responsibility for housing to the provinces. The Act also, however, accords the federal government jurisdiction over a much larger and more lucrative tax base. The constant volleying of the responsibility for rental housing problems back and forth between the level of government mandated the responsibility and the level realistically able to assume that responsibility has meant rental intervention has been minimal and inconsistent.

This thesis investigates government action on rental problems and tests the assumptions outlined above by tracing the evolution of Canadian rental housing problems and policy from 1900 to the present. While an examination of rental housing problems is not the primary purpose of the research, some discussion of the extent, nature and source of such problems over the course of the century is clearly essential to an examination of the response of government. Specifically, the thesis examines the existence and extent of rental housing problems during the twentieth century; documents how rental housing problems have been defined and analyzed by housing experts and what their prescriptions have been; and reviews the response of the federal government to rental problems.

The rationale for undertaking this study is three-fold. The first rationale is the seriousness of the rental problem given the importance of rental tenure in Canada, both today and in the future. In 1981, for example, 36.7% of all Canadian households

and 45.4% of urban households were renters.¹⁴ The absolute number of renter households is expected to increase given projected household formation rates and well-documented trends towards non-family one and two person households.¹⁵ Moreover, the rental sector has become increasingly residual, acting as the last resort for those unable to enter or remain in the ownership sector. As Table 1 indicates, as recently as 1967, the tenant population was divided almost equally between the income quintiles, with the exception of the highest quintile which comprised only 14.3% of the renter population. By 1981, almost 80% of tenants were drawn from the lowest three income quintiles, with the highest quintile accounting for only 9% of the renter population. These figures indicate that the higher income households able to take advantage of the home ownership option have done so, leaving those with no choice in the rental sector. Indeed, as Table 2 illustrates, the home ownership rate for the lowest two income quintiles declined by 19% and 3%, respectively, between 1967 and 1981.

¹⁴See J.D. Hulchanski, "Tax Costs of Housing," Policy Options, June 1985, p. 3; Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1982 (Ottawa: CMHC, Economic Research Department, 1985-), Table 101. Urban is defined as Census Metropolitan Areas.

¹⁵While some of these households may desire owner-occupied dwellings, interest rate volatility, rising energy costs and house prices, and the stable, if not declining, wealth of the lower two income quintiles will likely render home ownership increasingly inaccessible to many households.

Table 1 **Renter Households, By Income Quintile,**
Canada, 1967, 1973, 1977, 1981

Quintile	1967	1973	1977	1981	Change 1967 - 1981
	1	2	3	4	5
Lowest	20.4%	26.6%	29.1%	31.1%	+10.7%
Second	23.9%	24.7%	25.9%	26.0%	+ 2.1%
Third	22.2%	22.6%	20.4%	20.3%	- 1.9%
Fourth	19.2%	16.1%	14.8%	13.6%	- 5.6%
Fifth	14.3%	10.0%	9.8%	9.0%	- 5.3%
Total	100.0%	100.0%	100.0%	100.0%	

Source:

Statistics Canada, 1983

Table 2 **Home Ownership Rates, By Income Quintile,**
Canada, 1967, 1973, 1977, 1981

Quintile	1967	1973	1977	1981	Change 1967 - 1981
	1	2	3	4	5
Lowest	62.0%	50.0%	47.4%	43.0%	-19.0%
Second	55.5%	53.6%	53.3%	52.4%	- 3.0%
Third	58.6%	57.5%	63.2%	62.7%	+ 4.0%
Fourth	64.2%	69.8%	73.2%	75.0%	+11.0%
Highest	73.4%	81.2%	82.3%	83.5%	+10.0%
Average	62.7%	62.4%	63.9%	63.3%	

Source:

Statistics Canada, 1983

As for future trends, statistics indicate that the percentage of Canadians with incomes below the poverty line is on the rise,¹⁶ and projections suggest that an increasing proportion of future renter households will be comprised of young, elderly and female-headed single-parent family households who tend to live on fixed incomes or who experience low earning power.¹⁷ These trends have major implications for housing the Canadian population.

The second rationale for this study is the paucity of Canadian housing literature which reviews rental housing problems and policies over the long-term. Indeed, most Canadian housing literature focusses either on housing in general, with only passing reference to the rental sector, or focusses primarily on the ownership sector. The 1971 Smith monograph, the Hellyer Report, and Rose's and Fallis's studies, for instance, all examine Canadian housing policy in a very general way. In none of the studies are rental problems and policies accorded special or even separate treatment. Moreover, where rental sector problems have been examined, the analysis has usually focussed on the immediate situation or on a long-term defined as five to ten years rather than on a broader historical context. As well, most often only one aspect of the rental situation has

¹⁶The percentage increased from 15.1% in 1980 to 15.4% in 1981. Leonard Shifrin, "Poverty Line is Not Holding," Toronto Star, 2 October 1982.

¹⁷Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 5.

been examined. Smith's 1977 monograph on housing policy, for instance, which does treat the home ownership and rental sectors independently, covers only the 1970's. A 1985 paper by Jeffrey Patterson, which does cover the entire period since World War II, focusses only on the Ontario rental market and on one aspect of the rental issue - rent controls.

The third rationale underlying this research is its value as a foundation for further research into rental problem resolution and for rental policy direction. As suggested above, the lack of a body of literature which provides an historical overview and a broader context for the analysis of rental problems and programs is evident. Rental problems over the course of the century have been documented, but never brought together in one source. This broad overview enables the identification of long-term trends, both in rental problems and policy initiatives, and in factors shaping the rental housing policy-making environment in Canada. As such, it helps to illustrate the relevance of past problems, analyses and government action to current rental problems, and thus provides a broader context within which to assess current problems and to formulate future rental housing policy.

At this point it may be useful to clarify what is meant by "policy", a task which has attracted much interest but little agreement. It can be argued that a careful use of the term policy is limited to describing the product of a rational, systematic and long-term process of decision-making. As such,

policy would very deliberately define a context within which future decisions will be made.¹⁸ Policy can also be defined more broadly, however, in acknowledgement of the actual environment in which government measures are often implemented. In their 1984 book titled The Policy Process in the Modern Capitalist State, Christopher Ham and Michael Hill note that it is hard to identify particular occasions when policy is made because policy is rarely expressed in a single decision. Rather it tends to be defined in a series of decisions which, taken together, comprise a common understanding of what policy is. Ham and Hill observe as well that a study of policy must examine non-decisions in addition to decisions because much political activity is concerned with maintaining the status quo and resisting challenges to the existing allocation of values. To decide to do nothing is in fact a policy decision. Ham and Hill also raise the question of whether a series of actions which have not been formally sanctioned by decisions can constitute a policy.¹⁹ A 1972 article on policy analysis by H. Heclo raises similar questions about what constitutes policy. Heclo concludes that policy is not a self-evident term and may be "usefully considered as a course of action or inaction rather than

¹⁸See W.I. Jenkins, Policy Analysis (London: Martin Robertson, 1978), p. 15; J.K. Friend, J.M. Power, and C.J.L. Yewlett, Public Planning: The Inter-Corporate Dimension (London: Tavistock, 1974), p. 40.

¹⁹Christopher Ham and Michael Hill, The Policy Process in the Modern Capitalist State (Brighton: Wheatsheaf Books, 1984), pp. 11-12.

specific decisions or actions."²⁰ In that this research is concerned more with the actual response of government to rental problems than with the announced intentions of government regarding the rental situation, the broader definition of "policy" articulated by Ham and Hill and Heclo is used in this thesis.

The thesis is composed of six chapters. Because so little information on the rental sector is available, the four chapters immediately following the introduction provide a chronological account of the evolution of rental problems and government intervention in the rental sector since the turn of the century. Given the dominant federal role in housing in Canada, the focus of the discussion regarding programs and policy is on the federal level, though the role played by the provinces, particularly in the early years, is briefly discussed. Each of the four chapters deals with a particular historical period. Relying on empirical data garnered from major government and private housing studies, contemporary academic articles and media reports, statistical analyses, the record of the House of Commons debates, and housing-related legislation in its original and amended forms, each chapter outlines the extent and severity of rental housing problems, advocacy for action on rental problems, and the response of government. Chapter 2 covers the years from 1900 to 1940, a period in which the provinces and municipalities took considerable action on rental problems but in which federal intervention was negligible. Chapter 3, which

²⁰H. Heclo, "Review Article: Policy Analysis," British Journal of Political Science 2:84-85.

deals with the 1940 to 1949 period, reviews the extensive and experimental federal role in the rental sector during the war and immediate post-war years. Focussing on the period from 1949 to 1964, Chapter 4 examines the permanent though minimal federal presence in the rental sector which resulted from the wartime experience. Finally, Chapter 5 traces the emergence of a major permanent role for the federal government in the rental sector from 1964 to the present.

Unlike these four chapters which cover specific periods, Chapter 6 provides a thematic analysis of the entire 1900 to 1985 period. In identifying key themes in the evolution of rental housing policy, the analysis in Chapter 6 suggests that the research assumption hypothesized above is borne out - government intervention in the rental sector has indeed been consistently minimal, ad hoc, largely market-supportive, and carried out within the framework of housing as a market commodity. It suggests further that two interrelated factors have been instrumental in shaping intervention in the rental sector and rental housing policy in Canada over the course of this century. The first factor is the set of assumptions outlined above which have constituted the terms of reference from which the rationale for and nature of rental sector intervention have been determined. The second is the inability on the part of the federal government to adequately define the rental housing problem given that it did not draw the connection between the three key elements of the rental problem.

Chapter 6 concludes by speculating briefly on the possible impact of government rental policy on rental problem resolution and on the significance of both past government actions and missed opportunities for action for current rental problems and future rental policy development.

CHAPTER 2

URBAN RENTAL PROBLEMS AND POLICIES, 1900-1940

Canada entered the twentieth century with housing conditions in her larger centers already a serious problem and a focus of concern among public health officials and early reformers. According to urban historian John Weaver, crowded streets with irregular alignments, frame dwellings packed around fire hazards, and epidemics characterized the residential areas of Halifax, St. John, Quebec, Montreal, Toronto, and Hamilton as early as the mid-nineteenth century.²¹ Moreover, a serious shortfall of adequate and affordable working-class housing had resulted in the concentration of working-class households in central slums or peripheral shanty towns.

The first forty years of the twentieth century witnessed little improvement in Canada's "housing problem". Any advances occasioned by construction booms immediately preceding and following World War I and by the imposition and enforcement of housing standards were more than offset by the unprecedented

²¹John C. Weaver, "An Introduction to the History of Shelter Costs in Canada," Urban Focus 5 (May-June 1977):7.

rates of urbanization and immigration and the deteriorating economic circumstances of the working- and even middle-classes throughout the period. The construction slumps of World War I and the 1930's merely served to exacerbate an already serious situation. Even government intervention in the 1930's into a market heretofore completely dominated by private sector activity was largely ineffectual and great numbers of Canadians, and particularly low-income Canadians, remained very poorly housed at the outbreak of World War II.

2.1 The Housing Problem, 1900-1930

Only limited reference to rental housing is found in the housing literature of the pre-1930 period. This lack of attention was largely a reflection of the relative unimportance of renting in a society in which suburban land was cheap and in which the ideals of home ownership and private property were widely accepted and promoted.²² Indeed, the virtues of home ownership and its stabilizing effect on society and family life were extolled in a number of articles by Thomas Adams, the prominent planning advisor to the Commission of Conservation,

²²Although most urban Canadians, and particularly those of the working-class, were tenants in the nineteenth century, most households aspired to home-ownership. Indeed, home-ownership rates rose by almost 20% between 1900 and 1910, and continued to rise thereafter such that by 1921, 61.9% of Canadian households were owner-occupiers. See Richard Harris, "Homeownership and Class in Modern Canada," International Journal of Urban and Regional Research, forthcoming; J.T. Saywell, Housing Canadians: Essays on the History of Residential Construction in Canada (Ottawa: Economic Council of Canada, 1975), p. 33; Dalzell, Housing in Canada, p. 23.

between 1914 and 1923, and by numerous federal and provincial elected representatives. Even as late as 1928, noted Canadian planner and municipal engineer, A.G. Dalzell, in a study of the housing conditions of Canada's working class, concluded that despite the growth in numbers and the obvious utility of rental buildings in facilitating labour mobility it was "essential that the location and the construction of such buildings be regulated so that they do not entirely displace the single detached dwelling..."²³ A Liberal-Unionist Member of Parliament aptly summarized the popular sentiment regarding home ownership during the Parliamentary debate over the 1919 federal housing bill when he declared:

"...it is in the national interest that a man may have the opportunity to rear his family in a comfortable house of his own equipped with modern sanitary conveniences...[it] induces him to take more practical interest in the affairs of the country and thus tends to the strength and stability of our national life."²⁴

As hinted in Dalzell's statement, the reverence for home ownership implied some antipathy towards multi-family rental dwellings, likely as a result of the poor living conditions and overcrowding evident in such dwellings. The testimony of A. Officer, Public Health official of the City of Winnipeg, before the 1935 Special Parliamentary Committee on Housing, accurately reflects the prevailing attitude regarding rental tenure throughout the early part of this century. Speaking of rental

²³Dalzell, Housing in Canada, p. 39.

²⁴Canada, Parliament, House of Commons, Debates (1919), pp. 2532-2533.

dwellings, he said:

"This class of building only affords the means of placing so many more people to the acre with no proper allowance for adequate sunshine and fresh air. When we come to consider the basement suites of our apartment blocks, we are forced to admit that after all, very few are really suitable for occupation. They are frequently dark and damp, and when windows are opened they serve the purpose of permitting dust and dirt to enter the rooms."²⁵

Ironically, poor rental conditions resulted largely from an accepted tradition of providing housing for renters through the conversion of single-family dwellings for multi-family occupancy²⁶ and through the "filtering down" of older dwellings from the wealthier classes. A large portion of the units which filtered down to lower-income households, however, were seriously deteriorated or even obsolete. As one witness before the 1935 Parliamentary Committee on Housing suggested, such second hand housing was generally so delapidated when passed on to the low-income renter that he started with practically a slum.²⁷

Given the reliance on conversion and filtering to house renter households, the construction and design of dwellings

²⁵House of Commons Special Committee on Housing, Minutes, p. 171.

²⁶Many of the substandard dwellings recorded in the 1951 Census were initially single-family units which had been converted to multi-family use. Central Mortgage and Housing Corporation, Housing and Urban Growth in Canada: A Brief from Central Mortgage and Housing Corporation to the Royal Commission on Canada's Economic Prospects (Ottawa: CMHC, 1956), p. 30.

²⁷House of Commons Special Committee on Housing, Minutes, p. 48.

intended specifically for multi-family occupancy remained at very low levels in the early years of this century. As the data in Table 3 indicate, in fact, widespread apartment construction was a phenomenon of the mid- to late-1920's. Between 1921 and 1931, the percentage of the Canadian housing stock accounted for by apartments and flats rose from 2% to 15%,²⁸ although even at 15% of the stock, apartment units could hardly be considered a significant housing form in the pre-World War II years.

Given the relatively low status of rental tenure in the early pre-World War II period, the paucity of information on rental housing and rental problems in the literature of the period is not surprising. Consequently, however, the student of rental housing must make a number of assumptions regarding the applicability of available information on housing conditions in those early years to the rental sector. For the purposes of this analysis, it is assumed that the general concerns articulated about housing conditions, particularly in the literature of the 1900-1930 period, apply to rental as well as owner-occupied accommodation.

²⁸Saywell, Housing Canadians, p. 165.

Table 3

Urban¹ Residential Completions,
By Type, Canada, 1921 - 1939

Year	Urban Completions			
	Single-Family		Multi-Family ²	
	000's	% of Total	000's	% of Total
	1	2	3	4
1921	20.1	67.4	9.7	32.6
1922	23.9	64.4	13.2	35.6
1923	23.6	61.8	14.6	38.2
1924	19.2	56.1	15.0	43.9
1925	21.5	54.2	18.2	45.8
1926	25.3	51.3	24.0	48.7
1927	23.8	46.8	27.1	53.2
1928	24.7	43.6	31.9	56.4
1929	23.8	40.7	34.7	59.3
1930	19.5	40.9	28.2	59.1
1931	18.8	44.1	23.8	55.9
1932	11.2	45.2	13.6	54.8
1933	9.1	47.4	10.1	52.6
1934	11.5	47.7	12.6	52.3
1935	13.3	46.5	15.3	53.5
1936	15.6	45.6	18.6	54.4
1937	18.7	44.2	23.6	55.8
1938	16.1	42.0	22.2	58.0
1939	20.6	45.2	25.0	54.8

1. Urban = non-farm

2. Multi-Family used as proxy for apartments

Source:

Firestone, O.J. (1951) Residential Real Estate in Canada,
 Toronto: University of Toronto Press, p. 268.

According to contemporary accounts, the housing problem of the 1900-1930 period consisted of three interrelated elements: the physical inadequacy of existing units (quality), the lack of sufficient numbers of units (supply), and the high cost of owning and renting (affordability).²⁹ Because systematic data collection and analysis was not yet common practice, however, few figures are available which quantitatively describe the extent and severity of such problems. One must, therefore, rely on descriptive accounts published in contemporary reports and on the few isolated and incomplete statistics which are available in order to gain an understanding of the nature and extent of the urban housing problem of the early pre-World War II years. Although discussion of each of the problem elements in isolation of the others is somewhat artificial given the intricate connections between them, they are considered separately here for the sake of organizational clarity.

²⁹See Canada, National Industrial Conference, Report of the Royal Commission on Industrial Relations (Ottawa: King's Printer, 1919), p. 13; Canada, National Industrial Conference, Official Report of Proceedings and Discussions (Ottawa: King's Printer, 1919), p. 187; Dalzell, Housing in Canada, p. 36; Ontario, Report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto (Toronto: Hunter-Rose Co., 1934), pp. 1, 32, 56; League for Social Reconstruction, Social Planning for Canada, 2d ed. (Toronto: University of Toronto Press, 1975), pp. 9, 457; House of Commons Special Committee on Housing, Minutes, pp. 7, 13, 98; Thomas Adams, "Practical Housing," Canadian Municipal Journal 15 (November 1919):359; A.E. Grauer, Housing: A Study Prepared for the Royal Commission on Dominion-Provincial Relations (Ottawa: King's Printer, 1939), pp. 49, 56; Saywell, Housing Canadians, pp. 114, 155.

The Quality Problem. Concern regarding housing quality in the 1900-1930 period focussed primarily on the growth of urban slum conditions.³⁰ The existence of a serious, though limited, slum problem in the working-class districts of larger Canadian centers was first widely publicized by the public health movement,³¹ a reform movement composed largely of middle-class journalists, clergymen, women's organizations, health professionals and academics.³² Fuelled by the industrialization and rapid urbanization of the late nineteenth and early twentieth centuries, and in the absence of controls on construction and development, Canadian urban centers had developed in a speculative, piecemeal and unco-ordinated fashion, with little attention given to street layout, servicing and construction standards, or the separation of often incompatible land uses. As a result, poor sanitary conditions, a

³⁰A slum, according to a 1930's Washington, D.C. Glossary of Housing Terms, is an area in which dwellings predominate that because of either delapidation, obsolescence, overcrowding, arrangement or design, lack of ventilation, light or sanitary facilities, or a combination of these factors, are detrimental to the safety, health, morals, comfort and welfare of the inhabitants. See House of Commons, Debates (1938), p. 327.

³¹Early studies of urban working-class living conditions were conducted by Montreal businessman Herbert Ames, child welfare advocate, J.J. Kelso, Winnipeg clergyman and social reformer, J.S. Woodsworth, Toronto reformer, Bryce Stewart, and the Labour Gazette in 1904. See Paul Rutherford, "Tomorrow's Metropolis: The Urban Reform Movement in Canada, 1880-1920," in The Canadian City: Essays in Urban History, eds. G.A. Stelter and A.F.J. Artibise (Toronto: McClelland and Stewart and Institute of Canadian Studies, Carleton University, 1977), p. 375; Weaver, ed., Shaping the Canadian City: Essays on Urban Politics and Policy, 1890-1920 (Toronto: The Institute of Public Administration of Canada, 1977), p. 26.

³²Rutherford, "Tomorrow's Metropolis," pp. 369, 382.

lack of basic water and sewer services, crowded frame dwellings packed around fire hazards, periodic outbreaks of contagious diseases, and high mortality rates characterized the working-class areas of larger Canadian cities. Indeed, visiting British M.P. and prominent housing reformer, Henry Vivian, noted in a British magazine in 1910 that he had witnessed slums in Montreal worse than in East London³³ and a 1911 Health Department survey in Toronto revealed:

"homes in cellars, lanes, stables and shacks, where adults and children mingled with chickens and cows; where the number of lodgers or family (sic) outnumbered the beds; where thousands of families lived without drains or drainage, and people outnumbered baths five to one; and where high rents seemed matched only by high disease rates."³⁴

Similarly, Dr. Charles Hodgetts, Medical Advisor to the Public Health Committee of the Commission of Conservation wrote of Canadian slums in the Commission's second annual report in 1911:

"Indeed, all is dilapidation, decay and desolation. The environment reeks with the odours of successive strata of dirt, household refuse, and domestic slops, while the walls are cracked, and stairways rickety and unsafe, narrow and dark. The houses are often without cellars, are low and damp, being sometimes built flat upon the ground; while darkened rooms, inaccessible to sunlight, add a sombre hue to a condition which can only be summed up as 'damnable'."³⁵

The wretched living conditions of the working-class were

³³Dalzell, Housing in Canada, p. 30.

³⁴See Saywell, Housing Canadians, p. 117.

³⁵Canada, Commission of Conservation, Second Annual Report (Montreal: John Lovell & Son, 1911), p. 53.

also documented by a 1919 federal Royal Commission on Industrial Relations, which cited poor housing conditions as a major factor underlying industrial unrest across Canada, by two Nova Scotia Royal Commissions on Mining in 1920 and 1926, and in Dalzell's 1928 study on the housing conditions of the working-class.

The Supply Problem. The public health studies of the turn of the century suggested that the concentration of working-class households in central slums or peripheral shanty towns was the result of a shortage of adequate housing affordable to average wage-earners. The already serious pre-war shortfall was exacerbated by the virtual cessation of residential construction in the war years of 1914 to 1918.

As Table 4 indicates, the shortfall of dwelling units increased dramatically from 84,000 in 1901 to 145,000 in 1921. The shortfall was somewhat relieved during the prosperous boom years of the mid-1920's, and vacancy rates rose well above the levels of the early 1920's. However, other factors like cost and quality combined to give a new twist to the supply issue, such that the availability of decent dwellings affordable to lower-income groups became the main focus of concern rather than the availability of dwellings in general.³⁶

³⁶Dalzell noted, for example, that poor Vancouver families were occupying converted horse stables, barns, and sheds in 1928 because of the inadequate supply of dwellings affordable to them. Dalzell, Housing in Canada, p. 8.

Table 4Households and Dwelling Stock
Canada, 1901, 1911, 1921-1939

Year	Total Stock 000's	Occupied Stock 000's	Total Households 000's	Households Less Stock (Shortfall) 000's	Households Less Occu- pied Stock ¹ 000's
	1	2	3	4	5
1901	1,038.0	1,026.0	1,122	84	96
1911	1,475.0	1,448.0	1,475	--	27
1921	1,908.0	1,856.7	2,054	145	197
1922	1,945.9	1,891.8	2,082	136	190
1923	1,984.0	1,889.7	2,113	129	223
1924	2,017.8	1,909.8	2,149	131	239
1925	2,056.9	1,953.2	2,187	130	234
1926	2,106.1	2,008.1	2,232	126	224
1927	2,156.7	2,058.7	2,283	126	224
1928	2,213.5	2,120.0	2,337	123	217
1929	2,271.2	2,179.6	2,392	121	212
1930	2,317.6	2,227.0	2,438	120	211
1931	2,357.5	2,252.2	2,474	116	222
1932	2,379.0	2,238.4	2,499	120	261
1933	2,395.4	2,251.5	2,525	130	274
1934	2,417.2	2,299.2	2,559	142	260
1935	2,443.8	2,342.5	2,595	151	253
1936	2,476.1	2,378.4	2,634	158	256
1937	2,516.6	2,431.6	2,680	163	248
1938	2,553.6	2,471.7	2,725	171	253
1939	2,597.8	2,517.0	2,786	188	269

1. Households without separate units of their own.

Source:

Firestone, O.J. (1951) Residential Real Estate in Canada,
Toronto: University of Toronto Press, pp. 45, 205, 289, 478.

Firestone, O.J. (1958) Canada's Economic Development 1867-1953,
London: Bowes and Bowes, pp. 240-241.

Pickett, J. (1963) "Residential Capital Formation in Canada,
1871-1921." Canadian Journal of Economics and Political Science,
29, p. 43.

The fact that the number of households without units of their own was almost double the actual shortfall of units during the 1920's is probably an indication of such an affordability problem.³⁷ (See Table 4) Michael Piva emphasizes the importance of this relationship between availability and affordability in his monograph The Condition of the Working Class in Toronto - 1900-1921 in noting that although vacant houses were in plain evidence, particularly in boom years, they were most often unaffordable to the working class. Piva observes:

"High prices, not scarcity, caused the housing problem. Building went on but not of the kind that provided houses workers could afford...in 1914...2,000 houses had been built, only about 3% of which rented at a price sufficiently low for workers."³⁸

The Affordability Problem. Documentation of serious housing affordability problems among working-class households was first made in the 1886 report of a federal Royal Commission investigating the conflict between labour and capital, and in the reports prepared by the public health reformers at the turn of the century. Concern in the 1900-1930 period centered primarily on the increasing inability of the working-class to acquire and maintain homes of their own, and to a lesser extent

³⁷A 1965 housing study by Wolfgang Illing noted that overcrowding is heavily concentrated among the lowest-income households and that the constraints imposing this form of housekeeping are usually financial. Wolfgang Illing, Housing Demand to 1970 (Ottawa: Economic Council of Canada and Queen's Printer, 1965), p. 110.

³⁸Michael Piva, The Condition of the Working Class in Toronto - 1900-1921 (Ottawa: University of Ottawa Press, 1979), pp. 129-130.

on their inability to avail themselves of even rental housing of adequate quality at a reasonable cost. As Table 5 suggests, high prices for land, construction and materials had combined with unsteady employment to make the procurement of a downpayment impossible for many working-class families and regular mortgage payments difficult. Indeed, Piva relates that many working-class owners in Toronto were forced to board other workers and even entire families in order to meet mortgage payments,³⁹ a situation resulting in serious overcrowding and unsuitable living circumstances for all concerned.

As for rental accommodation, Weaver reports and the data in Table 5 confirm that in terms of real wages, rents escalated by 60-70% between 1900 and 1913.⁴⁰ As a result, renters were paying, on average, 25% of gross family income to secure adequate housing in 1913.⁴¹

³⁹Ibid., p. 125.

⁴⁰Weaver, "The Modern City Realized: Toronto Civic Affairs, 1880-1915," in The Usable Urban Past: Planning and Politics in the Modern Canadian City, eds. A.F.J. Artibise and G. Stelter (Toronto: MacMillan of Canada and Institute of Canadian Studies, Carleton University, 1979), p. 63.

⁴¹Shirley Spragge, "A Confluence of Interests: Housing Reform in Toronto, 1900-1920," in Artibise and Stelter, Usable Urban Past, p. 249.

Table 5

Wages and Shelter Costs,
Canada, 1900-1931 (Current \$)

Year	Avg. Annual Wage for Manufacture Wage-Earner	Affordable Monthly Rent at 1/8 Monthly Income	Affordable Monthly Rent at 20% Monthly Income	Average Monthly Market Rent	Affordable House Pr. at 2.25 X Annual Wage	Average Value of New House	Average Value of Existing House
	1	2	3	4	5	6	7
1900	421	4.39	7.02	9.48	947	1,570	--
1905	375	3.91	6.25	11.56	844	1,810	--
1910	417	4.34	6.95	16.20	938	2,090	--
1915	570	5.94	9.50	16.48	1,283	2,160	--
1917	760	7.92	12.67	17.28	1,710	2,840	--
1921	999	10.41	16.65	27.08	2,248	4,100	2,776
1926	999	10.41	16.65	27.43	2,248	4,205	2,430
1931	950	9.90	15.83	27.80	2,138	3,994	2,343

Source:

Canada, The Canada Year Book, Ottawa: King's Printer, Various Years.

Firestone, O.J. (1951) Residential Real Estate in Canada, Toronto: University of Toronto Press, p. 99.

Firestone, O.J. (1958) Canada's Economic Development 1867-1953, London: Bowes and Bowes, p. 207.

Lealy, F.H. (1983) Historical Statistics of Canada, 2nd Edition, Ottawa: Statistics Canada and Social Science Federation of Canada, Series S323-325, E41-48.

Pickett, J. (1963) "Residential Capital Formation in Canada, 1871-1921", Canadian Journal of Economics and Political Science, 29, p. 51.

Yet the accepted rent-to-income ratio at that time was between one-tenth and one-eighth of gross family income given the higher proportion of the household budget consumed by other necessities, such as food, clothing and transportation.⁴²

2.2 Recommendations for Action and Government Response to the Housing Problem, 1900-1930

Public health reformers were the initial advocates of government measures aimed at easing working-class housing problems. Having observed a striking correlation between poor housing conditions and high mortality rates and backed by a strong belief in environmental determinism, the reformers sought means of combatting existing urban health problems and of eliminating the causes of bad urban conditions. Recognizing that the success of reform efforts was heavily dependent on the active support of government - only the state had sufficient authority to impose order on the urban chaos - they agitated for municipal action in establishing minimum standards of health and hygiene with respect to water and food supply, disease control, and housing conditions. The motives of the reformers were

⁴²R.M. Fripp, "Speculations on the Problem of Housing the Working Classes in Vancouver," Contract Record 28 (1914):1277. Rent-to-income ratios are arbitrary measures used to define affordability. They are based on what is considered a reasonable proportion of income to expend on shelter while retaining adequate income to acquire other basic necessities such as food and clothing. However, the concept of the rent-to-income ratio ignores that there is a critical income level below which even the accepted ratio becomes too high without causing deprivation of other basic necessities of life.

varied, ranging from genuine concern for the well-being of slum dwellers to self-interest given the recently articulated "germ theory" of disease transmission.

The reformers were initially impeded in their attempts to secure government action by a number of circumstances, including engineering and technical difficulties and the relatively small tax base of the municipalities. Even more important was the lack of precedent in Canada for government intervention into matters involving individual responsibility or individual and property rights.⁴³ It took over fifty years in Ontario for the reformers to establish that the state not only had a right but a duty to intervene to eliminate conditions detrimental to public health.⁴⁴

Given provincial jurisdiction over health and housing, it was the provinces who eventually involved themselves in regulating urban health conditions. The Ontario government led the way with its 1884 Public Health Act. This Act obliged Ontario municipalities to establish health agencies. Eventually Ontario municipalities began to adopt nuisance laws, regulate

⁴³Reformers often had to rationalize intervention in health and living conditions in terms of their impact on the efficiency and industrial output of workers rather than in terms of improving the quality of life of the working-class out of a sense of social justice. Thomas Gunton, "The Ideas and Policies of the Canadian Planning Profession, 1909-1931," in Artibise and Stelter, Usable Urban Past, p. 182.

⁴⁴Hulchanski, "The Origins of Urban Land Use Planning in Ontario, 1900-1946" (PhD. Dissertation, University of Toronto, 1981), p. 13.

privy pits, and monitor lodging houses for overcrowding.⁴⁵ Other provinces and municipalities followed suit.⁴⁶ Action to improve actual housing conditions of the working-class or to augment the supply of adequate working-class housing, however, was not forthcoming, perhaps, as Weaver suggests, because the improvement of working-class housing conditions implied a great expense with far fewer returns to the powerful middle-class than did public health measures.⁴⁷ Moreover, adherence to the notion of individual responsibility for poverty and misfortune led many to conclude the lower classes did not merit public assistance.

Advocates of public health and housing reforms eventually began to press for a federal role in addressing bad urban conditions. This demand was, at least in part, satisfied by the creation in 1909 of the Commission of Conservation, a federal advisory body concerned with the preservation of human and natural resources. Although the British North America (BNA) Act precluded direct federal activity on public health and urban matters, the Commission functioned, in part, to promote provincial action on urban problems.⁴⁸

⁴⁵See Spragge, "Confluence of Interests," p. 249; Margaret Andrews, "The Best Advertisement a City Can Have: Public Health Services in Vancouver, 1886-1888," Urban History Review 12 (February 1984):19.

⁴⁶Manitoba in 1909 and Saskatchewan in 1910.

⁴⁷See Weaver, "Modern City Realized," p. 67; Shaping the Canadian City, p. 29.

⁴⁸Hulchanski, "Urban Land Use Planning," p. 31.

Efforts to involve government in regulating housing quality were given a boost by the emergence, in the 1900's, of the Canadian town planning movement. Unlike its American counterpart which was dominated largely by City Beautiful advocates, the early Canadian town planning profession focussed almost exclusively on the practical concerns of health, housing and traffic, with the amelioration of working-class housing problems as its first priority.⁴⁹ Indeed, Clifford Sifton, director of the Commission of Conservation, defined town planning as a "rational scheme of supervising the conditions in which the people of our great cities live",⁵⁰ and Adams considered housing to be the key issue in planning.⁵¹

To accomplish their goals, early Canadian planners advocated the use of zoning to regulate land use, the imposition of construction standards and height restrictions to control density and ensure the penetration of adequate sunlight and fresh air to dwelling units, and the development of planned suburbs of single-family, detached owner-occupied housing to

⁴⁹See Walter Van Nus, "Towards the City Efficient: The Theory and Practice of Zoning, 1919-1939," in Artibise and Stelter, Usable Urban Past, pp. 171-172.

⁵⁰Rutherford, "Tomorrow's Metropolis," p. 374.

⁵¹See Gunton, "Canadian Planning Profession," p. 189.

eradicate urban working-class slums.⁵² As a solution to the working-class housing problem, suburbanization was considered more desirable and practical than costly slum clearance and redevelopment, public housing, or curbs on urban growth.

As is evident from their related foci, the public health, housing reform and town planning movements overlapped extensively in the first two decades of the twentieth century. Indeed, the support of the public health reformers, who were inspired by town planning's potential to mold the physical character of cities and who viewed it as somewhat of a panacea for all of the health, housing and physical development problems of the city,⁵³ was crucial to the eventual adoption of planning legislation in various provinces.⁵⁴

The implementation of public health regulations and town planning measures undoubtedly helped to alleviate some of the worst urban living conditions and to facilitate healthier and more orderly urban development. Nevertheless, the regulations were not a panacea to urban living conditions and to working-class housing problems, especially in the early years. One

⁵²The suburban solution to the slum problem was based on a belief that more efficient land use could help to reduce the cost of new housing and render it affordable to average wage-earners. As a result, overcrowding in high density inner-city tenements and apartments would be relieved and slums rendered obsolete. See Weaver, "Tomorrow's Metropolis Revisited: A Critical Assessment of Urban Reform in Canada, 1890-1920," in Stelter and Artibise, Canadian City, p. 405; "Modern City Realized," p. 60.

⁵³Hulchanski, "Urban Land Use Planning," p. 41.

⁵⁴Nova Scotia, New Brunswick, Ontario, Saskatchewan, Alberta, and Manitoba passed planning legislation between 1910 and 1918.

reason, as suggested above, was that home ownership was not the solution to the housing problems of most lower-income wage-earners. As a result, the middle- and upper-classes proceeded to occupy the new suburban homes,⁵⁵ while the working-class remained in overcrowded and often substandard inner-city tenements.

In addition, enforcement of the regulations proved difficult because of the lack of alternative housing for low-income slum dwellers, because of the lack of co-operation between the diverse supervisory authorities, and because the condemnation and closure of unfit housing was bitterly and often successfully resisted by property owners and developers. Yet without enforcement, much new construction continued to be of a shoddy nature. Overcrowding and poor maintenance ensured that it rapidly degenerated into slums.

Finally, successful enforcement of the regulations and standards, when it was achieved, intensified supply and affordability problems. The standards raised construction costs, which discouraged new private investment and the conversion of older single-family units for multi-family use.⁵⁶ It also rendered new housing unaffordable to many working-class households.

⁵⁵Rutherford, "Tomorrow's Metropolis," p. 375.

⁵⁶Weaver, "Tomorrow's Metropolis Revisited," p. 408.

While most municipalities and provinces in the early years of the century limited their response to the housing problem to the introduction of public health and town planning measures, one municipality engaged in a somewhat more daring experiment. In 1913, the municipality of Toronto co-operated with the Board of Trade, the Manufacturers' Association, and the Civic Guild in establishing the Toronto Housing Company to facilitate the construction of dwelling units for sale or rent to moderate-income working-class households. The Company constructed only 334 single and double cottage units, however, and the rents were generally above the financial capability of lower-income wage-earners.⁵⁷ Similarly, the units produced by the Toronto Housing Commission, a company established by provincial legislation in 1920 to erect moderately-priced houses for sale, were accessible primarily to better-paid workers who were in a position to accumulate a downpayment and qualify for a mortgage. Though interesting and innovative for their time, these endeavours had virtually no impact on housing conditions.

The persistence of the housing problem throughout the first three decades of the twentieth century, combined with continually escalating development costs, eventually led housing experts, professional bodies, and some politicians to question the ability of unaided private enterprise to provide adequate housing for the lower-paid wage earner. As early as 1919, the

⁵⁷See Ontario, Report on Housing Conditions, pp. 75-76.

Ontario Housing Committee ventured a criticism of the total reliance on private enterprise for housing supply, observing in a report that:

"...private enterprise cannot be depended on to meet the existing demand as the returns on the present cost of building are not adequate to the outlay."⁵⁸

Two articles appearing in 1920 and 1921 issues of Town Planning and Conservation of Life were even more critical. The first asserted that "further reliance upon the supposed potency of the law of supply and demand was perilous and impossible."⁵⁹ The other article reported:

"The Philadelphia Chapter of the American Institute of Architects, a body to which not [a] taint of radicalism has ever attached, has lately declared that houses for those who earn low wages can no longer be built anywhere in the world at a cost which will permit them to be either sold or rented without loss, and that it is unquestionably true that an industrial system, or even any particular industry, which fails to make possible adequate shelter, food, clothing, and recreation for all of its operatives is unworthy to exist. The Chapter proposes that housing for those earning low wages or salaries be legalized as a public utility; that the manufacture of this class of homes as a profitable industry shall cease in theory as it has already ceased in fact; and that the Government, national and local, should at once adopt measures making possible this prime necessity of life."⁶⁰

Given these growing doubts about total reliance on the

⁵⁸See Andrew E. Jones, The Beginnings of Canadian Government Housing Policy, 1918-1924 (Ottawa: Centre for Social Welfare Studies, Carleton University, 1978), p. 7.

⁵⁹See Town Planning and Conservation of Life, April-June 1920, p. 51.

⁶⁰"Housing as a Public Utility," Town Planning and Conservation of Life, January-March 1921, p. 19.

private sector to supply housing, pressure for government to stimulate the supply of affordable working-class housing began to build. The focus of the agitation, however, shifted increasingly to the federal level, given the obvious financial impediments to more comprehensive and sustained provincial and municipal action. A 1917 Federal-Provincial Conference produced a resolution by the premiers urging the federal government to assist the private sector in the construction of working-class housing. In 1918, Adams suggested that some type of public contribution appeared necessary to promote housing construction until capital became more plentiful and private investment in building more secure.⁶¹

The mounting public pressure, the virtual collapse of private sector construction during World War I and social unrest arising from post-war unemployment and poor living conditions finally brought the housing question to the full attention of federal authorities and prompted the realization that the acquisition of housing could no longer be regarded solely as a personal matter.⁶² Faced with exacerbation of the already serious housing shortage by the return of the war veterans, the Conservative government approved the Federal Housing Loan Program in 1919. The stated purposes of the program were to offer to working men, and particularly to returning soldiers,

⁶¹Adams, "Reconstruction Messages," Canadian Engineer 35 (December 1918):501.

⁶²See Dalzell, Housing in Canada, p. 8.

the opportunity to acquire their own homes, to encourage the erection of dwelling units in congested areas, and to contribute to public health and well-being.⁶³ The program made available to the municipalities, through the provinces, a loan fund of \$25 million at 5% interest to assist them in constructing suburban owner-occupied dwellings. The dwellings were to meet specified standards and were not to exceed \$4,500 in value, inclusive of land costs. It is significant that despite pressure from both sides of the House of Commons for slum clearance and redevelopment measures to benefit low-income households, and in particular low-income renters, the program focussed on home ownership.

Given the lack of precedent for federal intervention in the housing market, the government took a number of precautions in introducing the program. In acknowledgement of provincial jurisdiction over housing, for instance, administration and implementation of the program were left to the provinces and municipalities. Moreover, the use of the War Measures Act to authorize the program was a clear indication that it was conceived more as an emergency measure to aid post-war reconstruction than as a housing measure.

The program did very little to relieve either the housing problem or the general economic situation. To begin with, the

⁶³Adams, Housing in Canada: General Project of the Federal Government (Ottawa: King's Printer, 1919), p. 10.

dimensions of the experiment were so small as to make it of only slight significance for the purpose of economic stabilization.⁶⁴ In addition, although the government limited loans to persons earning \$3,000 or less per year,⁶⁵ the requirement for a minimum capital contribution of 10% on the part of the prospective home owner, and in some municipalities that the applicant already possess his lot,⁶⁶ precluded any benefits to the lowest-income wage-earner. Thus while the program, to some extent, addressed the supply aspect of the housing problem, it did little to relieve either working-class housing problems or conditions in the rental sector. Indeed, noted Canadian housing analyst Leonard Marsh remarked of the 1919 program in a 1932 article:

"While the precedent for state action has been set...it is generally admitted that in relation to its results, the costs of this housing effort were high; and also that the basic housing problem of the city - the provision of dwellings at rents which the wage earner can afford - was only inadequately touched, and it still remains."⁶⁷

Moreover, the program raised serious doubts regarding the administrative and managerial abilities of the municipalities. In examining the program in 1941, a Dominion Bureau of Statistics (DBS) Census monograph reported that with one or two

⁶⁴In all, \$23.5 million was spent on 6,244 houses before the program was phased out in 1921. See Conservation of Life 6 (1920):25-26, 39.

⁶⁵Adams, General Project, p. 11.

⁶⁶House of Commons Special Committee on Housing, Minutes, pp. 102, 333.

⁶⁷See House of Commons Special Committee on Housing, Minutes, p. 73.

exceptions, the "records showed mismanagement of funds and inefficient administration of the [1919] projects by the municipal housing authorities."⁶⁸ As a major housing report of the 1940's later noted, this inauspicious first foray of government into the housing field resulted in an undue prejudice against public participation in housing for many years.⁶⁹

2.3 Recognition of the Rental Problem - The 1930's

With the stock market crash of 1929 and the onset of the Great Depression, the housing problem intensified. With investment and returns in all industries, but particularly in construction, down, residential construction again virtually ceased. Consequently, as Table 4 indicates, the total shortfall of units rose from 120,000 to 188,000 between 1930 and 1939. As well, unemployment escalated to mass proportions,⁷⁰ and wages plummeted, in some cases to 50% of their former levels.⁷¹ As a result, in the ownership sector, many households lost their homes due to their inability to meet mortgage payments or local

⁶⁸Canada, Dominion Bureau of Statistics, Housing in Canada, Census Monograph No. 8, cited by Canada, Advisory Committee on Reconstruction, Subcommittee on Housing and Community Planning, Final Report of the Subcommittee, March 24, 1944 (Ottawa: King's Printer, 1946), p. 25.

⁶⁹Subcommittee on Housing and Community Planning, Final Report, p. 26.

⁷⁰L.C. Marsh, Report on Social Security for Canada (Ottawa: King's Printer for the Advisory Committee on Reconstruction, 1943), p. 38.

⁷¹See House of Commons Special Committee on Housing, Minutes, p. 120.

tax levies.⁷² In the rental sector, vacancy rates escalated, despite the influx of former home owners into the market, as households doubled up to maintain housing expenditures at affordable levels.⁷³ With the rising vacancy rates, rent levels fell, particularly on substandard dwellings, prompting landlords to allow rental properties to fall further into disrepair.

Given these conditions, the housing problem emerged as an increasingly important topic of public concern in the 1930's, and sparked, for the first time, a series of private and public housing studies. The best known reports of the period are the 1934 Report on Housing Conditions in Toronto, known as the Bruce Report after the Lieutenant-Governor of Ontario, and the 1935 Report on Housing and Slum Clearance for Montreal, jointly sponsored by the Montreal Board of Trade and the City Improvement League. In addition, a number of other reports on local conditions were prepared by citizen groups, welfare organizations and municipal agencies across the country. Even more importantly, the federal government appointed the Special Parliamentary Committee on Housing in February 1935 to investigate housing conditions on a national scale. The bi-

⁷²See Rose, Canadian Housing Policies, 1935-1980 (Toronto: Butterworths, 1980), p. 164.

⁷³See Andrew Hazeland, "Housing Accomplishments in Canada 1945-47," Public Affairs 10 (1947):221; Yves Dube, J.E. Howes, and D.L. McQueen, Housing and Social Capital (Hull: Queen's Printer for the Royal Commission on Canada's Economic Prospects, 1957), p. 48; Canadian Congress of Labour, "Housing Act Wholly Inadequate," Canadian Unionist 28 (March 1954):91.

partisan committee⁷⁴ was given the mandate to "report upon the inauguration of a national policy of house-building to include the construction, reconstruction, and repair of urban and rural dwelling houses in order to provide employment throughout Canada, and also to provide such dwelling houses as may be necessary..."⁷⁵ As well, in the late 1930's, in order to aid research into housing conditions, the federal government authorized the DBS to begin collecting and publishing national data pertaining to housing quality, supply and affordability. As suggested above, the unavailability of such data had previously hampered attempts to systematically document the extent and seriousness of housing problems.

It was as a result of the studies and the availability of housing-related data that widespread discussion and concern regarding problems in Canada's rental sector first occurred. Although the main elements of the housing problem discussed in the studies differed little from those identified in the earlier period, it had become apparent that the problems were far more serious among lower-income working-class households who were least able to afford adequate and modern accommodation.⁷⁶

⁷⁴The Committee was composed of nine members of the governing Conservative Party, seven Liberal M.P.'s, and one Labour M.P.

⁷⁵See House of Commons, Debates (1935), p. 898.

⁷⁶The 1934 Bruce Report noted, for instance, that "the poorest families are...compelled to accept the meanest accommodation with little chance of anything being done to improve it." Ontario, Report on Housing Conditions, p. 52.

Table 6Incomes and House Prices,
Canada, 1929-1939 (Current \$)

	Average Annual Wage for Manufacturing Wage-Earner	Affordable House Price at 2.25 Times Annual Wage	Avg. Constr. Cost of New Detached or Semi-detach. House	Avg. Constr. Cost of New Row House or Apartment Suite	Average Price of Existing House
	1	2	3	4	5
1929	1,041	2,342	4,482	3,783	2,610
1930	995	2,239	4,074	3,101	2,529
1931	950	2,138	3,994	2,540	2,343
1932	844	1,899	3,281	2,112	2,124
1933	777	1,748	2,868	1,928	2,023
1934	830	1,868	3,051	1,841	2,081
1935	870	1,958	3,054	2,146	2,054
1936	896	2,016	3,046	2,093	2,103
1937	965	2,171	2,946	2,355	2,253
1938	956	2,151	2,705	2,290	2,191
1939	975	2,194	2,806	2,231	2,203

Source:

Firestone, O.J. (1951) Residential Real Estate in Canada,
Toronto: University of Toronto Press, p. 99.

Lealy, F.H. (1983) Historical Statistics of Canada, 2nd Edition,
Ottawa: Statistics Canada and Social Science Federation of
Canada, Series E41-48, S323-325.

What had also become apparent was that lower-income households tended to be renters - the data in Table 6 illustrate the unlikelihood of home ownership for even average wage-earners, let alone low wage-earners or those faced with temporary or chronic unemployment. The Bruce Committee acknowledged this correlation between renting and low incomes in noting in its report:

"It is even less possible for the poorest group to buy than it is for them to rent adequate accommodation. Home-ownership is impossible."⁷⁷

Similarly, University of Toronto professor E.J. Urwick noted in a 1937 article:

"The low wage-earner is neither strong enough nor secure enough to saddle himself with an expensive fixed property not easily transferable, involving periodical outgoings, and subject to grave fluctuations in value. Home-ownership may be the ideal for half the population. It is a rather dangerous dream for most wage-earners in a rapidly changing economy today."⁷⁸

The Rental Quality Problem. The reports of the 1930's documented the existence of thousands of insanitary and overcrowded dwellings crammed tightly together in slum neighbourhoods. Most of the dwellings failed to meet even minimum health standards. Confirmation that such conditions were particularly critical in the rental sector is provided by the Bruce Committee's findings that 93% of the slum dwellings

⁷⁷Ibid., p. 116.

⁷⁸E.J. Urwick, "The Economics of the Housing Problem," Social Welfare, June-September 1937, p. 38.

⁷⁹Ontario, Report on Housing Conditions, p. 18.

surveyed in their study of Toronto were rental units.⁷⁹ Moreover, the very definition of "slum", as provided in the League for Social Reconstruction's (LSR) 1935 classic Social Planning for Canada, suggests a high correlation between slum conditions and rental tenure. According to the LSR:

"A slum is really a property which the landlord...does not bother to keep in repair...[and for which he] is prepared to accept a low rent with few responsibilities..."⁸⁰

Although national figures pertaining to rental quality are not plentiful, descriptive accounts of local conditions can be gleaned from the housing studies and the evidence presented before the Parliamentary Committee on Housing. According to the Bruce Report, for instance, more than 3,000 of Toronto's 132,296 occupied dwellings fell short of minimum health and decency standards, and 4,500 lacked the elementary amenities of life.⁸¹ Given the correlation between such conditions and rental tenure, it is clear that many Toronto renters suffered from dampness, vermin, filth, and from a lack of fresh air, sunlight, adequate water supply, food storage facilities, and sanitary conveniences.⁸²

Evidence presented before the Parliamentary Committee suggested that similar conditions were to be found in other

⁸⁰League for Social Reconstruction, Social Planning, p. 453.

⁸¹Ontario, Report on Housing Conditions, pp. 33, 115.

⁸²Ibid., p. 35.

large urban centers.⁸³ In Montreal, for example, 450 to 500 slum units were reported to be in very poor sanitary condition, while 1,100 to 1,200 units required urgent repairs.⁸⁴ Fully 25,000 Montreal dwellings units had been classed by the local Board of Health as insanitary.⁸⁵ A Manitoba report tabled before the Parliamentary Committee described serious conditions of overcrowding in basements and attics lacking sanitary conveniences, and a Saskatchewan report cited 2,000 substandard dwellings in Regina alone.⁸⁶ The number of obsolete dwellings in urban slums across Canada was estimated by the Parliamentary Committee at 40,000 units.⁸⁷ Moreover, using rooms per person as a measure of housing quality, the DBS concluded in a 1935 monograph that in fifteen of twenty Canadian cities, more than 25% of the population was living in overcrowded conditions.⁸⁸

The Rental Supply Problem. As is evident from the discussion in Section 2.1, there had been no surplus of rental

⁸³House of Commons Special Committee on Housing, Minutes, pp. 105, 138, 147.

⁸⁴Ibid., p. 103.

⁸⁵Ibid., p. 208.

⁸⁶Ibid., p. 104.

⁸⁷Ibid., pp. 122, 305.

⁸⁸Housing accommodation which provides less than one room per person is generally considered overcrowded, although the size of the rooms and the age and sex constitution of the family render the measure somewhat arbitrary. Dominion Bureau of Statistics, Seventh Census of Canada, 1931, The Housing Accommodation of the Canadian People (Ottawa: King's Printer, 1935), pp. 8-10.

⁸⁹One estimate set the shortage at 250,000 units. Horace Seymour, "Canada's Housing Situation," Canadian Engineer, July 1939, p. 4.

housing in Canada before the onset of the Depression.⁸⁹ Although figures pertaining to the rental shortage on a national scale are not plentiful, the reports of the 1930's provide some evidence regarding the severity of local rental and especially low-rental shortages following the virtual cessation of rental construction during the early 1930's. According to evidence presented before the Parliamentary Committee, for instance, Montreal alone required 25,000 to 35,000 flats or apartments in 1935 just to keep up with population increases,⁹⁰ with 4,000 of those required for low-income renters.⁹¹ Winnipeg suffered a 1,500 to 2,000 low-rental shortfall in 1935,⁹² while Vancouver required an additional 12,000 low-rental dwellings.⁹³ Thus considering only three of Canada's larger urban centers, low-rental needs in 1935 stood as high as 18,000 units, and were undoubtedly much higher on a national scale. Evidence presented before the Parliamentary Committee suggested, in fact, that many families were living in sheds and garages for want of adequate low-rental housing.⁹⁴

Although high vacancy rates in some urban centers were

⁹⁰House of Commons Special Committee on Housing, Minutes, p. 226. Montreal, however, is somewhat atypical of large Canadian centers given the high rates of tenancy in the province as a whole.

⁹¹Ibid., p. 33.

⁹²Ibid., p. 175.

⁹³House of Commons, Debates (1938), p. 325.

⁹⁴House of Commons Special Committee on Housing, Minutes, p. 201.

evident,⁹⁵ it was generally agreed that they were confined to high-priced dwelling units and apartments inaccessible to unemployed or low-paid workers.⁹⁶ Indeed, a 1934 article in an architectural journal reported that in the midst of above average vacancy levels, more than 15,000 Toronto families were living doubled-up.⁹⁷

The Rental Affordability Problem. The reports and statistical monographs of the 1930's are rich with documentation of the rental affordability problem. The data in Table 7 illustrate the difficulties encountered by average urban wage-earners in securing rental accommodation at both the newly-accepted 20% rent-to-income ratio,⁹⁸ and at 25% of gross household income.

For those with less than average wages, the situation was even more serious.

⁹⁵In Toronto in 1933, 16% of suites were vacant, and in 1934, 11%. In the same years, the vacancy rate for rental units in Calgary was 8-10%. House of Commons Special Committee on Housing, Minutes, pp. 154, 201.

⁹⁶Ibid., pp. 98, 231.

⁹⁷James H. Craig, "A Municipal Housing Project That Will Pay," Journal Royal Architectural Institute of Canada, January 1934, p. 6.

⁹⁸House of Commons Special Committee on Housing, Minutes, pp. 33, 106.

Table 7

Incomes and Rent Levels
Canada, 1929-1939 (Current \$)

	Average Annual Wage for Manufacturing Wage-Earner	Affordable Monthly Rent at 20% of Income	Affordable Monthly Rent at 25% of Income	Average Monthly Market Rent
	1	2	3	4
1929	1,041	17	22	28
1930	995	17	21	28
1931	950	16	20	28
1932	844	14	18	26
1933	777	13	16	23
1934	830	14	17	22
1935	870	15	18	23
1936	896	15	19	23
1937	965	16	20	23
1938	956	16	20	--
1939	975	16	20	--

Source:

Canada, The Canada Year Book, Ottawa: King's Printer, Various Years.

Lealy, F.H. (1983) Historical Statistics of Canada, 2nd Edition,
 Ottawa: Statistics Canada and Social Science Federation of
 Canada, Series E41-48.

Although figures vary with urban location and type of employment, the reports estimated that semi-skilled and unskilled urban wage-earners in the 1930's could afford rent levels of no more than \$9 to \$15 at 20% of income.⁹⁹ Households on relief were allocated even smaller rental allowances - as low as \$6 per month in Montreal. Yet, average rent levels in existing modern apartments ranged from \$20 to \$30 per month, with rents in the few new units being produced as high as \$35 per month.¹⁰⁰ Even the rents in Toronto Housing Company units, which received some assistance from the municipality and other sponsor organizations, ranged from \$23 to \$40 per month, and units failing to meet even minimum health standards and lacking minimal amenities were renting for up to \$30 and \$45 per month in some urban centers.¹⁰¹ Given these figures, households hoping to occupy even an average-priced existing rental unit required an annual income of \$1,200 to \$1,800 if they were not to exceed the 20% rent-to-income ratio. Yet, 1931 Census figures indicate that 56.2% of Canadians at that time earned less than \$1,000 per year.¹⁰²

⁹⁹These figures are based on average wage levels of \$500 to \$800 per year. See House of Commons Special Committee on Housing, Minutes, pp. 13, 33, 106, 236; League for Social Reconstruction, Social Planning, pp. 11, 22, 27; Grauer, Housing, p. 58; Ontario, Report on Housing Conditions, pp. 115-116.

¹⁰⁰See House of Commons Special Committee on Housing, Minutes, pp. 24, 34, 37; Ontario, Report on Housing Conditions, pp. 63-64.

¹⁰¹Ontario, Report on Housing Conditions, pp. 63, 75; House of Commons Special Committee on Housing, Minutes, pp. 36, 172, 185.

¹⁰²The 56.2% figure excludes farm labourers. See League for Social Reconstruction, Social Planning, p. 16.

Before proceeding, it may be useful to clarify some terms relating to rent levels. The term market rent refers to the private-market-determined price of a rental unit in the absence of rent regulations. The term financial recovery rent refers to the rent level necessary to render new construction profitable in the absence of government supply subsidies. Although there has always been a premium between the costs of operating existing rental housing and the costs of producing new rental housing, the difference was almost negligible until the early 1970's. Therefore, except in Chapter 5 of this thesis, market and financial recovery rents are considered one and the same. The term affordable rent refers to the largely subjective determination of some level at which households have a problem paying for their accommodation. Affordability is determined by comparing the relationship between a household's housing costs and its income with an assessment of what the relationship ought to be. Rent-to-income ratios are the measures most often used to define affordability.¹⁰³

Probably the major factor contributing to the rental and particularly low-rental problem was the unfavourable economics of rental housing development. Given the costs of developing and maintaining adequate rental dwellings and sporadic employment

¹⁰³See Hulchanski, Market Imperfections and the Role of Rent Regulations in the Residential Rental Market, Research Study No. 6 (Toronto: Commission of Inquiry into Residential Tenancies, 1984), pp. 4-5.

and falling wage levels, a gap existed between market and financial recovery rent levels and rent levels affordable to working-class households. Consequently, low-rental investment was unprofitable.¹⁰⁴ Even the National Construction Council, an organization composed of the Canadian Manufacturing Association, building trade unions, and architectural and engineering institutes, admitted in a submission to the Parliamentary Committee:

"Our investigations of housing for low-income groups show that provision of this class of housing cannot ultimately be profitable to private enterprise."¹⁰⁵

As a result, the private sector tended to concentrate on the production of dwellings for higher-income home owners.¹⁰⁶ Those rental units it did produce were, for the most part, beyond the financial capacity of lower-income households. Given the negligible low-rental investment, the shortage of low-rental dwellings mounted. Moreover, when the private sector did undertake low-rental development, the units tended to be of very poor quality. The Bruce Committee noted, for example:

"...the efforts of speculative builders to provide low-cost

¹⁰⁴Indeed, one witness before the Special Parliamentary Committee on Housing testified that given the high costs of developing housing, it was most profitable to build for those earning more than \$1,000 per year, a figure well above the average income level of the great majority of the working-class. House of Commons Special Committee on Housing, Minutes, p. 194.

¹⁰⁵See R.E.G. Davis, "Housing Legislation in Canada," Canadian Welfare 28 (1952):12.

¹⁰⁶During the 1920's, for example, only 15-18% of residential construction was apartments. House of Commons Special Committee on Housing, Minutes, p. 99.

housing inevitably result in a lowering of building standards."¹⁰⁷

Similarly, in his testimony before the Parliamentary Committee, Montreal architect Percy Nobbs declared:

"...private capital's way of doing it [providing low-rental accommodation] is by providing a class of accommodation which is seriously deteriorated in twenty years - the creation of the slum."¹⁰⁸

Given the insufficient supply of adequate and affordable working-class rental housing, lower-income renters had few shelter options. Many of them retreated to the few available units which could be acquired at the \$9 to \$15 per month rent levels affordable to them. Such housing was most often, however, seriously substandard.¹⁰⁹ Given the strong correlation between slum housing and disease, high infant mortality rates, child neglect, family breakdown, crime and juvenile delinquency,¹¹⁰ this practice had enormous implications not only for the quality of life of low-income renters but for the public tax burden as well. Many others doubled-up in otherwise unaffordable units in

¹⁰⁷Ontario, Report on Housing Conditions, p. 60.

¹⁰⁸House of Commons Special Committee on Housing, Minutes, p. 42.

¹⁰⁹A major government report of the 1940's noted, for instance, that during the 1930's, low rents were being charged on many units solely for the purpose of securing tenants for substandard and slum dwellings which otherwise would remain vacant. Subcommittee on Housing and Community Planning, Final Report, p. 241.

¹¹⁰See House of Commons Special Committee on Housing, Minutes, pp. 32, 43; Ontario, Report on Housing Conditions, pp. 41, 43, 45, 48-50.

order to reduce housing expenses,¹¹¹ a recourse which, as noted above, simply served to lower the living standard of all concerned. Finally, others coped with the problem by spending a disproportionate percentage of income to secure adequate housing.¹¹² Doing so, however, reduced the amount of income available to them to acquire other basic necessities such as food and clothing, and often led to poverty-related social problems.¹¹³

2.4 Recommendations for Government Action on the Rental Problem

Advocacy for government intervention in the rental sector during the 1930's derived from a number of sources. One source was the national and provincial organizations representing the construction industry and the lending institutions, who recognized that federal assistance was critical to the post-Depression recovery of the economy in general and of the

¹¹¹The Bruce Report estimated that as many as 17,698 or 12% of Toronto households were doubled up in 1933. Ontario, Report on Housing Conditions, p. 33.

¹¹²As many as 80,000 households in Montreal alone were paying disproportionate rent levels in 1935. House of Commons Special Committee on Housing, Minutes, p. 33. Moreover, the average employed wage-earner in Canada in 1931 was spending 30% of income for rent although the accepted ratio was 20%. Calculated from average working-class wage and average monthly rent figures in F.H. Leacy, Historical Statistics of Canada, 2d ed. (Ottawa: Statistics Canada and Social Science Federation of Canada, 1983), Series E41-48; Dominion Bureau of Statistics, The Canada Year Book: The Official Statistical Annual of the Resources, History, Institutions and Social and Economic Conditions of Canada (Ottawa: King's Printer, 1931).

¹¹³House of Commons Special Committee on Housing, Minutes, p. 19; League for Social Reconstruction, Social Planning, p. 457.

construction industry in particular.¹¹⁴ Another source was community groups such as the National Housing and Planning Association (NHPA) and the Canadian Federation of Mayors and Municipalities (CFMM). The NHPA, which was established in 1937 as a national slum clearance and low-rental lobby, petitioned the federal government in that same year to implement a low-rental scheme.¹¹⁵ Similarly, the CFMM recommended in their 1938 report to the federal Royal Commission on Dominion-Provincial Relations the enactment of a low-rental scheme.

Finally, the reports of the 1930's were unanimous in their recommendation for government intervention in the rental sector. The report of the Parliamentary Committee summarized the common sentiment in noting:

"...there will always be a large number who cannot afford to purchase a home. There is a need for some body (municipal, provincial or federal) to see to it that a sufficient number of suitable and sanitary dwellings are available for rent."¹¹⁶

The prescriptions as to what form an emerging government role in housing should take were also very consistent. The establishment of a federal housing authority with powers to impose quality standards on public and private development, to

¹¹⁴C.J. Wade, "Wartime Housing Limited, 1941-1947: Canadian Housing Policy at the Crossroads" (Masters Thesis, University of British Columbia, 1984), p. 41.

¹¹⁵Ibid., p. 72.

¹¹⁶House of Commons Special Committee on Housing, Final Report (Ottawa: King's Printer, 1935), p. 364.

negotiate with the financial sector for longer-term mortgages and lower-interest rates, and to facilitate the integration of town planning principles with housing development was a high priority in all the reports.¹¹⁷ So too was federal co-operation with other levels of government in formulating a comprehensive national housing policy based on the provision of adequate housing as a matter of public responsibility. Most importantly, the reports focussed on the severe problems of low-income households and recommended slum clearance measures and the construction of publically-assisted low-rental housing by either limited dividend corporations or public utility companies. The social democratic LSR and its political wing, the Co-operative Commonwealth Federation (CCF), went even further in advocating federal construction, ownership, and management of low-rental, non-profit housing as a social service based on need rather than on monetary policy or economic efficiency.¹¹⁸ Finally, all the reports advocated public assistance for the rehabilitation of rental units falling below health and amenity standards. The Parliamentary Committee, in fact, nominated rehabilitation as its first priority, noting in its final report that:

"More living units could be obtained more rapidly by repairing existing houses up to reasonable standards than by any other means."¹¹⁹

¹¹⁷These goals, it was assumed, could be better achieved through central government co-ordination and assistance than through private sector efforts.

¹¹⁸House of Commons, Debates (1935), p. 3929.

¹¹⁹House of Commons Special Committee on Housing, Final Report, p. 369.

In making their case for government intervention, the reports emphasized the almost universal acceptance of government involvement in low-income housing provision in other western industrial, capitalist nations, and the negligence of Canadian governments in the field. In his 1938 study on housing for the Royal Commission on Dominion-Provincial Relations, A.E. Grauer noted, for example:

"There is no reason to believe that Canadian governments can escape following other governments in taking permanent action to provide low-cost housing and to plan the general development of housing. The only question here is, which government or combination of governments is best equipped to undertake the responsibility."¹²⁰

2.5 Government Response to the Rental Problem

With the national economy in disarray and at least three major housing reports, the construction industry lobby, community groups, and opposition Members of Parliament recommending government action to alleviate problems in the rental sector, the Conservative government of R.B. Bennett took action. In 1935, it introduced the first national legislation on housing, the Dominion Housing Act (DHA). The stated purpose of the Act was to assist the construction of houses so as to reduce the housing shortage,¹²¹ although its potential to stimulate the economy and thus employment was also cited by several government

¹²⁰Grauer, Housing, p. 61.

¹²¹Statutes of Canada, The Dominion Housing Act, 1935, 25 & 26 George V, ch. 58.

members as an important factor underlying its preparation. Indeed, in assessing the DHA in a 1959 article reviewing Canadian housing legislation, A.D. Wilson noted:

"The objective of the legislators of that day was primarily the relief of unemployment; one might say that the Federal Government fell into the housing field accidentally in an endeavour to assist the country out of some of the difficulties of the hungry thirties."¹²²

The Act authorized long-term, low-interest federal loans of 20% for the construction of owner-occupied houses of \$5,000 average value.¹²³ Regulations required the borrower to provide another 20% of the necessary capital and be eligible to borrow the other 60% from a lending institution. The total loan fund allocated for the program was set at \$20 million.

Given that the Act contained no provisions to stimulate the production of rental housing, it is an understatement to suggest that it was a rather token gesture towards resolution of the rental problem. Citing provincial jurisdiction over housing and the complexity of the low-rental issue, however, the government claimed it could take no more than this limited measure pending both examination of municipal and provincial plans for low-rental housing and slum clearance,¹²⁴ and further investigation by the Economic Council of Canada (ECC) of housing conditions,

¹²²A.D. Wilson, "Canadian Housing Legislation," Canadian Public Administration 2 (December 1959):219.

¹²³Grauer, Housing, p. 40.

¹²⁴See W.C. Clark, "The Housing Act and Low Cost Housing," Social Welfare, June-September 1937, p. 37.

factors contributing to the high costs of housing, and the feasibility of a slum clearance program.¹²⁵ Nevertheless, it is difficult not to conclude that the government's reluctance to act on the low-rental problem stemmed from other concerns. Provincial jurisdiction over housing, for example, did not appear to be an impediment to federal implementation of home ownership provisions. Moreover, plenty of information regarding housing conditions, the feasibility of slum clearance and the need for government assistance to the rental sector was already available in the housing reports prepared over the previous thirty-five years. A statement in the House of Commons by one member of the Parliamentary Committee suggests, rather, that the government's reluctance to act on low-rental problems stemmed more from a reverence of free enterprise and home ownership, and from a belief the rental problem would dissipate as the Depression receded. In supporting the government's decision not to embark on a publically-assisted scheme of low-rental housing, the M.P. remarked:

"I should be very sorry to see the government go into a general policy of socialism based on the general conditions today. The fact there is a large number of people in Canada today who cannot provide proper housing for themselves does not in my opinion justify a policy for all time to meet these special conditions of today."¹²⁶

Yet, the thesis of the 1935 Report on Housing and Slum Clearance for Montreal had been that a government-aided program of rental

¹²⁵House of Commons, Debates (1935), p. 3909.

¹²⁶Ibid., p. 3773.

housing was long overdue, and that the long-standing rental slum problem was fundamentally a matter independent of the Depression, although aggravated by it.¹²⁷

Not surprisingly, the DHA met with cool reception from those advocating slum clearance and low-rental assistance. Indeed, some members of the Parliamentary Committee on Housing were outraged to find their recommendations had been dismissed.¹²⁸ Even the Committee Chairman, a Conservative, was compelled to acknowledge that the Act would assist in the construction of houses, but not in the housing difficulties of low-paid workers.¹²⁹ The LSR summarized the potential impact of the Act on rental problems in Social Planning for Canada as follows:

"The recent housing Bill of the Conservative Government will do nothing for the slums...[It is] merely a loan fund, providing one-fifth of the capital to be used (whether by individuals or corporations) for building schemes. These individuals or corporations must themselves put up the remaining four-fifths of the capital and pay the government 5% on their "subsidy". Obviously, none of the individuals will be slum dwellers, and the Corporations - unless they are going to be benevolent institutions operating at a loss for the benefit of the public - will be hard put to it on this basis to provide housing at even 'white collar' rentals."¹³⁰

¹²⁷George S. Mooney, "Housing in Montreal," Social Welfare, June-September 1937, p. 56.

¹²⁸A.A. Heaps, the lone Labour representative on the Committee, for instance, remarked that the recommendations and the Act had as much in common as pig and pig iron. House of Commons, Debates (1935), p. 3920.

¹²⁹Ibid., p. 3930

¹³⁰League for Social Reconstruction, Social Planning, p. 458.

In 1937, the Liberal government of MacKenzie King introduced the Home Improvement Loans Act to "increase employment by encouraging the repair of rural and urban dwellings."¹³¹ As loans were limited to credit-worthy home owners, it too was ineffectual in addressing the rental problem.

In response to continued pressure for slum clearance and low-rental provisions, and to a 1937 recommendation by the ECC for a low-rental scheme, the Liberal government introduced the National Housing Act (NHA) in 1938. The Act, like the DHA, was designed to assist in the construction of houses and to increase employment,¹³² but contained unique provisions with respect to low-rental houses. Part I of the 1938 NHA repealed the Dominion Housing Act and re-enacted parts of it with changes to render home ownership more accessible to lower income households, and to those in small and remote communities. In rationalizing increased assistance to the ownership sector at a time when low-rental needs were extreme, Finance Minister Dunning noted in the House of Commons:

"One of the great objectives [of this Act] is to co-operate [with] those who...desire to own a home of their own, which is one of the most healthy aspirations in the breast of any man."¹³³

¹³¹ Statutes of Canada, The Home Improvement Loans Guarantee Act, 1937, 1 George VI, ch. 11.

¹³² See A. Wilson, "Canadian Housing Legislation," p. 219.

¹³³ House of Commons, Debates (1938), June 8.

Part II of the 1938 NHA contained the long-awaited rental provisions. Under the Act, the federal government offered a total of \$30 million in loans to Limited Dividend Housing Corporations or municipal housing commissions to assist them in the construction of houses to be leased to families of low incomes at no more than 20% of income. The Limited Dividend Companies were eligible for loans covering 80% of the costs of a \$2400 to \$2700 unit at 1 3/4% interest and were limited to a 5% dividend. Municipal companies were eligible for a 90% loan at 2%.¹³⁴ The Act established the principle of selected tenancy and provided for a rent reduction fund supported by voluntary contributions from the provinces and municipalities to aid those unable to pay even the subsidized market rents at 20% of income. It also encouraged inter-governmental co-operation in setting requirements for both provincial enabling legislation and municipal land provision.

The low-rental scheme met with mixed response. Grauer applauded the government's new approach to the housing problem, noting:

"In Canada, until the Dominion legislation of 1938, governments tended to approach the problem of housing as an adjunct to the problem of unemployment rather than on its own merits. Consequently, legislation overlooked those aspects of the situation which from a housing point of view, most needed attention, namely the provision of low-rental accommodation and the eradication of slum

¹³⁴See House of Commons, Debates (1938), pp. 3655-3656, 4266; Statutes of Canada, The National Housing Act, 1938, 2 George VI, ch. 49.

conditions."¹³⁵

He concluded that the provisions provided real hope for low-income groups and slum clearance.¹³⁶ The NHPA and other progressive groups, however, had a number of concerns regarding the scheme. One was that without capital grants or mandatory government contributions to a rent reduction fund, the program would fail to benefit the low-income renters most in need.¹³⁷ A second concern was that the exemption of low-rental projects from local residential taxation would discourage municipal initiation or approval of low-rental development.¹³⁸ A final concern was the requirement for provincial enabling legislation given an apparent lack of provincial interest in the scheme. Indeed, in 1939, the \$30 million available under Part II of the 1938 NHA remained unappropriated and unsolicited, and only one city, Vancouver, had obtained from its provincial legislature permission to engage in low-rental development.¹³⁹ With the low-rental provisions set to expire on March 31, 1940, optimism regarding extensive use of the program was, at that time, hardly warranted. Indeed, Canada's entry into World War II in September 1939 effectively thwarted hopes for low-rental and slum

¹³⁵Grauer, Housing, p. 60.

¹³⁶Ibid., p. 60a.

¹³⁷Two bedroom suites were expected to rent at \$16 per month, a level above the upper limit of most lower-income renters. "Selections on the National Housing Conference, 1939," Journal Royal Architectural Institute of Canada, April 1939, p. 71.

¹³⁸Ibid., p. 74.

¹³⁹Moreover, only five of nine provinces ever did pass the required legislation. Ibid., p. 71.

clearance activity, and Part II of the 1938 NHA expired in 1940 without one low-rental unit having been constructed under its provisions.

CHAPTER 3

URBAN RENTAL PROBLEMS AND POLICIES, 1940-1949

The transformation to a wartime economy upon Canada's entry into World War II provided relief for many of the economic and social problems which had plagued the 1930's. The burgeoning war economy effectively eliminated unemployment, and national per capita incomes began to rise as the economy gained momentum. Later, the successful transition from a war-based to peace-time economy ensured vigorous post-war growth, and ushered in two decades of prosperity and optimism about Canada's economic future.

The 1940's did not, however, produce a solution to the urban rental housing problems identified in the 1930's. On the contrary, accelerated rates of population growth and urbanization combined with high construction costs and low rates of rental production for much of the 1940's severely exacerbated the already critical shortage of adequate and affordable rental housing.

3.1 The Rental Problem During the War

Housing problems are not static. If they are not being addressed, the housing situation deteriorates if for no reasons other than population growth and wear and tear on the housing stock. The urban rental situation deteriorated during the war years not only because no action was being taken to improve it but because of a combination of circumstances which exacerbated existing problems.

Canada's entry into World War II spawned a new wave of urbanization as prospective war industry workers and the families of servicemen migrated to the larger cities.¹⁴⁰ Despite the increased demand for urban housing, however, residential construction lagged during the war years due to a diversion of material and manpower resources to the war effort. The rapid urbanization and the construction slump combined with the already serious residual shortfall to produce an acute shortage of urban dwellings of all types and of all price levels by 1941.

¹⁴⁰It is estimated that 300,000 people migrated to major Canadian cities as a result of war-related activities. Subcommittee on Housing and Community Planning, Final Report, p. 135.

Table 8Households and Dwelling Stock
Canada, 1939-1949

Year	Total Stock 000's	Occupied Stock 000's	Total Households 000's	Households Less Stock (Shortfall) 000's	Households Less Occu- pled Stock ¹ 000's
	1	2	3	4	5
1939	2,597.8	2,517.0	2,786	188	269
1940	2,643.4	2,579.7	2,863	219	283
1941	2,692.9	2,629.9	2,940	247	310
1942	2,733.2	2,672.6	3,007	274	334
1943	2,763.2	2,703.4	3,057	294	354
1944	2,799.0	2,739.4	3,099	300	360
1945	2,840.2	2,780.4	3,151	311	371
1946	2,899.2	2,839.1	3,250	351	411
1947	2,969.9	2,907.1	3,341	371	434
1948	3,042.4	2,978.4	3,440	398	462
1949	3,124.5	3,059.2	3,532	407	473

1. Households without separate units of their own.

Source:

Firestone, O.J. (1951) Residential Real Estate in Canada,
Toronto: University of Toronto Press, pp. 45, 205, 289.

Table 8 indicates, for example, that the shortfall of dwelling units in Canada increased from 188,000 to 311,000 units between 1939 and 1945, and one estimate suggested the urban vacancy rate in 1941 was as low as 1%.¹⁴¹ Moreover, the intense demand on the limited supply of both building materials and housing units sparked price increases which rendered available units unaffordable to many households. Typical market rents in urban centers, for instance, ranged from \$20 to \$25 per month.¹⁴² The lower one-third of urban tenants, however, could afford no more than \$12 per month at 20% of income.¹⁴³ Many of them, therefore, had no alternative but to reside in seriously substandard units, of which there were estimated to be at least 125,000 in Canada's major cities,¹⁴⁴ or to double-up. Indeed, as Table 8 illustrates, the number of households without dwellings of their own rose by over 100,000 between 1939 and 1945, and in 1941, 18.5% of the dwellings in major Canadian cities were estimated to be overcrowded.¹⁴⁵ Given the shortage of adequate and affordable dwellings, a number of municipal housing reports in the early 1940's described a nation-wide phenomenon of

¹⁴¹The commonly regarded desirable rate was 2% for single-family dwellings and 6% for apartments. See Subcommittee on Housing and Community Planning, Final Report, p. 89; H.M.S. Carver, Houses for Canadians: A Study of Housing Problems in the Toronto Area (Toronto: University of Toronto Press, 1948), p. 28.

¹⁴²Subcommittee on Housing and Community Planning, Final Report, pp. 14-15.

¹⁴³Calculated from average annual income levels of \$700. Ibid., p. 110.

¹⁴⁴Ibid., p. 105.

¹⁴⁵Ibid., p. 93.

households inhabiting converted stores, garages, factories, deserted office buildings, and boats and boat houses lacking sewage facilities and water supply.

Though urban households of all income levels were affected by the wartime housing shortage, low-income renters, whose lack of financial resources precluded many shelter options, felt it most keenly. Home ownership, for example, continued to be a dream for many.¹⁴⁶ According to Dominion Bureau of Statistics (DBS) figures, 65.5% of all urban male heads of households earned \$1,500 per year or less in 1941.¹⁴⁷ In the same year, however, the average value of existing owner-occupied homes in Canada's twenty-seven major cities was \$3,640,¹⁴⁸ a price which rendered them inaccessible to those earning less than \$1,600 per year.¹⁴⁹ Even the typical house financed under Part I of the 1938 National Housing Act (NHA), the lowest economic level for new owner-occupied housing in Canada, was valued at \$3,950,¹⁵⁰

¹⁴⁶The inaccessibility of home ownership for a large proportion of the urban population was likely a major factor in rising urban tenancy rates. In urban centers of over 30,000 population more than 81% of dwellings were renter-occupied in 1941. Ibid., pp. 124-125.

¹⁴⁷While these figures do not necessarily measure total household income, a 1937-38 DBS study indicated that earnings of male heads of households accounted for 92.4% of total household income across the whole income range. Marsh, Report on Social Security, pp. 22-23.

¹⁴⁸Subcommittee on Housing and Community Planning, Final Report, p. 15.

¹⁴⁹Calculated using the 2.25 times annual income rule of thumb.

¹⁵⁰Subcommittee on Housing and Community Planning, Final Report, p. 15.

rendering such houses inaccessible to wage-earners below the \$1,750 annual income figure.

In addition, new private sector rental housing continued to be too costly for lower- and increasingly even middle-income renters. As stated above, at 20% of income, the lower one-third of urban tenants could afford rent levels of no more than \$12 per month in 1941, while the middle one-third was limited to \$23 per month.¹⁵¹ Yet, \$25 was the minimum financial recovery rent which could render new, good quality rental housing a reasonable commercial proposition for landlords and builders.¹⁵² Moreover, low-income renters were the least able to afford the inflated prices on existing rental housing.

The options left to lower-income renters faced with the shortage of adequate and affordable rental housing were those outlined in Chapter 2 - to overspend for housing or to overcrowd in obsolete housing which continued, due to demand, to command a rental value. Indeed, there is plenty of evidence which suggests an unmistakable negative relationship between income and both proportion of income required for rent and poor quality housing.¹⁵³ According to the 1944 report of the federal

¹⁵¹Based on average annual income levels of \$700 and \$1,389 respectively. Subcommittee on Housing and Community Planning, Final Report, p. 110; Marsh, "Principles of Low-Rent Housing," Public Affairs 10 (1947):235.

¹⁵²Subcommittee on Housing and Community Planning, Final Report, p. 119.

¹⁵³Ibid., p. 95; Illing, Housing Demand, p. 110.

Subcommittee on Housing and Community Planning, for example, 89% of low-income urban tenants in 1941 were paying in excess of 20% of income for housing, compared to 50% of middle-income tenants.¹⁵⁴ As well, the rate of overcrowding among households earning less than \$500 per year in 1941 was 40%, compared to 12% for those earning more than \$2,000 per year.¹⁵⁵ CMHC's 1956 Brief to the federal Royal Commission on Canada's Economic Prospects noted the relationship between income and housing quality as well in stating:

"...the lowest-income households occupy the most obsolete part of the housing stock...Any absolute shortage of housing tends to bear particularly heavily on low-income households...The greater part of the doubling up occurs amongst low-income families and most dwellings in need of repair and lacking essential sanitary facilities are occupied by low-income families."¹⁵⁶

3.2 Recommendations for Action and Government Response to the Rental Problem During the War

Given the potential negative impact of the urban housing shortage on Canada's ability to produce war equipment and supplies, and in a dramatic departure from its pre-war pattern of hesitant and indirect intervention in the housing market, the federal government took decisive action on the wartime rental problem by implementing a number of unprecedented and directly

¹⁵⁴ Subcommittee on Housing and Community Planning, Final Report, p. 14.

¹⁵⁵ Ibid., p. 93.

¹⁵⁶ Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 24.

interventionist measures. The most remarkable was the creation in February 1941 of a federal crown corporation, Wartime Housing Limited (WHL). The function of the corporation, which was created under the War Measures Act, was to engage in the direct construction or purchase, operation and management of temporary rental housing for urban war-related industrial workers and their families. Accordingly, it was given both powers to expropriate private land and purchase municipal land, and priority on scarce building materials. Between 1941 and 1944, WHL spent \$50 Million to construct 17,190 workers' dwellings and a number of support structures such as schools and community centers.¹⁵⁷

Other elements of the government's directly interventionist wartime housing policy were designed to consolidate and centralize control over the rental market, building supplies, and labour. Rent and eviction controls for example, were imposed in 1940 on both existing and new accommodation in all urban centers. Materials, labour and construction permits were also regulated. In 1942, housing registries were introduced to facilitate more effective use of existing rental accommodation. As well, the Home Extension Plan, which guaranteed private loans to owners to convert single-family homes to multi-family use, was introduced in 1942. Because response to the plan was slow, the government itself intervened in conversion activities in 1943 with the Home Conversion Plan, which enabled it to lease,

¹⁵⁷Wade, "Wartime Housing," pp. 43, 47.

convert, and sublet privately-owned buildings in urban centers. These direct measures were accompanied by a reduction in indirect federal participation in the housing market. As a means of reserving financial, material and manpower resources for the war effort, the federal government terminated the 1937 Home Improvement Plan and the unused rental provisions of Part II of the 1938 NHA in 1941. However, it continued, at a much reduced level, its lending operations for owner-occupied housing under the same Act.¹⁵⁸

The creation of WHL and the adoption of the other measures outlined above represented the first significant direct federal foray into the housing field.¹⁵⁹ Whereas the housing acts of the 1930's had relied on the private sector for housing provision and had been designed to support the market, the measures of the early 1940's were designed either to circumvent the market or to regulate it. Given the strength of the free enterprise philosophy and the view of housing provision as a private sector responsibility, there was bound to be opposition to the government's actions. Those who favoured a laissez-faire approach towards the economy and who clung to their faith in the ability of the private sector to supply housing under normal

¹⁵⁸ Assistance to owner-occupied housing fell from \$51 million between 1935 and 1940 to \$26 million between 1941 and 1944. Ibid., p. 43

¹⁵⁹ The devastation of 325 acres of working-class housing in Halifax as the result of a 1917 explosion in the harbour did result in federal emergency provision of public housing units, but it was a one-shot and isolated action.

circumstances were pacified only by the explicitly temporary nature of both the intervention and of the WHL units themselves. The redefinition of the rental problem as a "war problem" and national emergency which could be best addressed through the use of wartime emergency powers also ensured that the provinces, who lacked the financial resources to cope with the problem at any rate, not only acquiesced in but actively encouraged this federal incursion into a field which clearly lay within provincial jurisdiction.

The units constructed by WHL did little to alleviate the low-rental problem, whatever the corporation's successes in helping to reduce the absolute shortfall of rental dwellings.¹⁶⁰ Although the press and C.D. Howe, the federal Minister responsible for WHL, referred to the units as low-rental, the fact that the corporation was required to recoup its costs meant rent levels in the units ranged from \$27 to \$37 per month.¹⁶¹ These rent levels rendered the units inaccessible to low-income renters limited to \$12 per month. The units were more suited to, and indeed did house, the moderate-income tenant enjoying stable employment in the war industries.¹⁶² Nor was the number of units produced by WHL, even had they been low-rental, nearly enough to

¹⁶⁰The 17,190 units constructed by WHL between 1941 and 1944 represented 11% of residential completions during the period. (See Table 9 below.)

¹⁶¹Carver, "Housing Needs and Community Planning," Canadian Welfare 24 (January 1949):38.

¹⁶²Marsh, "Principles," p. 235.

meet the need. Finally, no special provision was made in WHL units for large families who tend to suffer most from overcrowding and affordability problems.¹⁶³

Optimistically sensing prospects for peace, the federal government turned some of its attention in 1941 towards planning for the transition back to peace-time. An Advisory Committee on Reconstruction was appointed in that year to investigate means to counteract post-war economic instability. In 1943, a Subcommittee on Housing and Community Planning, under the chairmanship of Professor C.A. Curtis, was established with the following terms of reference:

"To review the existing legislation and administrative organization relating to housing and community planning, both urban and rural, throughout Canada, and to report regarding such changes in legislation or modification or organization and procedure as may be necessary to ensure the most effective implementation of what the Subcommittee considers to be an adequate housing program for Canada during the years immediately following the war."¹⁶⁴

The Subcommittee submitted its final report, known as the Curtis Report, in March, 1944. In the report, the Subcommittee stressed the crucial role a comprehensive housing construction program could play in domestic post-war plans given its potential to stabilize the economy and to provide employment. The report also reiterated concerns expressed in the housing reports of the 1930's regarding Canada's negligence in providing

¹⁶³ Subcommittee on Housing and Community Planning, Final Report, p. 15.

¹⁶⁴ Ibid., p. 4.

government assistance for housing as a matter of welfare and public concern. It suggested that an effective housing policy must be multi-faceted, encompassing home ownership, rehabilitation, slum clearance and low-rental housing in order to assist the private market to provide affordable housing and to assist those unable to afford even subsidized private sector units.

The Curtis Report recommended a minimum urban construction target of 50,000 to 60,000 units per year for the first post-war decade to satisfy an estimated need for 535,000 to 606,000 new urban units.¹⁶⁵ The estimate was based on elimination of only one-half of the existing urban backlog,¹⁶⁶ on the replacement of scattered, obsolete houses apart from those in blighted and slum areas, and on meeting additional annual requirements during the decade. A more extended attack on obsolete and overcrowded dwellings and on the backlog, or a higher standard for new housing requirements would have required a program of even larger dimensions. As Table 9 indicates, however, annual urban completions had exceeded 50,000 units only twice in the previous two decades, and had averaged only 37,000 units over the period. A larger program, therefore, would have been clearly unrealistic.

¹⁶⁵Ibid., pp. 13, 147, 152.

¹⁶⁶The total urban backlog included the replacement of substandard units in slum areas, and the elimination of overcrowding and the inherited construction deficit. Ibid., p. 12.

Table 9Urban¹ Residential Starts and
Completions, Canada, 1921-1949

Year	Starts ²	Completions
	1	2
1921	35.0	28.0
1922	40.7	35.1
1923	39.5	36.3
1924	37.6	30.9
1925	45.5	37.0
1926	52.4	46.5
1927	54.7	46.6
1928	60.4	52.7
1929	57.5	54.9
1930	48.7	44.9
1931	39.4	40.5
1932	24.9	23.6
1933	22.8	18.3
1934	28.3	22.9
1935	33.9	27.5
1936	41.0	32.9
1937	45.1	40.6
1938	43.9	35.7
1939	48.9	42.7
1940	52.6	43.4
1941	51.2	48.0
1942	40.0	38.5
1943	36.1	33.4
1944	41.5	39.3
1945	55.2	44.9
1946	64.4	63.1
1947	74.3	75.1
1948	90.2	77.2
1949	90.5	85.7

1. Urban = non-farm.

2. Starts are for Canada as a whole.

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Firestone, O.J. (1951) Residential Real Estate in Canada,
Toronto: University of Toronto Press, pp. 268, 394.

Urquhart, M.C. & K.A.H. Buckley, (1965) Historical Statistics
of Canada, Toronto: MacMillan, Series R133-139.

The Curtis Report particularly emphasized the need for low-rental dwellings, noting that as Part II of the 1938 NHA had never been used,

"with very few exceptions...the conclusions reached by the [1935] Parliamentary Committee are as valid for rental housing in 1943 as they were in 1935, the situation having become actually worse in most cities than it was ten years ago."¹⁶⁷

Stressing that a large and long-range program of low-rental housing was an inescapable conclusion from the available facts,¹⁶⁸ the report recommended that at least 15,000 units of the 50,000 to 60,000 yearly target be low-rental.¹⁶⁹ It advised that the units be constructed, operated and managed by Local Housing Authorities, in the form of municipal agents, private limited dividend corporations, or co-operative associations. It also recommended that the Local Authorities be assisted by low-interest federal loans covering 90% of the capital costs of low-rental construction, and by municipally-supplied land. To encourage municipal co-operation and participation in the program, the report advised federal grants to assist in the survey and design of cleared slum areas. It also recommended federal contributions to a rent reduction fund to keep rent levels in low-rental units below existing market and financial recovery rent levels - a recommendation which clearly had a social welfare purpose. Finally, it advised the projects be

¹⁶⁷Ibid., p. 35.

¹⁶⁸Ibid., p. 193.

¹⁶⁹Ibid., p. 152.

provided with skillful on-site managers and community facilities such as schools and playgrounds.

In addition to its proposals for home ownership, home improvement, and slum clearance and low-rental housing, the Curtis Report also recommended the nationwide adoption of a standardized building code, measures to reduce housing costs, and town planning practices. It also recommended that all federal legislation pertaining to housing be amalgamated into one statute, and be administered by one central federal agency.

The Curtis Subcommittee was not the sole advocate for government action on low-rental problems in the early 1940's. In fact, its concerns regarding the low-rental situation paralleled concerns voiced by Leonard Marsh in his Report on Social Security for Canada submitted to the same Advisory Committee one year earlier. In addition, a large low-rental and slum clearance lobby composed of community groups such as the newly-established Citizens' Housing and Planning Association, women's organizations, professional associations, service clubs, Boards of Trade, social welfare associations and churches had emerged. They were supported in their lobby at the political level by the Co-operative Commonwealth Federation and the Labour Progressive (formerly the Communist) Party.

Several months after the submission of the Curtis Report, the federal government replaced the 1938 NHA with the 1944 NHA. The subtitle of the 1944 Act clearly indicated its intended role

in smoothing the transition from a war-based economy to a peacetime economy, and in averting a post-war depression such as had occurred in 1918. It read:

"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 Post-War Period".¹⁷⁰

The 1944 Act was the most comprehensive to date, and contained provisions for home ownership, rental housing, rural housing, home improvement and extension, and housing research and community planning. In Part I, the federal proportion of loans to owner-occupied housing was increased from 20 to 25%, the interest rate was reduced, and longer amortization periods were permitted for houses situated in areas protected by community planning and zoning. In addition, the entire loan fund was increased to \$100 million, inclusive of that portion already expended on DHA and 1938 NHA units.

Part II of the Act expanded the total rental loan fund established under the 1938 NHA from \$30 million to \$50 million. Under Section 8 of the Act, individual rental developers were eligible for twenty year loans covering 80% of the lending value of projects unless the project was situated in an area protected by community planning and zoning, in which case the amortization period increased to twenty-five years. More favourable terms providing for fifty year loans at 3% covering 90% of lending

¹⁷⁰Statutes of Canada, The National Housing Act, 1944, 8 & 9 George VI, ch. 46.

value were offered under Section 9 to limited dividend corporations constructing new or converting existing dwellings into low-rental units. The corporations were also eligible to receive rent reduction contributions from provincial, municipal and social agencies, trusts and individuals. Provision was also made under Section 11 for life insurance companies interested in investing in low- and moderate-rental housing with a guaranteed return of 2.5%.¹⁷¹

Part II of the 1944 NHA also provided a federal fund of \$20 million to assist municipalities in clearing and replanning, or rehabilitating and modernizing slums and blighted areas. The grants were conditional upon the sale of the land to limited dividend corporations or life insurance companies for low- and moderate-rental construction, and were to cover one-half of the amount by which the cost of acquiring and clearing the land exceeded the price obtained from the sale. They were also conditional upon provincial enabling legislation.

The 1944 NHA, which paralleled many of the Curtis Report recommendations, fell far short of the recommendations for a comprehensive low-rental program in several important areas. It did not define "low-income" or set requirements for monitoring rent and income levels. It did not make provision for a federally-financed rent reduction fund to bridge the gap between

¹⁷¹See Statutes of Canada, National Housing Act, 1944; Wade, "Wartime Housing," p. 60.

market and financial recovery rent levels and affordable rents. It did not provide for on-site management or community facilities. Most importantly, it placed reliance for low-rental housing solely on private limited dividend corporations and private insurance companies, excluding municipal authorities. In doing so, the 1944 NHA reasserted the federal government's indirect, market-oriented housing policy of the 1930's, and renewed the pre-war commitment to supporting private enterprise. Howe defended this shift in policy focus by explaining that in assuming an indirect role, the federal government could avoid the laborious process of working out the municipal-provincial-federal partnership which would otherwise be required in the implementation of a low-rental scheme, and could make an early start in tackling the housing problem.¹⁷²

3.3 The Rental Problem in the Post-War Years

Despite Howe's optimism regarding the potential of the 1944 NHA to alleviate rental problems, the rental situation deteriorated in the immediate post-war years. Demographic factors played a large role, in that demobilization and high post-war rates of immigration, family formation, and urbanization exacerberated the urban rental shortage. As well, because of the shortage, the removal of scattered obsolete houses from circulation and large-scale slum clearance programs

¹⁷²C.D. Howe, "Meeting Canada's Housing Needs," Public Affairs 10 (1947):218.

were discouraged. Consequently, many renter households continued to reside in the poorest housing available.

The most significant factor in the persistence of the rental problem, however, was the nature of private sector construction activity in the post-war years. Post-war private residential construction got off to a slow start, hampered by competition for scarce building materials and labour and by the obsolete building practices of an industry which had essentially lain dormant for a generation. Given the post-war surge in the urban population, the units constructed between 1945 and 1947 did little more than keep pace with new demand. By 1947, however, many of the problems had been overcome and private residential construction was proceeding at an almost unprecedented rate. As the data in Table 9 indicate, average annual starts jumped from 46,500 units during the war years to 79,850 in the post-war years.

The high levels of construction did little, however, to ease rental and especially low-rental problems for a number of reasons. Firstly, although the 1944 NHA had been intended to encourage the production of all types of housing, rental housing represented only a small fraction of post-war production. Higher construction costs¹⁷³ dictated that investors target a higher

¹⁷³Considering the factors of both labour and materials, the cost of building at the end of 1947 was about 80% higher than it had been in 1939, and the costs of new houses totally out of proportion to general price and wage levels. Carver, Houses for Canadians, p. 10.

income market in order to maintain their level of returns, and given the generally lower incomes of renter households and the constraints of rent controls, suburban single-family dwellings for owner-occupation flooded the housing market in the post-war period.¹⁷⁴ Indeed, at the end of 1947, detached single-family dwellings represented more than 80% of all units under construction.¹⁷⁵ The economics of rental investment were so poor that not even limited dividend corporations were attracted to rental development in the post-war period. Indeed, Housing Enterprises of Canada Limited, a limited dividend corporation formed in 1946 by a number of insurance companies, and which received the majority of the financing offered under Part II of the 1944 NHA,¹⁷⁶ constructed only 3,300 units across Canada in its limited lifetime.¹⁷⁷ Moreover, many existing rental units were sold off for owner-occupation.¹⁷⁸ Despite their price, the demand for owner-occupied units was high given the deprivation

¹⁷⁴Home ownership remained inaccessible to most low-income households. With only one-third of Canadians earning more than \$2,500 per year, the average modest single-family home selling for \$5,000 was beyond the means of a great majority of Canadians, and certainly of low-income Canadians. Marsh, "Principles," pp. 234-235.

¹⁷⁵Central Mortgage and Housing Corporation, Housing in Canada: A Factual Summary, 9 vols. (Ottawa: CMHC, Economic Research Division, 1946-1954), 3 (January 1948):9.

¹⁷⁶Central Mortgage and Housing Corporation, Housing in Canada 2 (January 1947):14.

¹⁷⁷Marsh, "The Economics of Low-Rent Housing," Canadian Journal of Economics and Political Science 15 (1949):30.

¹⁷⁸Toronto, for instance, had 10,000 fewer rental units in 1946 than at the beginning of the war as landlords took advantage of an unrestricted sales market. Rose, Regent Park, p. 46.

during the depression and war years and the rising expectations of the prosperous post-war period. Canadian housing policy analyst Albert Rose suggests, in fact, that aspirations to home ownership "assumed the proportions of a national fetish" in the post-war period, and carried with them the notion that tenants constituted somewhat inferior citizens.¹⁷⁹

The second reason the high levels of post-war residential construction failed to alleviate the low-rental problem was that the few new rental units produced were beyond the financial capacity of low-income renters. Even Housing Enterprises of Canada Limited, which engaged in rental development through the low-rental provisions of the 1944 NHA, found it necessary to rent its units for \$47 to \$60 per month,¹⁸⁰ - an indication that even assisted private sector developers could not bridge the gap between market and financial recovery rent levels and rent levels affordable to low- and even moderate-income renters. Indeed, Marsh noted in a 1950 article:

"Experience has now shown that the limited-dividend corporation is certainly not able to supply anything better than moderately high rental housing. Low-rental housing, which involves a subsidy and requires public management, calls for the institution of the Housing Authority."¹⁸¹

¹⁷⁹Ibid., p. 18.

¹⁸⁰Marsh, "Principles," p. 235. As noted above, low-income renters could afford levels of no more than \$12 per month, and middle-income renters up to \$23 per month.

¹⁸¹Marsh, Rebuilding a Neighbourhood: Report on a Demonstration Slum Clearance and Urban Rehabilitation Project in a Key Central Area in Vancouver (Vancouver: University of British Columbia, 1950), p. iv.

A 1948 article in Saturday Night was even more critical of the results of the Limited Dividend program, noting that Housing Enterprises Limited had been compelled to abandon its "low-rental" program in 1947 because of its inability to provide for any but the top 5% of the income scale.¹⁸²

Moreover, the "filtering" process did not alleviate the low-rental problem. In the first place, the volume of dwellings which filtered down was insufficient to make a great impact on the low-rental situation because new construction represented only 1% to 2% of total stock,¹⁸³ because the construction boom served primarily to relieve overcrowding and doubling-up, and because the increased supply of middle- and upper-income units simply induced additional demand among those income groups for second homes.¹⁸⁴ Secondly, the rental value of those units which did filter down did not reduce sufficiently to render them affordable to low-income households.¹⁸⁵ Thirdly, filtering was, at best, a slow and protracted process and could not meet

¹⁸²Benjamin Higgins, "Better Strategy and Tactics to Win the Housing War," Saturday Night, 14 February 1948, p. 6.

¹⁸³Hulchanski, Role of Rent Regulations, p. 41.

¹⁸⁴See I.R. Silver, Housing and the Poor, Working Paper A.71.2 (Ottawa: Ministry of State for Urban Affairs, 1971), p. 192; D.V. Donnison, "Housing Problems and Policies: An Introduction," in The Right to Housing, ed. Michael Wheeler (Montreal: Harvest House, 1969), p. 41.

¹⁸⁵See Silver, Housing and the Poor, p. 192; Carver, Houses for Canadians, pp. 94, 96, 98.

increased demand among low-income households very quickly.¹⁸⁶ Finally, as discussed in Chapter 2, the quality of many of the units which did filter down was seriously substandard.

3.4 Recommendations for Action and Government Response to the Rental Problem in the Post-War Years

With the deterioration of the rental situation in the post-war years, the low-rental and slum clearance lobby intensified. A rash of reformist articles and studies in the late 1940's stressed the costs of further inaction, in both social and economic terms.¹⁸⁷ Public investment in low-rental housing, they noted, was not money lost but an investment in morale, health, social stability, human productivity, and the livability of cities.¹⁸⁸ The studies also emphasized that housing deserved to be considered not simply as shelter, but as an element of social policy. A distinction had to be made between the effective demand for housing and the need for housing. Given the inability of the private sector to supply low- and even moderate-rental units and thus to satisfy housing need, the recourse to public housing and direct rental subsidies was simply unavoidable. Given the relatively weak tax base of the provinces and the proposed scale of the undertaking, the studies concluded that

¹⁸⁶Hulchanski, Role of Rent Regulations, p. 41.

¹⁸⁷The costs included the effects of poor quality housing on slum dwellers themselves, public expenditures on health, welfare and protection services, declining tax revenues in both slum areas and contiguous properties, and the wasteful use of land and neglect and deterioration of inner-city areas as suburban sprawl leapfrogged.

¹⁸⁸Marsh, Report on Social Security, p. 119.

the primary responsibility for financing public housing clearly lay with the federal government.¹⁸⁹

In response to the pressure and to the deterioration of the rental situation, the federal government stepped up its direct participation in the housing field. In 1945, it established the Emergency Shelter Administration to control migration into certain congested areas, and to survey, inspect, and convert vacant buildings into temporary accommodation. In the same year, the operations of WHL were expanded, but with a new focus - more permanent, better quality rental units for demobilized servicemen and war veterans. Between 1944 and 1947, WHL constructed 14,323 units for ex-servicemen,¹⁹⁰ bringing the corporation's total contribution of rental units since 1941 to well over 31,000. As the following statement by Howe in a 1947 article indicates, the expansion of the federal government's direct role and particularly of the activities of WHL was again rationalized as a response to extraordinary circumstances. Howe wrote:

"The aspects of population dislocation and emergency that characterized the needs of many war workers and justified the wartime housing program were also apparent among war veterans as soon as large-scale demobilization started. It was decided, therefore, the Wartime Housing Limited should continue to build low-rental units, but now for veteran occupancy...From this it is clear that the extent of the Dominion's direct participation in providing accommodation has been limited in scope and treated as an extraordinary

¹⁸⁹See Marsh, "Principles," p. 237.

¹⁹⁰Wade, "Wartime Housing," p. 61.

¹⁹¹Howe, "Meeting Housing Needs," pp. 217-218.

provision."¹⁹¹

The expanded direct activity was only temporary, however. Within two years of the end of the war, the federal government began to revert to its former indirect and market-oriented role. It removed the last vestiges of its direct role in 1948 with the dismantlement of WHL, virtually the only producer of rental housing,¹⁹² and the subsequent sale of WHL units to occupants. The resumption of its indirect role resulted in a number of measures designed to facilitate private sector housing provision. The government stimulated the production of building materials and channelled them to priority construction. It co-operated with the provinces in extending training in order to increase the supply of qualified building tradesmen. In 1945, it created a federal crown corporation, Central Mortgage and Housing Corporation (CMHC) to provide mortgage discounting facilities for loan and mortgage companies,¹⁹³ and "to stimulate the private sector to serve as large an area as possible of the housing field."¹⁹⁴ The federal government's various housing programs were centralized under the Corporation, and the administration of the NHA transferred to it from the National Housing Administration of the Department of Finance. In 1946, CMHC was authorized to make direct loans to primary industries to construct rental housing for their employees. In 1947, in

¹⁹²Carver, Houses for Canadians, p. 8.

¹⁹³Ibid., p. 5.

¹⁹⁴See Wade, "Wartime Housing," p. 150.

order to offset declining returns in the rental market, the federal government introduced a number of tax system subsidies for rental developers, including a double depreciation rate on rental units, subject to their rental at less than \$70 per month.¹⁹⁵ In 1948, the diminishing balance method of depreciation was incorporated into a capital cost allowance system. Also in 1948, the federal government partially lifted rent controls. In addition, a 1948 amendment to the 1944 NHA provided for rental insurance and empowered lenders to make larger loans to rental projects covered by insurance. A second 1948 amendment increased the maximum loan available for multi-family units.

Given the federal decision to continue to rely solely on the private sector for housing provision despite the sector's proven inability to provide low-rental housing, one must question the government's commitment to resolving the low-rental problem. Federal officials were not unaware of the serious situation in the rental sector - in 1946 Howe conceded in the House of Commons that the government must act to redress the deficiencies of assisted private sector production,¹⁹⁶ and in 1947 he acknowledged that the hard core of the housing problem, the low rental problem, had barely been touched.¹⁹⁷ Moreover,

¹⁹⁵Central Mortgage and Housing Corporation, Housing in Canada 2 (April 1947):16.

¹⁹⁶See Carver, Houses for Canadians, p. 15.

¹⁹⁷Howe, "Meeting Housing Needs," p. 221.

the federal government had clearly demonstrated its ability to supply good quality rental housing economically and efficiently through the operations of WHL, and in 1947 already had the intergovernmental machinery in place to undertake a permanent and comprehensive program of slum clearance and low-rental production. The problem was clearly one of political will, although the federal government rationalized its inaction by citing provincial and municipal jurisdiction over housing. In his 1947 article, Howe maintained, for instance:

"Since housing is a function of property and civil rights, a matter within the jurisdiction of provincial and municipal governments, direct participation by the Dominion in a housing program is circumscribed...Where the subsidization of low-rental housing is necessary or desirable it is rightly a responsibility of municipal and provincial authorities."¹⁹⁸

Again, one is led to conclude that the real reasons behind federal inaction and the dismantlement of WHL and the sale of its units were the government's philosophy of non-competition with the private sector, its reverence of home ownership, and its belief the rental problem was temporary. Indeed, L.B. Smith, a noted housing analyst and neo-classical economist, acknowledges in his 1977 monograph on Canadian housing policy that the major theme of government policy between 1935 and 1954 was to encourage the private sector rather than to replace it with direct government involvement.¹⁹⁹ As well, Howe predicted in 1947 that the low-rental situation would improve once

¹⁹⁸Ibid., pp. 217, 220.

¹⁹⁹Smith, Anatomy of a Crisis, p. 152.

construction costs had stabilized at a level where developers could expect to recover their investment and a reasonable profit.²⁰⁰

Given federal inaction on slum clearance and low-rental housing provision, one municipality assumed responsibility for public housing. In 1947, the Housing Authority of Toronto, a municipally-owned limited dividend company and the first local housing authority in Canada, was established to construct and operate the Regent Park Housing Project, Canada's first public housing project. The Authority utilized the federal grant available through the 1944 NHA to clear and acquire the very slum site which had been surveyed and publicized by the 1934 Bruce Committee, and also received a provincial grant of \$1000 per unit to assist in the construction of 1,056 units.²⁰¹ The first residents were admitted to Phase One of the project, Regent Park North, in early 1949.

With the Toronto public housing experiment as a model, in late 1949 the federal government passed a significant amendment to the 1944 NHA which expressly acknowledged the need for direct government intervention to meet low-rental needs. The amendment, for the first time, acknowledged housing as a social, as well as economic, good, and ensured that after more than twenty years in the forefront of public policy discussion, the low-rental

²⁰⁰Howe, "Meeting Housing Needs," p. 219.

²⁰¹Rose, Regent Park, p. 76.

problem finally became the object of more than token attention.

Under the new Section 35 of the NHA, a federal-provincial partnership, charged with acquiring and developing land for the construction of new low-income housing for sale or rent, was established. The capital costs and the profits or losses of the projects were to be shared on a 75-25% basis by the federal government and provincial government or its agent. Ownership of the units was to be joint as well. Although the amendment eschewed the term "public housing", the federal contribution to the operating costs of such projects ensured their ability to house low-income families who were unable to pay market and financial recovery rent levels. Like the 1938 low-rental and the 1944 slum clearance schemes, federal financing was dependent upon provincial enabling legislation and local initiative and management. The amendment was hailed as a milestone in Canadian housing policy and housing reformers looked to the 1950's with optimism that at last the housing needs of low-income renters would be satisfied.

CHAPTER 4

URBAN RENTAL PROBLEMS AND POLICIES, 1949-1964

The housing construction boom which began in the immediate post-war years continued, with minor fluctuations, well into the 1960's. Fuelled by high employment and wage levels, favourable demographics,²⁰² rapid urbanization,²⁰³ and the emergence of large specialized development companies to replace the traditional small builder-carpenter, housing production doubled in the first post-war decade.²⁰⁴ During the 1950's and 1960's, in fact, residential construction represented a greater proportion of Gross National Expenditure (GNE) than ever

²⁰²The favourable demographics included continuing high rates of population growth, immigration, and household formation. Though net family formation slowed towards the late 1950's, the increasing growth rate of non-family households maintained a high level of demand for new housing.

²⁰³In the latter half of the 1950's, 73% of all population growth gravitated to the metropolitan and major urban areas. By 1961, 45% of Canadians lived in the seventeen metropolitan areas, and 33% lived in the five largest cities. James A. Murray, "Search for Shelter," Canadian Architect 10 (1965):38.

²⁰⁴Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 12.

²⁰⁵Whereas housing expenditure had never exceeded 4% of GNE between 1926 and 1948, it had risen to 5.6% of GNE by 1955. Dube, Howes, and McQueen, Housing and Social Capital, p. 44-55.

before.²⁰⁵ According to the 1956 brief presented by Central Mortgage and Housing Corporation (CMHC) to the Royal Commission on Canada's Economic Prospects, the national economy and the building industry displayed the productive capacity to meet Canada's housing needs to 1980. The brief noted:

"Prospects for new housebuilding over the next two decades and a half are such as to suggest that the present industry, with virtually no expansion, could meet the task [of housing Canadians]."²⁰⁶

Such optimism was, unfortunately, not warranted. Even at record levels, production barely kept pace, for much of the period, with rising demand.²⁰⁷ In fact, a 1957 study prepared for the same Royal Commission estimated that 3,700,000 new housing units - or 154,000 per year²⁰⁸ - would be required before 1980 to meet new needs, to reduce overcrowding, and to provide for a reasonable 3.3% vacancy rate.²⁰⁹ The physical capacity of the construction industry, however, was estimated at 125,000 to 135,000 units per year.²¹⁰ Moreover, chronic shortages of mortgage investment funds and serviced land throughout the 1950's thwarted attempts by the building industry

²⁰⁶Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 12.

²⁰⁷Carver, "Housing Needs," p. 35.

²⁰⁸This figure represents 3,700,000 divided by 24 years.

²⁰⁹Dube, Howes, and McQueen, Housing and Social Capital, p. 53.

²¹⁰Canadian Congress of Labour, "Housing Act Inadequate," p. 93.

²¹¹Central Mortgage and Housing Corporation, Annual Report, 1959 (Ottawa: CMHC, 1953-), p. 8.

to further accelerate production.²¹¹ Thus little progress was made in eliminating the severe post-war housing shortage, and the doubling-up and slum conditions which accompanied it. A 1963 article in Canadian Welfare estimated, in fact, that at least 25% of Canadian families were poorly housed and were paying dearly for the housing they had.²¹² Given the seriousness of the situation, a 1955 article in Canadian Business warned:

"The housing situation is becoming more acute in spite of the boom; and the job ahead of us is far greater than the one that lies behind."²¹³

As evidence presented in Chapter 3 indicates, severe housing shortages most seriously impact low- and moderate-income households - households who tend to be renters. Consequently, housing quality, supply and affordability problems persisted for many renter households throughout the 1950's and 1960's despite the general prosperity of the times.

4.1 The Rental Problem

The acute shortfall of rental units of an acceptable minimum standard and approaching the financial limits of low- and moderate-income households was chronicled in the housing studies and periodicals, and at the housing-related conferences

²¹²Joseph E. Laycock, "Your Stand on Public Housing," Canadian Welfare 39 (November-December 1963):252.

²¹³R.L. Edsall, "This Changing Canada: Back to Cities and Apartments?" Canadian Business 28 (February 1955):65.

of the day.²¹⁴ A 1949 article in the Financial Post suggested that a shortage of rental housing, particularly in the low to medium rent range, was a general condition in the larger Canadian cities,²¹⁵ while a 1955 article in the Monetary Times documented the impossibility of finding any type of rental unit in Winnipeg, Regina, Saskatoon, and Edmonton.²¹⁶ Moreover, average rentals for available units in the larger cities ranged from \$75 to \$155 per month in the early 1950's,²¹⁷ although 53% of urban household heads earned less than \$2,500 per year,²¹⁸ and were thus unable, according to the 20% of income "rule of thumb", to afford rent levels of more than \$42 per month. Indeed, in 1951 and again in 1964, CMHC officials estimated the

²¹⁴See Rose, Regent Park, pp. 13, 15; P.R.U. Stratton, "Why Subsidized Rental Housing?" Canadian Welfare 28 (December 1952):3; W.S. Goulding, "Housing for Older People," Canadian Welfare 28 (December 1952):38; Marsh, "Economics," p. 17; O.J. Firestone, "How Housing Shortage Snowballing," Financial Post, 22 September 1945, p. 13; F. Marrocco, "The Housing Problem," Trades and Labour Congress Journal 32 (September 1953):33; Vancouver Housing Association, Houses for All: Proceedings of the Housing Conference, Hotel Vancouver, January 19-20, 1954 (Vancouver: Vancouver Housing Association and B.C. Division of Community Planning Association of Canada, 1954), Foreward.

²¹⁵Clive Chattoe, "Rents to Rise Steeply, Many Face Eviction," Financial Post, 30 April 1949, p. 1.

²¹⁶"House and Apartment Construction Outbooms All Other Industries," Monetary Times 123 (January 1955):52.

²¹⁷See Hal Tracey, "Low-Rental Housing Can be Practical," Saturday Night, 10 November 1951, p. 34; Chattoe, "Want to Rent Apartment? Here's Outlook," Financial Post, 29 April 1950, pp. 1, 3.

²¹⁸Canadian Congress of Labour, "Housing Act Inadequate," p. 93.

²¹⁹See John R. Nicholson, "Our War on Poverty," Financial Post, 13 June 1964, p. 6; "Across Canada: Amendments to the National Housing Act," Canadian Welfare 40 (September-October 1964): 229; Firestone, "Shortage Snowballing," p. 13; Stewart Bates, "Housing and the Government," Journal Royal Architectural Institute of Canada 35 (July 1958):261.

number of households doubled-up to be 500,000²¹⁹ - most of them because of the shortage of affordable dwellings.²²⁰ As for rental quality, housing standards for the majority of urban households undoubtedly improved between 1949 and 1964.²²¹ Nevertheless, severe problems remained in some geographic areas and for specific population groups.²²² It was estimated in 1964, for instance, that if provision were made for a reasonable vacancy rate, a total of 1,000,000 to 1,300,000 low-rental units were required for low-income and elderly households in need of more adequate and affordable housing.²²³ Since the 1,300,000 units were not forthcoming, low-income renters were forced to rely for accommodation on the converted single-family house, still, in the mid-1950's, the greatest source of low- and

²²⁰See Dube, Howes, and McQueen, Housing and Social Capital, p. 48; Canadian Congress of Labour, "Housing Act Inadequate," p. 91.

²²¹In 1961, only 5.6% of all dwellings and 3.4% of urban dwellings were in need of major repair compared with 13.4% and 9.9%, respectively, in 1951. In addition, 90% of Canadian households were, according to the 1961 Census, enjoying exclusive use of a home. See Silver, Housing and the Poor, p. 190; S.H. Pickett, "An Appraisal of the Urban Renewal Program in Canada," University of Toronto Law Journal 18 (1968):238; Central Mortgage and Housing Corporation, Annual Report, 1962, p. 6; Bates, "Housing and Government," p. 261; N.H. Lithwick, Urban Canada: Problems and Prospects (Ottawa: CMHC, 1970), p. 21; Smith, Housing in Canada: Market Structure and Policy Performance, Research Monograph No. 2 of Urban Canada (Ottawa: CMHC, 1971), p. 10; Nicholson, "War on Poverty," p. 6.

²²²In 1961, 20% of the housing stock still lacked hot water and private bathing facilities and 15% lacked modern toilets. See Nicholson, "War on Poverty," p. 6; "Across Canada: Amendments," p. 28.

²²³J. Murray, "Search for Shelter," p. 43. Murray estimated that 35% to 40% of those units should be earmarked for the elderly.

moderate-rental housing.²²⁴ Unfortunately, as suggested in Chapter 2, such accommodation was often of extremely low quality and ripe for clearance and redevelopment, lacking adequate plumbing, play areas, space, light and ventilation.²²⁵

Aside from the failure of the 1950's building boom to relieve the general housing shortage, there were two other major reasons why rental problems remained so serious in the 1950-64 period. Firstly, relatively little rental housing was produced during the 1950's, by either the private sector or the public sector under the new Section 35 provisions of the National Housing Act (NHA). Secondly, the rental housing which was produced failed, for the most part, to satisfy demand or the needs of lower-income households. A brief discussion of development activity in both the private and public sectors and the forces shaping it may help to explain why this was so.

The Private Rental Sector. Although the 1949 Section 35 amendment to the NHA paved the way for the emergence of a public rental sector in Canada, the private sector continued, as Table 10 suggests, to dominate the rental housing market in the 1950's. Consequently, the limited production of rental housing between 1949 and 1964 stemmed primarily from that sector's continued concentration on the construction of single-family

²²⁴Marsh, "Economics," p. 26.

²²⁵In 1961, the lowest income one-third of tenants occupied 71% of all rental units needing major repairs. Dennis and Fish, Programs in Search of a Policy, p. 48.

Table 10 **Rental Starts, By Initiating Sector**
Canada, 1949-1964

Year	Total Rental Starts	Private Sector Rental Starts	Private Sector Rental Starts as % of Total	Public Sector Rental Starts
	1	2	3	4
1949	32,868	24,875	75.7	7,993
1950	26,027	21,228	81.6	4,799
1951	18,565	16,346	88.0	2,219
1952	24,828	19,870	80.0	4,958
1953	29,881	28,026	93.8	1,855
1954	33,177	31,704	95.6	1,473
1955	35,123	33,848	94.5	1,975
1956	33,554	31,154	92.8	2,400
1957	36,251	33,548	92.5	2,703
1958	56,609	53,131	93.9	3,478
1959	44,340	42,865	96.7	1,475
1960	36,838	35,008	95.0	1,830
1961	46,100	43,322	94.0	2,778
1962	52,859	50,505	95.5	2,354
1963	69,587	67,521	97.0	2,066
1964	85,324	83,423	97.8	1,901

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

suburban units for owner-occupiers. As Table 11 illustrates, fully 70% of new housing production in the 1950's represented single-family dwellings.²²⁶

As in the past, and as the data in Table 12 indicate, such dwellings were beyond the financial capacity of a large proportion of the population. With the average new NHA-financed single-family house valued at \$12,305 in 1954, potential buyers required annual incomes of \$4,900, according to the newly-accepted 2.5 times annual income "rule of thumb."²²⁷ Yet 58% of Canadian wage earners earned less than \$3,000 in 1954.²²⁸ Even the least costly NHA unit in 1954, a row house valued at \$9,020,²²⁹ was beyond the means of that substantial portion of Canadian workers. Indeed, a 1954 estimate by the Canadian Congress of Labour (CCL) suggested that one-third to one-half of all wage-earner families could not afford the cheapest NHA house without denying other necessities of life.²³⁰ In 1957, in fact, only 2% of NHA borrowers were from the lower one-third of the income scale.²³¹

²²⁶See also Central Mortgage and Housing Corporation, Annual Report, 1959, p. 7.

²²⁷Inflationary pressures on real estate were pushing the traditional 2 to 2.25 times annual income figure up to 2.5. Marrocco, "Housing Problem," p. 33.

²²⁸Canadian Congress of Labour, "Housing Act Inadequate," p. 93.

²²⁹Ibid., p. 94.

²³⁰Ibid., p. 94.

²³¹Wylie Freeman, "The Housing Crisis and Government Response," Architecture Canada 45 (April 1968):69.

Table 11Residential Completions by Type
Canada, 1949-1964

Year	Total Completions	Single-Family Completions		Multi-Family ¹ Completions	
		(units)	% of total	(units)	% of total
	1	2	3	4	5
1949	88,233	68,966	78	11,958	14
1950	89,015	68,685	77	12,954	15
1951	81,310	60,366	74	13,376	17
1952	73,087	55,967	77	11,806	16
1953	96,839	68,916	71	20,209	21
1954	101,965	71,760	70	24,107	24
1955	127,929	90,553	71	29,098	23
1956	135,700	95,656	71	28,172	21
1957	117,283	81,096	70	27,723	24
1958	146,686	96,830	66	39,852	27
1959	145,671	95,455	66	39,293	27
1960	123,757	78,113	63	35,733	29
1961	115,608	76,171	66	28,844	25
1962	126,682	75,593	60	39,167	31
1963	128,191	71,585	56	49,456	39
1964	150,963	76,225	51	66,647	44

1. Includes apartments and row houses; excludes semi-detached and duplex units.

Source:

CMHC, Canadian Housing Statistics, Ottawa, 1965, Table 6.

Table 12 **Affordability of Home Ownership**
Canada, 1951-1961 (Current \$)

Year	Lowest Income Tercile		Middle Income Tercile		Average Construction Cost of New Detached NHA House
	Annual Upper Wage Limit	Affordable House Price @ 2.5 Times Annual Wage	Annual Upper Wage Limit	Affordable House Price @ 2.5 Times Annual Wage	
	1	2	3	4	5
1951	2,459	6,148	3,820	9,550	10,762
1954	2,920	7,300	4,473	11,183	12,305
1955	3,100	7,750	4,814	12,035	12,597
1957	3,224	8,060	5,123	12,808	14,044
1958	3,437	8,593	5,304	13,260	14,267
1959	3,533	8,833	5,401	13,503	14,462
1961	3,942	9,855	5,961	14,903	14,463

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Studies and articles in the late 1950's and early 1960's lamented the fact that even moderate-income families - those earning \$4,000 to \$5,000 per year - were being squeezed out of the NHA home ownership market.²³² (See Table 12) Indeed, in 1964, the Toronto Telegram quoted University of Toronto professor James A. Murray as saying:

"The Canadian home construction industry is catering almost exclusively to the upper class, while some 600,000 families live in substandard conditions...Houses being built are quite out of the reach of more than half the people..."²³³

Moreover, evidence gathered by the 1965 Royal Commission on Banking and Finance suggested that many of those who did purchase homes in the 1957 to 1962 period could scarcely afford to, in that 9% would not have purchased had required downpayments been 10% higher, and 20-25% would not have purchased had monthly payments been 10% higher.²³⁴

The private sector's fixation on single-family dwellings was a response, in part, to the effective demand of prosperous

²³²"Housing and Apartment Building Account for \$512 Million," Monetary Times 124 (January 1956):52; Clifford Fowke, "What's Ahead for Housing?" Financial Post, 20 July 1957, p. 3; Wheeler, "Evaluating the Need for Low-Rental Housing: A Review of Conditions Among Family Applications for the Little Mountain Low-Rental Project, Vancouver, and Consideration of Criteria for Future Housing Projects" (Masters Thesis, University of British Columbia, 1955), p. 92.

²³³See Morden Lazarus, "Social Justice and Housing," Canadian Labour 9 (June 1964):13.

²³⁴See Smith, Housing in Canada, p. 34.

middle- and upper-income households.²³⁵ It also reflected the greater availability of vacant suburban land given the limited use of the 1944 provisions for the clearance of blighted central land, and the relatively lucrative provisions for home ownership set out in successive amendments to the National Housing Act. With regards to government promotion of home ownership, for instance, amendments to the NHA in 1949, 1957, 1960 and 1963 increased the maximum available loan to developers of owner-occupied housing. The 1949 and 1960 amendments also lengthened the amortization period for home owner loans, while a 1951 amendment reduced downpayment requirements for prospective home buyers. A 1957 amendment authorized CMHC itself to make direct loans to prospective home owners if other sources of mortgage funds were not available. The greatest boon to single-family dwelling production was provided, however, by the 1954 NHA. Entitled:

"An Act to Promote the Construction of New Houses, the Repair and Modernization of Existing Houses, and the Improvement of Housing and Living Conditions"²³⁶

the Act was designed primarily to increase the supply of mortgage funds available for new residential construction in order to bring home ownership within the reach of more Canadians. Besides increasing the levels and lengthening the terms of loans for owner-occupied housing, and providing for

²³⁵In Canada in general, an increase of over 70% in real per capita income since 1939 had made it easier for higher-income households to accumulate a downpayment and meet monthly payments. Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 21.

²³⁶Statutes of Canada, The National Housing Act, 1954, 2 & 3 Elizabeth II, ch. 23.

federal guarantees on home improvement loans made by lenders, the 1954 legislation replaced the joint loan system whereby the federal government had participated with private lenders in mortgage financing, by a mortgage insurance scheme whereby CMHC would underwrite lenders' loans against default. The lenders, in return, would provide larger loans for longer terms and at lower interest rates. The guarantees to the lenders were to be backed by the 2 to 2.5% insurance fees paid by borrowers. The 1954 NHA also expanded the field of mortgage lenders to include the chartered banks and Quebec savings banks, and established the basis for the development of a secondary mortgage market. This latter action paved the way for the participation of individuals, pension funds, and trusts in mortgage lending.

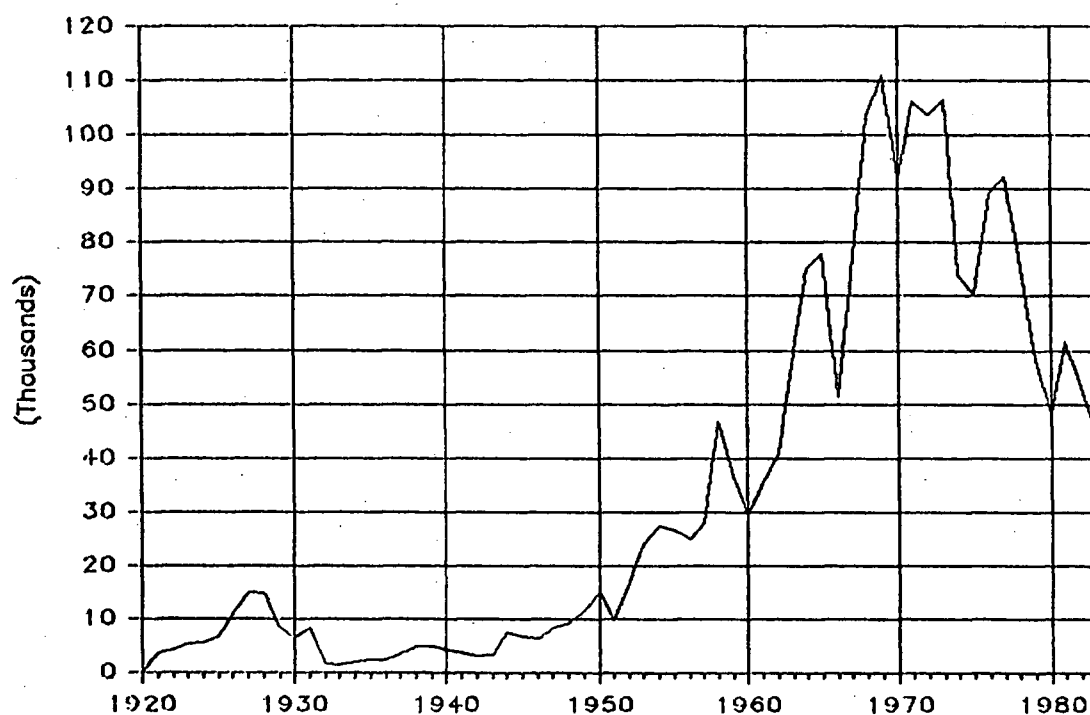
The emphasis on single-family dwellings in the 1950's was not to the total exclusion of dwellings for rent. As Figure 1 depicts, an increasing number of apartment units was being constructed during the period, and a minor apartment boom took place in the late 1950's. In fact, multiple-family starts represented 50.4% of total urban starts in 1960, though the figures varied greatly between urban areas.²³⁷

The rental construction of the 1950's did little to redress rental, and particularly low-rental, problems, however, for a number of reasons.

²³⁷Central Mortgage and Housing Corporation, Annual Report, 1961, p. 6.

FIGURE 1

APARTMENT STARTS, CANADA, 1920-1983

SOURCE:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Leacy, F.H. (1983) Historical Statistics of Canada, 2d ed., Ottawa: Statistics Canada and Social Science Federation of Canada, Series S201.

For one, the supply of new units was insufficient to meet the high and rising demand for rental housing. The number of households in search of rental accommodation at the end of 1949, for instance, was approximately 314,000.²³⁸ Yet, as Table 11 indicates, it took the construction industry twelve years to produce 300,000 multi-family units. In the meantime, several factors including the increasing number of elderly households vacating family homes in favour of smaller quarters with janitor service, continued rapid urbanization and immigration,²³⁹ and a startling rise in the number of non-family households for whom apartment living seemed appropriate and convenient,²⁴⁰ had combined to significantly raise the demand for rental housing. Indeed, a 1961 headline in the Financial Post announced a major trend to apartment living in Canada.²⁴¹

²³⁸J.A. Rhind, "Today's Housing Problem: Rent or Buy?" Saturday Night, 8 December 1951, p. 51.

²³⁹Apartment dwelling was most characteristic of immigrants arriving in Canada between 1956 and 1961. N.H. Lithwick, Urban Canada, p. 90.

²⁴⁰The average annual increase in non-family households, which had totalled 8,000 households between 1941 and 1951, reached 12,000 in the 1951 to 1956 period and 29,000 between 1956 and 1961. In metro areas, non-family households rose by 41% between 1946 and 1967, while the number of family households rose by only 13%. See Illing, Housing Demand, p. 7; Smith, Housing in Canada, p. 13. Of 444,449 non-family households in non-farm areas in 1961, 250,942 or 56.7% rented their accommodation, and 238,098 or 53.6% lived in apartments. Dominion Bureau of Statistics, 1961 Census, Housing: Dwelling Characteristics By Type of Household, 93-531 (Ottawa: Queen's Printer, 1961), Table 89.

²⁴¹"The Shift to Apartments," Financial Post, 30 December 1961, p. 1.

A second reason why the rental construction of the 1950's failed to relieve the rental problem was that most of the new units were too costly for lower-income households, whose ineffective demand for lower-priced accommodation went unsatisfied. With construction costs and interest rates rising more rapidly than wages or other CPI goods and services,²⁴² private developers were simply unable to overcome their historic inability to provide rental housing for lower-income households, even with inflationary pressures pushing the acceptable rent-to-income ratio towards 25%.²⁴³ Indeed, Leonard Marsh's 1949 assessment of the rental affordability situation - that the provision of low- and even moderate-rental housing was not a commercial proposition, particularly if it was to meet decent standards - was equally applicable in the mid-1950's.²⁴⁴ In fact, the Vice-chairman of the Vancouver Housing Authority reiterated at a Vancouver housing conference in 1954 that building costs made it impossible for private developers to erect rental housing at rental rates affordable to lower-income households and still break even.²⁴⁵ New apartments in the major cities, for example, were renting at levels of \$100 to \$150 per

²⁴²Wheeler, "Need for Low-Rental," p. 89. Between 1945 and 1953, average family income after taxes increased by 56% while building costs increased by 82%. "House and Apartment Construction Outbooms," p. 53.

²⁴³Wheeler, "Need for Low-Rental," p. 67.

²⁴⁴Marsh, "Economics," p. 31.

²⁴⁵Vancouver Housing Association, Houses for All, p. 6.

month in the mid-1950's,²⁴⁶ while the great majority of urban households were unable to afford more than \$50 to \$112 per month at 25% of income.²⁴⁷

Moreover, a 1955 study by housing policy analyst Michael Wheeler suggested that the gap between commercial feasibility and income structure was widening. Wheeler wrote:

"While it is true that wage rates have risen steadily in the last ten years, building costs have also soared, with the result that incomes which previously were able to support an economic [financial recovery] rent are no longer sufficient to pay rents of an amount which makes housing a reasonable commercial proposition for landlords and builders...it may be necessary for the purposes of defining low-rental housing to extend the upper income boundary of the lower-income group so as to include a portion of the 'middle' groups."²⁴⁸

Similarly, Murray concluded in a 1964 study for the Ontario Association of Housing Authorities that the housing system was ineffective in providing housing for the lowest one-third to one-half of the income range, which included significant portions of moderate-income earners.²⁴⁹ The gap between market and financial recovery rent levels and affordable rents was widening at such a pace, in fact, that James C. Downs, Housing

²⁴⁶See "House and Apartment Construction Outbooms," p. 54; Wheeler, "Need for Low-Rental," p. 4; Chattoe, "Want to Rent?" pp. 1, 3.

²⁴⁷In 1953, 75% of Canadian household heads earned less than \$3,000 per year, and in 1958, 70% of urban households lived on an average of \$200 to \$450 per month. See Rose, Regent Park, p. 206; Marrocco, "Housing Problem," p. 33.

²⁴⁸Wheeler, "Need for Low-Rental," p. 80.

²⁴⁹J. Murray, "Search for Shelter," p. 42.

and Redevelopment Co-ordinator for the City of Chicago, and President of the Real Estate Research Corporation, warned participants at a 1956 Ontario Conference of Real Estate Boards that:

"...except for the higher income group, the apartment house is becoming obsolete."²⁵⁰

Interestingly, as Table 13 illustrates, the rental provisions of Part II of the 1944 NHA which might have assisted the private sector to construct lower-priced housing by reducing development costs were sparingly used. In fact, 74% of rental units produced by the private sector between 1950 and 1963 were constructed without government aid. One can speculate that the Limited Dividend program, despite the increased loan levels and reduced downpayment requirements offered at various times throughout the 1950's, simply was not profitable enough, given the returns to be reaped in the unrestricted upper-income rental market. Indeed, a 1957 article in the Financial Post asserted that commercial builders had lost interest in and had abandoned the Limited Dividend program due to insufficient profits.²⁵¹ Even when the program was used the results were often disappointing.

²⁵⁰See "House and Apartment Construction Outbooms," p. 54.

²⁵¹"New Homes for \$45 a Month is Aim in Welfare Splurge," Financial Post, 2 November 1957, p. 20.

Table 13Private Sector Rental Starts
Canada, 1949-1964

Year	Total Private Sector Rental Starts	Federally Assisted Private Sector Rental Starts	Assisted Private Sector Rental Starts as % of Total Private Rental Starts
	1	2	3
1949	24,875	9,616	38.7
1950	21,228	9,188	43.3
1951	16,346	3,754	23.0
1952	19,870	7,835	39.4
1953	28,026	9,752	34.8
1954	31,704	7,866	24.8
1955	33,848	8,571	25.3
1956	31,154	5,509	17.7
1957	33,548	9,622	28.7
1958	53,131	15,411	29.0
1959	42,865	9,205	21.5
1960	35,008	6,302	18.0
1961	43,322	14,554	33.6
1962	50,505	9,780	19.4
1963	67,521	10,158	15.0
1964	83,423	15,825	19.0

Source:CMHC, Canadian Housing Statistics, Ottawa, Various Years.

A 1957 article in Canadian Welfare suggested, for instance, that it was necessary for government to impose upper rent limits of \$95 per month on apartments built under the rental provisions of the NHA to render them affordable to at least the moderate-income renter.²⁵²

With new apartment construction out of the financial reach of lower- and many moderate-income households, many in government and building industry circles continued to believe the needs of those households could be met by "filtering". As the discussion Chapter 3 suggests, however, filtering had not proven an effective way of meeting low-income housing needs. Indeed, in a 1966 article, Toronto planner Murray Jones observed:

"...the supply of new housing for those who can afford it is not sufficient to provide decent second-hand housing for all those who cannot; the so-called 'filtering down' process does not work..."²⁵³

Besides the quantitative and financial reasons why private sector apartment construction in the 1950's failed to relieve the worst problems in the rental sector, a third reason was that the majority of new units produced were unsuitable to those most in need of rental, and especially low-rental, accommodation. The studies and articles of the 1950's highlighted two particular

²⁵² "Across Canada: Low-Cost Housing," Canadian Welfare 33 (November 1957):189.

²⁵³ Murray V. Jones, The Role of Private Enterprise in Urban Renewal (Toronto: Metropolitan Toronto Planning Board, 1966), p. 291.

elements of the population whose housing requirements were not generally satisfied through the normal operation of the housing market and on whom scarcities bore most heavily - the already-familiar low-income family with children and the newly-identified elderly household. The elderly segment of the population, as a proportion of the total population, had grown rapidly during the war and post-war decades.²⁵⁴ With the trend away from extended-family living situations and with new evidence suggesting age and non-labour force participation as the most important characteristics associated with low incomes,²⁵⁵ the housing conditions of Canada's elderly were at the forefront of public discussion in the 1950's. Unable or unwilling to maintain separate owner-occupied homes and living on fixed incomes, in some cases as low as the \$40 to \$50 per month provided under the 1951 Old Age Security and Old Age Assistance Acts,²⁵⁶ as many as 25% of elderly couples and 40% of elderly singles were experiencing housing problems in 1964.²⁵⁷ Most of them were expending enormous proportions of their income to secure comfortable housing, or living in the meanest

²⁵⁴The ratio of persons over 65 years of age had advanced from 1/18 in 1927 to 1/13 by 1952, and the number of persons over 65 years had increased by 42% between 1941 and 1952. Moreover, the trend appeared to be long-term. See Goulding, "Housing Older People," p. 38; Vancouver Housing Association, Houses for All, p. 25.

²⁵⁵Jenny R. Podoluk, Incomes of Canadians, 1961 Census Monograph (Ottawa: Dominion Bureau of Statistics, 1968), p. 14.

²⁵⁶Vancouver Housing Association, Houses for All, p. 33; Dennis Guest, The Emergence of Social Security in Canada (Vancouver: University of British Columbia Press, 1980), p. 145.

²⁵⁷J. Murray, "Search for Shelter," p. 43.

accommodation available which, but for the acute housing shortage, would have been condemned.

Both of these population groups - families with children and elderly households - require design features or special considerations not generally provided in private sector rental housing. Families with children, for example, are most satisfactorily housed in ground-oriented dwellings with outdoor play space and ample interior space. Senior citizens, too, are best housed in ground-oriented dwellings with a minimum of stairs. They also require other features such as non-slippery floors, hand-rails and hand-grips in bathrooms, medium-height shelves and equipment to minimize climbing and bending, sill-less doors to reduce the risk of tripping, above average illumination, and good insulation, given their susceptibility to the cold. Special consideration must also be given to access to services and transportation lines, privacy and quiet without isolation, garden space, security of tenure, and creation of a sense of community when housing the elderly.

The product of the late 1950's apartment boom and of the later 1960's boom - the high-rise block containing, for the most part, bachelor and one and two bedroom apartments - did not provide the features required by low-income families and elderly households. Articles in the periodicals of the day were critical. A 1950 article in the Financial Post reported, for instance, that most families with children were forced to buy, regardless of whether they could really afford it, because of

the scarcity of large apartments.²⁵⁸ In a 1964 article, Morden Lazarus of the Ontario Federation of Labour charged that in the face of great need for low-rental housing for seniors and families, private developers had been given the 'green light' from all levels of government to build housing profitable to them but disastrous for those really in need.²⁵⁹ Another 1964 article also charged that the existing trend towards high-rise apartments was ignoring the financial and suitability needs of low- and moderate-income households. It noted:

"The Limited Dividend provisions of CMHC have been exploited for high rise apartments, although demand for low-income family accommodation called for other forms of multiple housing."²⁶⁰

Conceding that high-rises were, perhaps, preferable to the disgraceful shared basements which had been the only low-rental alternative, the article warned that they could hardly be considered a permanent solution to the low- and moderate-rental problem.

The Public Rental Sector. The public sector was only little more successful than the private sector in meeting low- and moderate-rental needs for a number of reasons. The first was that the very poor - those on social assistance - were excluded

²⁵⁸ Chattoe, "Want to Rent?", p. 3.

²⁵⁹ Lazarus, "Social Justice," p. 13.

²⁶⁰ Hans Elte, "Public Housing," Journal Royal Architectural Institute of Canada 41 (August 1964), p. 34.

from public housing by restrictive admission policies.²⁶¹ The second was that the increased personal well-being which resulted from residing in good quality, modern housing based on family size and ability to pay was, in many cases, more than offset by the serious social problems sparked and/or exacerbated by slum clearance and public housing projects. Communities, for instance, were uprooted, and in many cases slum clearance took place before alternative housing arrangements for the displaced residents had been completed.²⁶² Sites for public housing projects tended to be marginal, located on the fringe of metro areas, distant from commercial areas, employment and recreational opportunities and public transit, and adjacent to expressways, railways or industrial areas.²⁶³ In addition, adequate consideration was not always given to the needs of large families in designing public projects. Finally, many of the projects were large, drab, uninspiring, and institutionalized and tended to spawn a sense of isolation from the larger community among residents.

Most importantly, however, the 1944 slum clearance and the 1949 Section 35 public housing provisions were grossly underused. As Table 10 indicates, by 1964 barely 12,000 public

²⁶¹See Wheeler, "Need for Low-Rental," p. 98; Wheeler, "Why Not a National Housing Allowance?" Canadian Welfare 44 (1968):10; Donnison, "Housing Problems and Policies," p. 43.

²⁶²See Task Force on Housing and Urban Development, Report, p. 65; N.H. Lithwick, Urban Canada, p. 205; Wheeler, "Study and Action for Better Housing," Canadian Welfare 43 (January-February 1967):5.

²⁶³Dennis and Fish, Programs in Search of a Policy, pp. 182-183.

housing units had been constructed across Canada, a mere 2% of total rental starts during the 1950-64 period, and only 7% of federally-assisted rental starts.²⁶⁴ In the face of the estimated 870,000 low-income households living in substandard conditions, doubled-up or paying excessive portions of income to acquire decent housing,²⁶⁵ the 12,000 units are almost inconsequential. Moreover, by 1964, the municipalities had made use of only \$3.2 million of the \$20 million fund established in 1944 to acquire and clear blighted areas.²⁶⁶ In commenting in his 1964 study on the performance of the public sector between 1949 and 1964, Murray concluded:

"On the evidence the study concludes that present and past activities in low-income...housing bear absolutely no relationship to any realistic appraisal of the need in Canada. Present procedures appear to be characterized by ill-defined and divided responsibilities and by cumbersome relationships between levels of government. The system is barely adequate for the existing intermittent minute production and offers little hope of achieving the necessary expansion to cope with the actualities of the problem. The really distressed housing circumstances of thousands of Canadian families and individuals young and old and the need for subsidies persist and grow in magnitude."²⁶⁷

A number of reasons have been suggested for the limited use of the public housing and slum clearance provisions. One that

²⁶⁴Assisted rental starts in the 1950-1964 period totalled 181,596 units. Central Mortgage and Housing Corporation, Canadian Housing Statistics 1 (1956):Table 42, 1 (1957):Table 38, 1961:Table 37, 1964:Table 34.

²⁶⁵J. Murray, "Search for Shelter," p. 42.

²⁶⁶Illing, Housing Demand, p. 30.

²⁶⁷J. Murray, "Search for Shelter," p. 42.

was often cited by federal officials when questioned regarding the apparent failure of the two programs was municipal reluctance to initiate action.²⁶⁸ The municipal reluctance stemmed, in part, from a lack of expertise and experience in real estate development, an activity which had traditionally been undertaken by private enterprise. It also derived from financial considerations given the high costs of servicing land, the relatively lower revenue-generating potential of publically-owned property, and the limited taxation powers of municipal governments. Although the Section 35 provisions created a federal-provincial partnership, the legislation authorized the provinces to pass on any proportion of their 25% share of the expenses to the municipalities. At least one-half of the provinces elected to do so, with most of those sharing the burden on a fifty-fifty basis.²⁶⁹ Even on a fifty-fifty basis, many municipalities could not conceive of taking action. Moreover, the narrow restrictions placed on the re-use of cleared land under the 1949 NHA prohibited municipalities from using valuable cleared central land for more lucrative purposes than low-rental housing, and so many slums were left intact.

A third important factor in municipal inaction was, as

²⁶⁸To initiate public housing projects, municipalities were required to document the need for low-rental housing, to clear blighted land, and to provide the municipal services public housing projects would require.

²⁶⁹Quebec, however, required its municipalities to pay the full 25% provincial share of the program. Leslie Wilson, "Are We Really Trying to Get Rid of Slums?" Financial Post, 30 September 1961, p. 26.

Murray's conclusion hints, the length of time required to implement a scheme given the complexities of co-ordinating three levels of government. Albert Rose suggests that federal quality criteria were so stringent and administrative procedures so detailed that municipal bodies simply bogged down. The number of steps the Toronto Housing Authority was required to go through, back and forth between the three levels of government, for instance, exceeded fifty in 1961-1962.²⁷⁰ At that rate, it is remarkable that any public housing was built at all!

A final factor in municipal inaction was that, aside from the campaigns launched by progressive groups such as the Community Planning Association of Canada (CPAC) and various welfare groups, there existed a great deal of public apathy and even opposition towards public housing. As David Mansur, President of CMHC, noted in a 1954 statement:

"Until the attitude of most Canadians changes, there will be no appreciable growth of public housing in this country...The Federal Government has yet to turn down a proposal for public housing, and the Provincial Government of Ontario has tried to convince municipalities of the need. Lack of enthusiasm on the part of city councils is a fairly accurate reflection of the electors' views."²⁷¹

The public opposition to public housing stemmed from a number of sources. Some simply opposed public housing because it appeared to reward laziness, sloth, and immorality. Others opposed it for reasons of self-interest - slum dwellers objected

²⁷⁰Rose, Canadian Housing Policies, p. 34.

²⁷¹See Rose, Regent Park, p. 215.

to the expropriation of their homes, property-owners feared lowered property values and increased taxes, and the real estate and building industries feared competition with the private sector. Finally, some people opposed public housing out of a lack of knowledge and understanding of the extent and severity of the low-rental problem, and of the intent of the public housing legislation. Indeed, Rose suggests that one of the greatest obstacles the public housing program had to overcome was public expectations that it should be a major answer, if not the answer, to many of the social problems of low-income households.²⁷²

If municipal inaction was a factor in the limited use of the Section 35 public housing provisions, so too was provincial indifference. While some provinces, as discussed above, curtailed activities under the program by passing the heavy financial costs on to the municipalities, others simply refrained, for several years, from passing the enabling legislation required under the federal statute to activate the provisions. Whether due to lack of will or the absence of appropriate institutional arrangements, by 1951 three provinces, Alberta, Nova Scotia and Prince Edward Island, had yet to pass complementary legislation. By 1959, PEI had still not done so.²⁷³

²⁷²Ibid., p. 212.

²⁷³Central Mortgage and Housing Corporation, Housing in Canada 7 (April 1952):14; A. Wilson, "Canadian Housing Legislation," p. 226.

The final factor in the sparing use of the 1949 public housing program was the federal government's management of the program. Although R.H. Winters, the Minister responsible for CMHC, and Mansur toured the country, ostensibly to encourage the provinces to introduce enabling legislation, the federal government displayed a startling lack of interest in program uptake. Indeed, Winters had clearly foreshadowed the federal position on provincial co-operation in the House of Commons in 1949. In introducing the program he had stated:

"We have no knowledge of the extent to which provincial governments will participate in arrangements contemplated by the legislation, and it may well be that certain provinces will feel that the type of assistance proposed is neither necessary nor desirable...There is no room for the suggestion that the proposed enabling legislation is binding upon the provinces...I am hopeful that all the provinces who have a problem will take advantage of this legislation...All we can do at this stage is wait and see what happens."²⁷⁴

Not surprisingly, the federal government was criticized for failing to adequately promote the federal-provincial partnership. R.E.G. Davis, Executive Director of the Canadian Welfare Council, charged the federal government with adopting "a policy of waiting passively for such advances as might be made to it [Section 35]."²⁷⁵ A CCL brief to the House of Commons Standing Committee on Banking and Commerce reiterated the

²⁷⁴House of Commons, Debates (1949), pp. 1295, 1315.

²⁷⁵Davis, "Canada's Discouraging Housing Programme," Canadian Unionist 26 (July 1952):209.

criticism, but more colorfully, noting that the federal government had been content:

"to hide this particular light under a bushel, instead of setting it on a national candlestick. The Government ought to have trumpeted its achievements in putting this section on the statute book four years ago, and ought to have encouraged people all over the country to take advantage of it. Instead it has been strangely reticent about one of the things it should have been proudest of."²⁷⁶

Not only did the federal government fail to promote the program, it showed little interest in modifying it to better meet the needs of low-income renters. Indeed, in response to CMHC requests in 1955 and 1957 to expand the program or to make changes to improve the quality of public housing units, a senior government official and member of the Board of Directors of CMHC replied:

"My main criticism of the statement [request] is that it seems to assume that public housing is primarily an instrument of social policy to remedy directly the conditions of the poor who are living in bad housing...I feel that the construction of any particular public housing project should be based on economic and urban development considerations primarily and that the needs of individual tenants should be secondary...public housing projects should also be at a minimum standard...[to] provide a bare minimum of housing for the occupants...It seems to me that this should be deliberately used...to make clear we are not competing with private enterprise who we assume will be building a more attractive product intended for those who can afford it."²⁷⁷

The inaction at the municipal level, the indifference of the provinces, and the disinterested way in which the federal

²⁷⁶Canadian Congress of Labour, "Housing Act Inadequate," p. 99.

²⁷⁷From a letter to the CMHC President, February 12, 1957 cited by Dennis and Fish, Programs in Search of a Policy, p. 174.

government managed the 1949 public housing program all point to a striking lack of commitment to public housing at all levels of government. Statements by federal officials suggest that this lack of commitment stemmed, at least at the federal level, from a philosophy of reliance on the private sector for housing provision and a view of housing as a provincial and municipal responsibility. During the Parliamentary debate on the 1954 NHA, for example, Winters remarked:

"The government...believes in making it possible for private enterprise to do as much of the job as possible and then - and only then- for the state to participate."²⁷⁸

Similarly, CMHC's 1956 Brief to the Royal Commission on Canada's Economic Prospects noted:

"It has been a guiding principle of national participation in housing that, while the government may act to stimulate and supplement the housebuilding market, it should not assume direct responsibilities which are constitutionally allocated to other governments or which could effectively be borne by private enterprise."²⁷⁹

Finally, the 1979 report of the Task Force on CMHC observed of the 1950's:

"Even though there was legislation focussing on the objective of housing redistribution (ie. limited dividend and public housing legislation), the emphasis was on increasing the production of housing...government clearly sought to increase the efficiency of the private sector and to work with it to stimulate residential

²⁷⁸House of Commons, Debates (1954), p. 1574.

²⁷⁹Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 7.

construction..."²⁸⁰

The failure of the Section 35 public housing program to substantially alter the low-rental housing situation underlines the important role commitment and political will must play in the resolution of social problems. Indeed, in commenting on the disappointing results of the program in his 1955 study, Wheeler concluded:

"Between the acknowledgement of a principle in legislation and its practical realization there is...a vast area of inaction, and no departure from traditional policy avails anything if it is not accompanied by a change of thinking among those people on whom the chief responsibility rests for applying the new policy."²⁸¹

4.2 Recommendations for Government Action on the Rental Problem

Given the continuing serious situation in the rental sector, housing critics and community groups continued to press

²⁸⁰Canada, Task Force on Canada Mortgage and Housing Corporation, Report on Canada Mortgage and Housing Corporation (Ottawa: CMHC, 1979), pp. 6-7.

²⁸¹Wheeler, "Need for Low-Rental," p. 103.

for more concerted government action.²⁸² They advocated the creation of a federal Department of Urban Affairs and Housing. They advocated the adoption of a multi-faceted housing program designed to address the housing needs of various segments of the population including the upper-income cohort, who are able to acquire adequate and suitable housing on the private market through their own resources, the middle-income cohort who are able to secure adequate private sector housing if granted favourable financial terms or assisted in some other way, and the lower-income cohort who are unable to access private sector housing even when market and financial recovery rent levels have been reduced by subsidy and who thus require public housing. Indeed, Murray noted in his 1964 study:

"...housing policy is obliged not only to ensure a sufficient production of new and renewed dwellings, but to ensure distribution in accordance with the total housing market's varying ability to pay for shelter."²⁸³

In outlining the differing levels of housing needs, the critics stressed that one aspect of the program could not

²⁸²See Rose, Regent Park, p. 15; Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 35; Laycock, "Public Housing," pp. 253, 255-256; Rose, "Social Aspects of Public Housing," Ontario Housing, Fall 1967, p. 20; J. Richard, "Co-operative Housing in Canada," Public Affairs 10 (October 1947):239-242; Canadian Congress of Labour, "Housing Act Inadequate," p. 99; Davis, "Discouraging Programme," p. 210; Marrocco, "Housing Problem," p. 34; J. Murray, "Search for Shelter," p. 39; Carver, "The Social Aspects of Housing," Journal Royal Architectural Institute of Canada 27 (February 1950):75; S.H. Pickett, "Urban Renewal Program," p. 4; Elte, "Public Housing," p. 34; F.H. Finnis, "Slums and Property Taxation," Canadian Tax Journal 16 (1968):158; Vancouver Housing Association, Houses for All, p. 22; "Slum Renewal?" Canadian Architect 7 (June 1962):9; Lazarus, "Social Justice," p. 13; Higgins, "A Total War on Bad Housing to Meet the Current Crisis," Saturday Night, 28 February 1948, pp. 6-7.

²⁸³J. Murray, "Search for Shelter," p. 40.

substitute for another. The program should provide assistance for home ownership, moderate-rental housing, building co-operatives, and slum clearance and redevelopment or rehabilitation. In addition, research was required into methods of reducing housing costs, and of improving inter-governmental co-operation on housing matters. Most importantly, however, if the latent demand of those unable to meet market conditions was to be addressed, the Section 35 public housing provisions had to be more actively promoted or, if necessary, modified to produce a more viable means of producing low-rental housing. The critics stressed that low-rental housing had to be regarded as a normal part of community development and as a social utility rather than as a welfare or charitable operation.²⁸⁴ Even J.R. Nicholson, Minister responsible for CMHC and the National Housing Act, admitted in the House of Commons in 1964 that low-rental and public housing policy had been the federal government's greatest single area of failure in housing, and that given that 90% of houses built under the NHA since 1954 had been for middle- and upper-income households, renewed emphasis must be placed on the needs of low-income households.²⁸⁵

The housing critics of the 1950's also pressed for changes to the public housing program in order to ameliorate problems which had been identified with it. They recommended that land

²⁸⁴Carver, "Social Aspects of Housing," p. 75; J. Murray, "Search for Shelter," p. 38.

²⁸⁵See Nicholson, "War on Poverty," p. 6; "Across Canada: Amendments," p. 229.

uses and housing types in public housing projects be varied, and that means be found for integrating project residents more fully into the community-at-large. They also recommended social mix in the projects for both economic and social reasons. By expanding the income eligibility requirements for public housing to include moderate-income households, for instance, the amount of subsidy required to build a given number of units could be reduced. Moreover, moderate-income households were increasingly in need of public aid if they were to be adequately and affordably housed. Indeed, as early as 1949, Marsh had noted that housing costs had risen so much that public housing could safely house a mix of low- and moderate-income households without competing with the private sector.²⁸⁶ Similarly, Wheeler's 1955 study concluded:

"Perhaps one of the most important points which emerges from the study is that the need for an adequate supply of low-rent housing presents a problem that cannot be wholly solved by even the widest measure of slum clearance or by providing for the very poorest groups alone. There are, in addition, a large number of families with moderate incomes who require rental housing of an adequate standard at a price within their means, and so far these requirements have been only indifferently met."²⁸⁷

²⁸⁶Marsh, "Economics," pp. 32-33.

²⁸⁷Wheeler, "Need for Low-Rental," p. 102.

4.3 Government Response to the Rental Problem

Despite the persistence of rental problems and the recommendations for government action outlined above, federal response to rental and low-rental problems during the 1950's and early 1960's was minimal, and aid levels relatively low.²⁸⁸ Given the lucrative provisions for home ownership introduced during the 1950's and early 1960's, one can only conclude, as in the past, that the minimal response of government to rental and low-rental problems derived not only from the government's position regarding the role of both private enterprise and the provinces in housing provision, but from its view of home ownership as the desirable tenure option. Indeed, during the Parliamentary debate over the 1954 NHA in which opposition critics attacked the government for its seeming greater concern for the security of the lending institutions and builders than for the housing needs of low-income renters,²⁸⁹ Liberal Members of Parliament defended their promotion of home ownership. One Liberal M.P. accurately reflected the view of many government members in warning:

"If Canada is going to be great and strong...at home and abroad; if we are going to make a contribution to the world

²⁸⁸Clayton Research Associates, Rental Housing in Canada Under Rent Control and Decontrol Scenarios 1985-1991 (Toronto: Canadian Home Builders' Association, 1984), Appendix B, p. B9. This is hardly surprising given that a 1958 Senate Report of the Standing Committee on Finance concluded that an extension of low-rental facilities under the NHA was not warranted. "Senate Probe into Housing Spotlights Low-Cost Homes," Financial Post, 23 August 1958, p. 14.

²⁸⁹House of Commons, Debates (1954), pp. 1002, 1008, 1358.

of today, then this nation of ours must be a nation of home-owners."²⁹⁰

With regards to specific measures pertaining to rental housing during the period, slum clearance grants and guarantees on rental revenues continued, but the major rental provisions - the moderate-rental Limited Dividend program and the Section 35 public housing program - remained essentially unchanged, despite their proven inability to meet rental needs.²⁹¹ Moreover, the only rental clauses contained in the 1954 NHA were an authorization for CMHC to directly construct rental housing for personnel of the Canadian Armed Forces, and a provision for mortgage funds for the conversion of single-family dwellings to multi-family dwellings.

Amendments in 1953 and 1956 removed the narrow re-use restrictions for cleared land which had discouraged some municipalities from engaging in slum clearance and public housing development, and introduced a significant degree of flexibility into urban redevelopment. Henceforth, valuable cleared inner-city land no longer needed to be used for low-rental housing but could be used for the most suitable purpose consistent with an official community plan, provided arrangements had been made for the appropriate rehousing of

²⁹⁰Ibid., p. 1343.

²⁹¹A number of minor changes to the Limited Dividend program, such as increasing the size of loans available to and reducing the down-payment requirement for rental developers were made during the period.

displaced households. Obviously, however, the change did little to promote the construction of rental housing. Another amendment in 1956 authorized 50% to 75% federal grants for urban renewal studies, in addition to the 50% grant for actual slum clearance already in effect.

Amendments in 1960 provided for long-term, low-interest loans of up to 90% of lending value for rental accommodation for university students,²⁹² and extended the Section 35 (renamed Section 36 in 1954) provisions to cover the acquisition and/or rehabilitation of existing housing for rent in areas designated for urban renewal. Previously area-wide improvements had been difficult in that some dwellings were not deteriorated enough to warrant demolition. The 1960 amendments also extended home improvement loans to owners of rental property. In addition to these amendments, the Municipal Sewage Treatment Loan Program was introduced in 1960 in acknowledgement of both municipal difficulties in financing the servicing of residential land, and the importance of the availability of serviced land to housing supply. As well, between 1957 and 1959 the federal government operated the Small Homes Loan Program to assist in the construction of small low- and moderate-rental houses. However, less than 6,000 units resulted from the program²⁹³ which, according to Minister of Public Works, Howard Green, was

²⁹²Central Mortgage and Housing Corporation, Annual Report, 1960, p. 15.

²⁹³Clayton, Rental Housing Scenarios, Appendix B, Table B-11.

designed more to create employment than anything else.²⁹⁴

It was not until the 1964 amendments to the NHA that the federal government finally took decided action on the slum and low-rental problems, and gave housing reformers some hope that the low-rental problem would finally be addressed. The amendments resulted from a 1962 review by CMHC of its low-rental programs - a review stimulated by a CMHC Board of Directors suggestion to trim the public housing program. The 1964 legislation extended the limited dividend provisions to non-profit organizations willing to construct low-rental housing, particularly for the elderly.²⁹⁵ Under the terms of the Act, a non-profit corporation, defined as one wholly owned by a province, municipality, or agent thereof, or one constituted exclusively for charitable purposes, was eligible for long-term, low-interest loans of 90% of lending value to construct new low-rental units, including hostel and dormitory rooms for single persons, or to purchase and convert existing buildings for low-rental use.

The 1964 amendments also established a loan fund of \$100

²⁹⁴See H.H. Binhammer, "The Fiscal Implications of a Housing Program," Canadian Journal of Economics and Political Science 29 (August 1963):336.

²⁹⁵Several provincial governments passed concurrent legislation to assist non-profit corporations to construct low-rental housing for the elderly. A. Wilson, "Canadian Housing Legislation," p. 226.

million,²⁹⁶ through Sections 23A and 23B, for the preparation and implementation of urban renewal schemes. Henceforth, the costs involved in any economic, social or engineering research, in planning the scheme, in the acquisition and clearing of land, and in the installation of municipal services were to be shared on an equal basis by the federal government. The amendment also provided for federal support in employing persons to assist property owners affected by the scheme in adjusting to it, and to assist in the relocation of displaced households. Finally, under Section 23C, the urban renewal amendment authorized fifteen year, low-interest federal loans to the provinces or municipalities to cover two-thirds of their share of the costs of preparing and implementing the scheme.²⁹⁷

Most importantly, the 1964 amendments attempted to address the deficiencies of the public housing program. Although they maintained the federal-provincial partnership, renumbering it Section 35A, in view of the apparent collapse of that partnership,²⁹⁸ the legislation provided an alternative formula for the production of public housing. Under Sections 35B through 35E, the federal government offered short-term loans to the provinces, municipalities or their agents to cover 90% of the

²⁹⁶Rose, Prospects for Rehabilitation of Housing in Central Toronto (Toronto: City of Toronto Planning Board and Central Mortgage and Housing Corporation, 1966), p. 14.

²⁹⁷R.T. Adamson, "Housing Policy and Urban Renewal," in Urban Studies: A Canadian Perspective, eds. N.H. Lithwick and G. Paquet (Toronto: Methuen, 1968), p. 236.

²⁹⁸Rose reports that no approvals under Section 35 were given after the economic downturn of 1957-58. Rose, Canadian Housing Policies, p. 37.

costs of acquiring and servicing land for public housing,²⁹⁹ a provision making it possible for municipalities to establish land banks for future low-rental needs. The same sections provided for long-term loans to cover 90% of the capital costs of constructing or acquiring and rehabilitating low-rental dwellings, and to cover 50% of the operating losses which would be sustained by offering the units to low-income households at subsidized rent levels.³⁰⁰

The 1964 amendments ushered in a new era in housing policy in Canada and foreshadowed a greater federal commitment to resolution of low-rental problems. Given considerable provincial interest in the new public housing provisions and the general prosperity of the times, housing critics looked to the mid-1960's, as they had the 1950's, with optimism that the longstanding rental and low-rental problems would finally be relieved.

²⁹⁹For the first time the legislation referred to the units as "public housing".

³⁰⁰Rose, Canadian Housing Policies, p. 40.

CHAPTER 5

URBAN RENTAL PROBLEMS AND POLICIES, 1964-1985

Stimulated by a tremendous backlog of unsatisfied demand, continuing high rates of immigration and urbanization, sustained prosperity, and the coming of age of the post-war "baby boom" generation, the residential construction boom which characterized the 1950's and early 1960's continued for most of the 1964-1985 period. Indeed, residential starts for the 1968-1979 period averaged 229,000 units per year,³⁰¹ well above the estimated requirement of 200,000 units per year made by both the Economic Council of Canada (EEC) in 1967, and the federal Task Force on Housing and Urban Development in 1969.³⁰² The high levels of apartment construction which had commenced in the late 1950's and early 1960's also gained momentum throughout the 1960's and into the early 1970's. By 1969, urban apartment starts represented 62% of all urban residential starts,³⁰³

³⁰¹Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 3.

³⁰²Task Force on Housing and Urban Development, Report, p. 23; Economic Council of Canada, Fourth Annual Review: The Canadian Economy from the 1960's to the 1970's (Ottawa: Queen's Printer, 1967), pp. 133-134.

³⁰³Urban refers to centers of 10,000 and over population.

though they fell off sharply shortly thereafter.

Despite the impressive statistics and a substantial improvement in the quality of the Canadian housing stock over the period,³⁰⁴ however, the urban housing problem emerged as an increasingly important topic of public concern throughout the 1960's, the 1970's, and into the 1980's. The concern stemmed from two sources. The first was the building industry's failure, despite its generally excellent performance, to satisfy the rampant demand for housing,³⁰⁵ such that a shortage of housing, and particularly of rental housing,³⁰⁶ was evident throughout much of the period.³⁰⁷ By 1981, in fact, vacancy rates in many major urban centers were approaching zero.³⁰⁸ Even more

³⁰⁴In 1976, only 2.1% of families remained doubled-up, compared to 9.4% in 1951; only 4.3% of households contained more than 1 person per room, compared to 18.8% in 1951; and only 3% of the housing stock lacked major physical attributes like plumbing, heating and sanitary facilities compared to 40% in 1951. Task Force on Canada Mortgage and Housing Corporation, Report, p. 30.

³⁰⁵See Freeman, "The Housing Crisis," p. 69; Economic Council, Fourth Review, p. 23.

³⁰⁶The 1967 ECC Report estimated the minimum number of apartment starts per year which would be required by the end of the 1960's at 120,000. But starts actually averaged 96,000 per year. See Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1977:Table 9, 1982:Table 9; Economic Council, Fourth Review, p. 135; Beatrice Riddell, "Ottawa's Push for New Homes Less Effective for Apartments?" Financial Post, 8 November 1975, p. 5; Wheeler, "National Housing Allowance," p. 9.

³⁰⁷See Murray Webber, "Canada's Housing Crisis is the Greatest Ever," Financial Post, 29 April 1967, p. 7; Doris Boyle, "Needed: 2.4 Million New Housing Units in 1970's," Financial Post, 4 October 1969, p. 10; Task Force on Housing and Urban Development, Report, p. 14.

³⁰⁸Canadian Real Estate Association, Housing in Canada, Foreward, p. 11.

important, however, was the increasing unaffordability of the housing being produced, for both lower- and middle-income households.³⁰⁹ Periodic shortages of mortgage funds, rising land and construction costs, and soaring interest rates combined with the overall shortage to dramatically raise the price of both new and existing housing which despite rising incomes and increased labour force participation rose faster than any other component of the Consumer Price Index (CPI) in the first half of the period.³¹⁰ The price rise was so steep, in fact, that a 1967 article in Macleans warned:

"Already buying a house is beyond the reach of most Canadians. Soon it will be only for the very rich."³¹¹

The political potency of the middle-class ensured that the housing problem gained the public spotlight. Indeed, in his introduction to the proceedings of the 1968 Canadian Conference

³⁰⁹Housing affordability problems for middle-income households increased despite the propensity of such households to have two wage-earners. See Illing, "The Rising Cost of Housing and Problems of Financing," in Wheeler, Right to Housing, pp. 144, 161; Webber, "Canada's Housing Crisis," p. 7; Wheeler, "Introduction," in Wheeler, Right to Housing, p. 13; Wheeler, Right to Housing, p. 298; Boyle, "Needed," p. 10; Henry Fliess, "Affordable Housing," Canadian Architect 22 (August 1967):19; A.E. Diamond, Housing in the 1970's (Toronto: Canadian Housing Design Council, 1970), p. 20; Task Force on Housing and Urban Development, Report, p. 14; Paul Hellyer, "Crisis Ahead?" Canadian Business 43 (1970):26; Canada Mortgage and Housing Corporation, Projecting Long-Term Housing Requirements and Assessing Current Housing Needs: The Canadian Experience, a Monograph Prepared for the Seventh Session of the Working Party on Housing; Economic Commission for Europe, Committee on Housing, Building and Planning, Geneva, April 24-28, 1978. (Ottawa: CMHC, 1978), p. 2.

³¹⁰Smith, Housing in Canada, p. 12.

³¹¹Steed, "The Lingering Death," p. 15.

on Housing, Michael Wheeler noted:

"With the extension of the [housing] problem to the middle-income groups, housing became a political issue of national concern, in marked contrast with the public indifference of preceding years."^{3 1 2}

The issue became so prominent, in fact, that it prompted a host of housing conferences and government-sponsored studies and task forces dedicated to examining and prescribing solutions to Canada's growing housing and urban development problems. The major conferences and studies included the 1967 Federal-Provincial Conference on Housing and Urban Development, the 1968 Canadian Conference on Housing sponsored by the Canadian Welfare Council (CWC), the 1969 report of the Task Force on Housing and Urban Development, N.H. Lithwick's 1970 study on Canadian urban problems, and the 1972 report of the federal Task Force on Low-Income Housing. In the late 1970's and early 1980's, major housing-related reports were also prepared by the Canadian Council on Social Development (formerly the CWC), by a federal-provincial Task Force on the Supply and Price of Serviced Residential Land, by a federal Task Force on Canada Mortgage and Housing Corporation (CMHC), and by CMHC on the performance of its social housing programs and of the rental market in general. In addition, an All Sector National Housing Conference was organized by the Canadian Real Estate Association in 1981, and a symposium on the rental housing market and housing allowances was sponsored by the Canadian Council on Social Development

^{3 1 2}Wheeler, "Introduction," p. 13.

(CCSD) in 1982.

Despite the attention focussed on the housing problem, the deteriorating economic conditions and rising unemployment of the 1970's exacerbated the affordability problem and dampened production, particularly in the rental sector. By the mid-1970's, a housing shortage amidst a large inventory of new but unaffordable and thus unoccupied units was evident,³¹³ and the 1980's began with the housing situation approaching what the Chairman of the 1981 All Sector Housing Conference, called "a state of crisis".³¹⁴

5.1 The Rental Problem

Most of the conferences and studies of the 1964-1985 period focussed on the housing problems of low-income households.³¹⁵ Given the generally lower incomes of tenants relative to home

³¹³Mark Ricketts, "Hearth of the Matter is: Most of Us Can't Afford One," Financial Post, 19 April 1975, p. 1.

³¹⁴Canadian Real Estate Association, Housing in Canada, Foreward, p. 11.

³¹⁵See Wheeler, "Introduction," p. 13; Wheeler, Right to Housing, pp. 268, 298; H.N. Colburn, "Health and Housing," in Wheeler, Right to Housing, p. 227; Webber, "Canada's Housing Crisis," p. 7; Wheeler, "Study and Action," p. 8; Fliess, "Affordable Housing," p. 19; Canadian Council on Social Development, A Review of Canadian Social Housing Policy (Ottawa: CCSD, 1977), p. 33.

owners,³¹⁶ and the large proportion of renters drawn from the lowest two income quintiles (as documented in Table 1 in Chapter 1), it is probably fair to say that much of the discussion at the conferences and in the reports centered on low-income rental problems.

The concern over rental housing in the past twenty years has focussed on all three elements of the rental problem - quality, supply, and affordability. Despite the overall national improvement in housing quality, slum conditions and physically inadequate, over-crowded, and unsuitable housing has remained a problem for many renter households, particularly large families and those on fixed incomes.³¹⁷ A 1974 CMHC-Statistics Canada study found that nearly 12% of the rental stock was in poor external condition and that renters were more than twice as likely as owners to be living in poor housing.³¹⁸ Even in the 1960's and 1970's, residual pockets of nineteenth and early twentieth century slum dwellings remained in evidence in large urban centers, while much rural and native housing, which is not the focus of this thesis, remains in extremely poor condition today.

³¹⁶In 1981, renter incomes averaged 45% lower than home owner incomes and the incidence of affordability problems among renters was more than 2/3 that of owners. Canadian Real Estate Association, Housing in Canada, p. 151; Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, p. 35.

³¹⁷See Wheeler, Right to Housing, p. 268; Webber, "Canada's Housing Crisis," p. 7; A. Onibokun, "Housing for Low-Income Groups," Community Planning Review 22 (Spring 1972):23.

³¹⁸See Rose, Canadian Housing Policies, p. 169.

In addition, as a result of declining apartment construction after 1973, shortages of rental housing were evident across Canada throughout the 1970's and early 1980's. Indeed, at the 1981 All Sector Housing Conference, the Director of the Alberta Rental Incentive Programme reported the rental housing shortage to be unparalleled in the history of the nation.³¹⁹ As a result of the shortage and as Table 14 indicates, rental vacancy rates plummeted. In the larger urban centers, rates of less than 1% were not uncommon by the early 1980's,³²⁰ and low- and moderate-income renters were once again doubling-up and even residing in motels.³²¹ The situation deteriorated to such an extent that in some urban areas landlords and tenants were virtually at war. In Halifax, for instance, where the rental vacancy rate fell to .5% in 1982,³²² tenants formed the Metro Area Tenants Union to oppose the removal or weakening of rent controls, to uphold tenant rights and to ensure enforcement of fire, safety, health, and building codes.

³¹⁹Canadian Real Estate Association, Housing in Canada, p. 155.

³²⁰Victoria and Vancouver, which suffered the worst rental housing situation in North America in the early 1980's, had rental vacancy rates of .1% and .2% in 1980-81. Thomas Hopkins, "Hunger for Housing," Macleans, 30 March 1981, p. 36; "Sardines in the B.C. Can," Macleans, 7 April 1980, p. 24.

³²¹Hopkins, "Sardines," p. 24.

³²²Joan Weeks, "Tough Times for Tenants - and Landlords," Atlantic Insight 4 (July 1982):9.

Table 14 **National Average Apartment Vacancy**
Rates, Canadian Census Metropolitan
Areas, 1964-1983

<u>Year</u>	<u>Vacancy</u> <u>Rate (%)</u>	<u>Year</u>	<u>Vacancy</u> <u>Rate (%)</u>	<u>Year</u>	<u>Vacancy</u> <u>Rate (%)</u>	<u>Year</u>	<u>Vacancy</u> <u>Rate (%)</u>
1964	5.5	1970	3.6	1976	1.3	1982	1.9
1965	4.4	1971	3.7	1977	2.2	1983	2.5
1966	3.1	1972	2.7	1978	3.0		
1967	1.3	1973	2.1	1979	2.8		
1968	2.6	1974	1.2	1980	2.1		
1969	3.1	1975	1.2	1981	1.2		

1. Vacancy rate in privately initiated apartment structures of 6 units or more.

Source:

CMHC, Apartment Vacancy Survey, Ottawa, Various Years.

Statistics Canada, Housing Stock in Canada, The Provinces and Territories, Ottawa, Various Years.

In return, landlords, caught between rent controls and rising interest rates, established a computer checking network to provide them with information regarding the credit rating, personal habits and work record of current and prospective tenants.³²³

It was, however, the severe shortage of affordable housing for lower-income renters which emerged as the major problem of the 1960's, 1970's, and early 1980's,³²⁴ and it was this element of the low-rental problem which received the bulk of the attention at the conferences and in the reports. CMHC figures on national shelter costs and family income suggest that rental housing for the average family became more affordable during the 1970's.³²⁵ Average rent-to-income ratios for renter households dropped to 17.9% in 1972 from 18.3% in 1962, and declined even further to 16.3% in 1976.³²⁶ The decline in rent-to-income ratios ended in the early 1980's, however, with the average

³²³Weeks, "Tough Times," p. 9; Jane Caine, "Halifax: Renters' Rights Advocated," City Magazine 6 (Spring 1983):7.

³²⁴See Council on Social Development, And Where Do We Go From Here? Proceedings from a Symposium on the Rental Housing Market and Housing Allowances, Winnipeg, October 4-6, 1982 (Ottawa: CCSD, 1983), p. 70; Council on Social Development, Social Housing Policy, p. xvii; Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, Executive Summary, p. 2; Hulchanski and B. Grieve, Housing Issues and Canadian Federal Budgets, UBC Planning Papers, Canadian Planning Issues, No. 12 (Vancouver: University of British Columbia, School of Community and Regional Planning, 1984), p. 13.

³²⁵See Canada Mortgage and Housing Corporation, Projecting, p. 15; Smith, Housing in Canada, p. 12.

³²⁶Smith, Anatomy of a Crisis, p. 13; Task Force on Canada Mortgage and Housing Corporation, Report, p. 33.

ratio rising to 18% in 1982 from 16% in 1978.³²⁷ Moreover, average rent-to-income figures conceal the real affordability and thus availability problems faced in some geographic areas³²⁸ and by some groups, particularly senior citizens, large families, and other traditionally lower-income renters.

Aggregate statistics, though not an entirely reliable measure of reality, provide some indication of the extent of rental affordability problems for lower-income households throughout the period. In the early 1970's, the average rent level paid in urban³²⁹ Canada hovered around \$120 per month,³³⁰ though rents were significantly higher in the larger urban areas like Toronto where older one bedroom units in the central city commanded average rents of \$185 per month.³³¹ However, the upper income limits of the lowest two quintiles - \$3,000 and \$6,000 per year respectively³³² - enabled them to pay rent levels of no more than \$62.50 and \$125 per month at 25% of income. The

³²⁷Jeffrey Patterson, "Rent Review in Ontario and Factors Affecting the Supply of Rental Housing," Draft Discussion Papers in Social Policy, No. 1 (Toronto: Social Planning Council of Metropolitan Toronto, 1985), p. 14.

³²⁸In 1982, for instance, although rent levels were rising at a rate equal to other CPI components on a national level, in nine of fifteen major urban centers they were outstripping the aggregate CPI. Ann Shortell, "Deeper into Rent Controls," Financial Post, 25 December 1982, p. 1.

³²⁹Urban is defined as non-farm.

³³⁰Canada Mortgage and Housing Corporation, Projecting, p. 15.

³³¹"Food and Housing: Rents and Homes May Outpace the Increase in Food Costs," Financial Post, 12 August 1972, p. 8.

³³²Dennis and Fish, Programs in Search of a Policy, p. 68.

situation for the average low-income renter was much worse. With average annual incomes of \$1,858 and \$4,541,³³³ typical first and second quintile renters, many of whom were old age pensioners,³³⁴ could afford to pay no more than \$38.70 and \$94.60 per month for rent. By 1981, the average rent paid in Canada was \$296 per month,³³⁵ although average rents on new two bedroom units ranged from \$500 to \$666 per month,³³⁶ with many in the larger urban centers in the \$800 per month and above range.³³⁷ Yet the annual income limits of first and second quintile renters - \$6,900 and \$12,100, respectively³³⁸ - dictated that low-income renters could pay no more for rent than \$174 and \$305 per month at the newly accepted 30% of income rule of thumb. Though average income figures for first and second quintile renters are not available, the situation of the average low-income renter was undoubtedly worse.

The housing studies of the 1970's and early 1980's

³³³Ibid., p. 60.

³³⁴The average annual incomes of old age pensioners ranged from \$1,858 to \$1,920. Ibid., p. 184.

³³⁵Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 7.

³³⁶See Carolyn Green, "Rent Controls Tighten Knot on Builders' Purse Strings," Financial Post, 20 March 1982, p. S17; Canadian Real Estate Association, Housing in Canada, p. 203.

³³⁷Shortell, "Higher Rents Push Most Tenants Out of Market," Financial Post, 5 June 1982, p. C18.

³³⁸Clayton, A Longer Term Rental Housing Strategy for Canada (Toronto: Housing and Urban Development Association of Canada, 1984), p. 6.

documented the significance of such statistics for low-income renters. The 1972 Report of the Task Force on Low-Income Housing, known as the Dennis and Fish Report after Task Force Chairman, Michael Dennis, and co-author, Susan Fish, noted that first quintile renters experienced rent-to-income ratios three times greater than fifth quintile renters.³³⁹ The CCSD's 1977 Review of Canadian Social Housing Policy estimated that one million private sector renter households, most of them living below the official government poverty line, spent more than 25% of income on rent in 1971, with over 60% of those households spending in excess of 35%.³⁴⁰ Similarly, the 1979 report of the Task Force on CMHC observed that 23% of renters overall, and 57% and 36% of first and second quintile renters, respectively, were spending more than 25% of income on rent in 1976, although the average rent-to-income ratio at the time was 16.3%.³⁴¹ By 1981, the proportion of private sector renter households unable to obtain suitable and adequate shelter at an affordable rent-to-income ratio had fallen to 18% or 521,600 households,³⁴² although the figures are not strictly comparable with those of previous years given that the rent-to-income ratio had increased to 30%, and the formula for determining income had been

³³⁹Dennis and Fish, Programs in Search of a Policy, p. 5.

³⁴⁰Council on Social Development, Social Housing Policy, pp. 23, 25.

³⁴¹Task Force on Canada Mortgage and Housing Corporation, Report, pp. 32-35.

³⁴²See Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 1; Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, Executive Summary, p. 2.

modified.

Considering all three elements of the rental problem, the CCSD noted in its 1977 report that 1.2 million or 40% of all renter households, two-thirds of whom lived below the poverty line, were experiencing a housing problem.³⁴³ The situation was so serious that B. Danson, federal Minister responsible for CMHC, described the rental situation in 1975 as the "closest thing approaching a crisis which confronts us".³⁴⁴

In order to understand why rental and low-rental problems remain so serious today, fifty years after the Parliamentary Committee on Housing documented the plight of renter households, it is necessary to examine activity in and government policy towards all three rental sectors - private, public and non-profit - during the past two decades. Before doing that, however, a brief discussion of recommendations for government action on rental problems is appropriate.

5.2 Recommendations for Government Action on the Rental Problem

Given the number of conferences, task forces and studies during the 1964-1985 period, prescriptions for resolving the ongoing rental problem were not in short supply. One theme

³⁴³Council on Social Development, Social Housing Policy, pp. 31, 33.

³⁴⁴House of Commons, Debates (1975), p. 719.

apparent throughout the entire period was targetting the "truly needy", although there appear to have been as many definitions of "needy" as there were interest groups.³⁴⁵ Proposals for meeting the housing needs of the identified needy groups have varied widely too, and quite diverse proposals have enjoyed popularity at different times. The especially popular proposals in the late 1960's and throughout most of the 1970's were increased aid to non-profit, co-operative and limited dividend developers, resident and public participation in the planning and management of large rental developments, and an increased emphasis on rehabilitation and conservation of older stock. Longstanding calls for more intergovernmental co-operation and planning, for additional aid for housing research, and for the establishment of a federal ministry responsible for housing were also reiterated. Other proposals which received some attention included public land assembly and a mixed supply-demand scheme whereby government would continue to fund non-profit, co-operative or public housing while supplementing the incomes of lower-income households to enable them to compete more effectively in the private rental market. Finally, a significant number of housing analysts suggested that the mobility requirements of Canadian families,³⁴⁶ the costs of individual

³⁴⁵The "truly needy" have been successively identified as single low-income persons, senior citizens, native Canadians and other minorities, single mothers, the working poor, low-income families with children, the disabled, the chronically ill, and moderate-income households.

³⁴⁶In the 1968 period, one-quarter of Canadian families moved every year. LaBerge, "A New Concept," p. 25.

home ownership, and the land and transportation system requirements of single-family dwellings were rendering home ownership increasingly obsolete. At the 1968 Canadian Conference on Housing, for instance, Albert Rose remarked:

"We can no longer expect to be known primarily as a nation of home-owners: the very pace of our urban economic development makes it absurd to remain wedded to these assumptions of 1945 or 1955."³⁴⁷

Given that an increasing proportion of Canadian households, including families with children, were destined to remain renters for most of their lives,³⁴⁸ society needed to raise rental tenure from its "second-class" status and direct increased energy and resources into rendering it a more attractive, secure and suitable housing option.³⁴⁹

Towards the end of the 1970's, the focus of proposed solutions to Canada's rental problems shifted away from direct government involvement in housing provision and towards renewed reliance on a government-supported private sector. While some analysts have continued to cite the need for government-assisted non-profit and co-operative housing and even a revised public housing program, a powerful lobby group composed of the

³⁴⁷Rose, "Canadian Housing Policies," in Wheeler, Right to Housing, p. 136.

³⁴⁸See Flemming, "Tenants Outnumber Landlords," p. 61; Rose, "Cities of Cliff Dwellers," Canadian Welfare 44 (1968):235.

³⁴⁹See Steed, "The Lingering Death," p. 15; LaBerge, "A New Concept," p. 25; Canadian Real Estate Association, Housing in Canada, p. 52; Flemming, "Tenants Outnumber Landlords," p. 61.

development and real estate industries has proposed phasing out rent controls and the social housing programs,³⁵⁰ except for "special needs" groups such as the elderly and the disabled, and selling off public and social housing units in favour of an income-tested shelter allowance scheme. Central to this proposal is the redefinition of the low-rental problem as an "incomes problem",³⁵¹ the amelioration of which will enable the private rental sector to function once again. Other current proposals include increased private/public sector co-operation, production incentives for private rental developers, the creation of a separate residential mortgage and capital funds market with stable or lower rates of interest than other financial markets, and innovative ideas such as adaptable housing³⁵² which can be easily and inexpensively tailored to the needs of a variety of housing consumers over its lifetime.

5.3 The Private Rental Sector and Government Response to the Rental Problem

Private rental production remained at high levels throughout the 1960's and early 1970's. Indeed, rental apartment units represented almost 45% of all residential construction in

³⁵⁰In this thesis, social housing refers to non-profit and co-operative housing.

³⁵¹See Rose, Canadian Housing Policies, p. 191; N.H. Lithwick, "Housing: In Search of a Crisis," Canadian Forum 48 (1969):9; N.H. Lithwick, Urban Canada, p. 27; Task Force on Canada Mortgage and Housing Corporation, Report, p. 35.

³⁵²Canadian Real Estate Association, Housing in Canada, p. 115.

the 1960's.³⁵³ As Table 15 indicates, apartment starts, most of which were a result of private sector initiative, rose from an annual average of 12,400 per year in the late 1940's³⁵⁴ to 83,600 in the late 1960's and 96,500 in the early 1970's. According to Statistics Canada, the rental stock tripled between 1946 and 1983, mostly due to construction activity during the 1960's.³⁵⁵ By 1970, in fact, almost one-half of the two million rental units in Canada had been built since 1960,³⁵⁶ and apartments and flats accounted for 28.2% of the total Canadian housing stock.³⁵⁷ The boom was especially prevalent in urban areas of 10,000 and over population. In those centers, as Table 16 illustrates, apartment construction exceeded single-family dwelling construction every year between 1963 and 1974, sometimes by two or three times.

The apartment boom of the 1960's was a response to a number of demographic and economic factors which spawned great demand for rental housing.

³⁵³See Saywell, Housing Canadians, p. 191; Canada Mortgage and Housing Corporation, Projecting, p. 12.

³⁵⁴Clayton, Rental Housing Scenarios, Executive Summary, p. 9.

³⁵⁵Ibid., p. 8.

³⁵⁶Dennis and Fish, Programs in Search of a Policy, p. 353.

³⁵⁷Canada Mortgage and Housing Corporation, Projecting, p. 11.

Table 15**Private Sector Rental¹ Starts
Canada, 1964-1983**

Year	Total Rental Starts	Private Sector Rental Starts	
		(Units)	As % of Total
	1	2	3
1964	75,118	74,460	99.1
1965	77,890	75,633	97.1
1966	51,551	45,452	88.2
1967	74,258	63,066	84.9
1968	103,383	90,757	87.8
1969	110,917	90,792	81.9
1970	91,898	68,211	74.2
1971	106,187	81,102	76.4
1972	103,715	85,074	82.0
1973	106,451	91,707	86.1
1974	74,025	56,570	76.4
1975	70,361	51,999	73.9
1976	89,324	67,251	75.3
1977	92,327	81,002	87.7
1978	77,327	66,346	85.8
1979	58,387	52,065	89.2
1980	48,329	38,827	80.3
1981	61,609	48,462	78.7
1982	53,162	38,709	72.8
1983	44,124	30,617	69.4

1. Apartments used as proxy for rental.

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Clayton Research Associates Limited (1984) Rental Housing in Canada Under Rent Control and Decontrol Scenarios, 1985-1991, Appendix B, Table B-11.

Table 16 **Urban¹ Residential Starts, By Type**
Canada, 1964-1982

Year	Total Starts	Single Family Starts	Apartment Starts ²	
			(units)	As % of Total
	1	2	3	4
1964	133,562	50,387	71,910	53.8
1965	135,218	49,061	74,679	55.2
1966	108,329	48,270	49,178	45.4
1967	131,858	46,129	70,587	53.5
1968	162,267	46,740	99,244	61.2
1969	169,739	46,787	104,622	61.6
1970	150,999	40,859	85,788	56.8
1971	180,948	56,887	98,820	54.6
1972	206,954	80,555	98,300	47.5
1973	211,543	85,089	98,776	46.7
1974	169,437	78,159	67,599	39.9
1975	181,846	83,827	63,642	35.0
1976	209,762	85,301	80,062	38.2
1977	200,201	74,600	84,470	42.2
1978	178,678	72,932	69,087	38.7
1979	151,717	72,885	51,635	34.0
1980	125,013	60,688	43,215	34.6
1981	142,441	63,383	54,720	38.4
1982	104,792	39,113	48,379	46.2

1. Urban = Census Metropolitan Areas.
2. Includes Apartments and Row Houses.

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

One demographic factor was a continuing trend to smaller, non-family households as a result of a declining birthrate, a rising divorce rate, and increased longevity.³⁵⁸ A second was the continued high rate of household formation resulting from the aging of the post-war baby boom generation and rising income levels. In all, CMHC figures indicate that the rate of growth of renter households rose from 66,000 per year in the early 1960's to 107,000 per year in the early 1970's.³⁵⁹

The first economic factor spurring apartment demand was the need to increase densities and to exploit economies of scale in building given the sharply rising costs of land, construction and servicing. Another was the existence of rental tax preferences which rendered rental investment particularly attractive to the wealthy. A final economic factor was the unaffordability of home ownership for many households.³⁶⁰ Though there is not unanimous agreement on the point, a general conclusion at the 1968 Canadian Conference on Housing and in many media reports was that the price of houses for purchase had

³⁵⁸Annual net non-family household formation increased by 84% between the 1961-1966 period and the 1966-1976 period. Smith, "The Crisis in Rental Housing: A Canadian Perspective," Annals of the American Academy of Political and Social Science 465 (January 1983):63.

³⁵⁹Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 3.

³⁶⁰A 1969 report by Kellough and Beaton Land Economists observed that the traditional movement of families from rental accommodation to houses of their own had decreased by two-thirds due to escalating prices and financing problems. W.R. Kellough and W. Beaton, "Anatomy of the Housing Shortage," Community Planning Review 19 (Spring 1969):18.

outstripped increases in wage rates, average individual incomes and average total incomes in the 1949-1967 period, particularly for fixed-income households.³⁶¹ Whether they had or not, statistics indicate that home ownership was beyond the reach of a substantial number of Canadians. In 1968, for instance, the typical house financed under the National Housing Act (NHA) was valued at \$20,270.³⁶² The average MLS listing in the twenty-five major urban centers stood at \$19,264,³⁶³ rising as high as \$27,637 in Toronto and \$25,089 in Montreal.³⁶⁴ Yet, given 1969 upper income limits of \$3,000, \$6,000, and \$8,000 for the first three income quintiles, 60% of the Canadian population could not afford to purchase a house exceeding \$20,000 in value.³⁶⁵ The situation was even grimmer if average income levels are considered, with available homes selling well beyond the

³⁶¹See Rose, "Canadian Housing Policies," p. 132; Wheeler, Right to Housing, p. 271; A.L. Murray, "Alternatives to High-Rise Development," Canadian Forum 52 (May 1972):40; Council on Social Development, Social Housing Policy, p. 39; Illing, "Rising Cost," p. 143; Smith, Housing in Canada, p. 12; Smith, "The Housing Task Force," Canadian Banker 76 (March-April):43; Dennis and Fish, Programs in Search of a Policy, p. 6.

³⁶²Smith, Housing in Canada, p. 35.

³⁶³Calculated from figures in Federal/Provincial Task Force on the Supply and Price of Serviced Residential Land, Down to Earth, Report of the Federal/Provincial Task Force on the Supply and Price of Serviced Residential Land, Vol. II: Synthesis and Summary of Technical Research (Ottawa: Queen's Printer, 1978), p. 193.

³⁶⁴Ibid., p. 193.

³⁶⁵This is according to the 2.5 times annual income rule of thumb for house purchase. Dennis and Fish, Programs in Search of a Policy, p. 6.

capacity of the average third quintile household.³⁶⁶ Figures regarding the income levels of NHA house purchasers in the 1960's confirm the inaccessibility of home ownership to large numbers of Canadians. In both 1961 and 1969, first quintile households purchased 0% of new NHA houses in Canada, while the second quintile's purchase rate of 1.5% in 1961 dropped to .7% in 1969. Even third quintile households, who acquired only 21.2% of new NHA houses in 1961, lost ground by 1969, purchasing only 16.6%.³⁶⁷

Despite the excellent performance of the private rental sector during the 1960's, rental problems persisted for two major reasons. Firstly, as a 1967 Canadian Press Agency Survey reported, the rental market remained almost universally tight and expensive.³⁶⁸ This situation resulted from both the high demand for rental housing, and the loss of a considerable number of affordable inner-city rental units, through conversion to condominiums³⁶⁹ or luxury apartments, and through demolition to

³⁶⁶The average annual income level of the third quintile in 1969 was \$6,974 rendering \$17,435 the average upper limit for house purchase. Ibid., p. 60.

³⁶⁷Ibid., p. 121.

³⁶⁸See LaBerge, "Housing - 1968," Canadian Labour 13 (February 1968):24.

³⁶⁹Hulchanski reports that renovations often deconverted buildings of two or more units to single owner-occupied units. The units deconverted were likely to be among those with the lowest rents. Hulchanski, Role of Rent Regulations, p. 52. Similarly, Greenspan reports that condominiums generally serve higher-income tenants than do rental units. Task Force on the Supply and Price of Serviced Residential Land, Down to Earth, p. 148. See also Smith, Housing in Canada, p. 15; Caine, "Halifax," p. 7; Gary Weiss, "Rent Controls Spark Move to Condominiums," Financial Post, 20 July 1974, p. 10.

make way for high rise development. The situation was further exacerbated towards the end of the 1960's as "whitepainting" or gentrification³⁷⁰ of older, somewhat deteriorated inner-city working-class neighbourhoods became widespread.

Secondly, the rental units produced were, for the most part, unsuitable to the low-income renters and particularly low-income families most in need. The private sector continued, for instance, to erect high-rises containing largely bachelor and one bedroom apartments unsuited to family living.³⁷¹ Consequently, even those renter families able to afford market rent levels experienced difficulty finding suitable rental housing.³⁷² Even when they were willing to settle for apartment living, families encountered discrimination in that few apartment owners and landlords were willing to accept children.³⁷³ Moreover, as 62% of all new housing constructed in the metropolitan areas between 1961 and 1971 was situated in the suburbs,³⁷⁴ many of the rental units produced were physically inaccessible to low-income households lacking transportation.

³⁷⁰Gentrification involves the rehabilitation and upgrading of housing in older, affordable neighbourhoods to satisfy increasing demand for "character" housing on the part of young, often childless, professional, and relatively more affluent couples desirous of living in the inner-city.

³⁷¹Rose, Canadian Housing Policies, pp. 177, 187. Rose reports that a very small fraction of private rental development in the past twenty-five years has been two bedroom or larger units.

³⁷²Smith, Housing in Canada, p. 16.

³⁷³Dennis and Fish, Programs in Search of a Policy, p. 198.

³⁷⁴Ibid., p. 34.

Given the health of the private rental sector and its key role in rental housing provision, federal rental assistance throughout the 1960's was limited, falling to 5-10% of new rental housing units in the early 1960's from 15-25% in the 1950's.³⁷⁵ Because these figures represent units constructed under direct subsidy programs only and exclude units resulting from indirect tax incentives, actual percentages for government-assisted units were probably slightly higher. This decline in federal assistance was largely a reflection of the termination, in 1964, of the Limited Dividend program due to federal dissatisfaction with the quality, maintenance, location and unsuitability to family living of many of the units produced.³⁷⁶ Moreover, the program suffered a high level of defaults and imposed an excessive administrative burden. In addition, there was some doubt regarding the ability of private landlords to manage low-income housing, and some evidence of high-grading in tenant selection, such that a gap had begun to develop between the income group served by limited dividend housing and that served by public housing.³⁷⁷ The program was, however, reinstated in 1968 in response to the tight rental situation and to growing concern regarding housing affordability for moderate-

³⁷⁵Patterson, "Rent Review," p. 24; Clayton, Rental Housing Scenarios, p. 13.

³⁷⁶Dennis and Fish, Programs in Search of a Policy, pp. 227, 234.

³⁷⁷Ibid., pp. 10, 242.

and middle-income households. The loan value was increased and the limit on investment return removed with the reinstatement of the program, although rent levels were still required to be maintained \$20 to \$25 below market levels for fifteen years.³⁷⁸ Limited Dividend program activity and thus government rental assistance rose sharply after reinstatement of the program,³⁷⁹ with the latter reattaining levels of 20-25% in the late 1960's.³⁸⁰ Most of the problems with the Limited Dividend program persisted, however.³⁸¹

Though limited throughout most of the 1960's, federal rental assistance virtually exploded in the 1970's, such that assisted rental starts rose to 35-50% of all rental starts in the late 1970's.³⁸² If tax system subsidies are considered as well as the subsidies offered under direct programs, more than 90% of total rental starts between 1973 and 1983 were assisted.³⁸³

³⁷⁸Ibid., pp. 229, 233.

³⁷⁹Clayton, Rental Housing Scenarios, Appendix B, p. B2; Dennis and Fish, Programs in Search of a Policy, p. 230.

³⁸⁰Clayton, Rental Housing Scenarios, p. 13; Patterson, "Rent Review," p. 24.

³⁸¹Dennis and Fish reported that between 1968 and 1970, for instance, only 40% of LD units had three bedrooms or more, and 45% were in elevator buildings. Dennis and Fish, Programs in Search of a Policy, p. 234.

³⁸²Patterson, "Rent Review," p. 24; Clayton, Rental Housing Scenarios, p. 13.

³⁸³Patterson, "Rent Review," p. 27.

A major factor in the infusion of government funds into rental housing in the 1970's was the abrupt decline in apartment construction after 1973. As Figure 2 illustrates, with the exception of a few peaks due to temporary government incentive programs, apartment construction declined steadily from 1973 onwards, and by the end of the 1970's had fallen behind the rate of new renter household formation.³⁸⁴ Given the private sector's dominance in rental construction, the declining apartment construction was largely the result of a reduction in private sector multiple-unit starts. (See Table 15) From an average of 44% of all residential starts in the 1965-1969 period, private sector multiple-unit construction declined to 22% in 1975.³⁸⁵

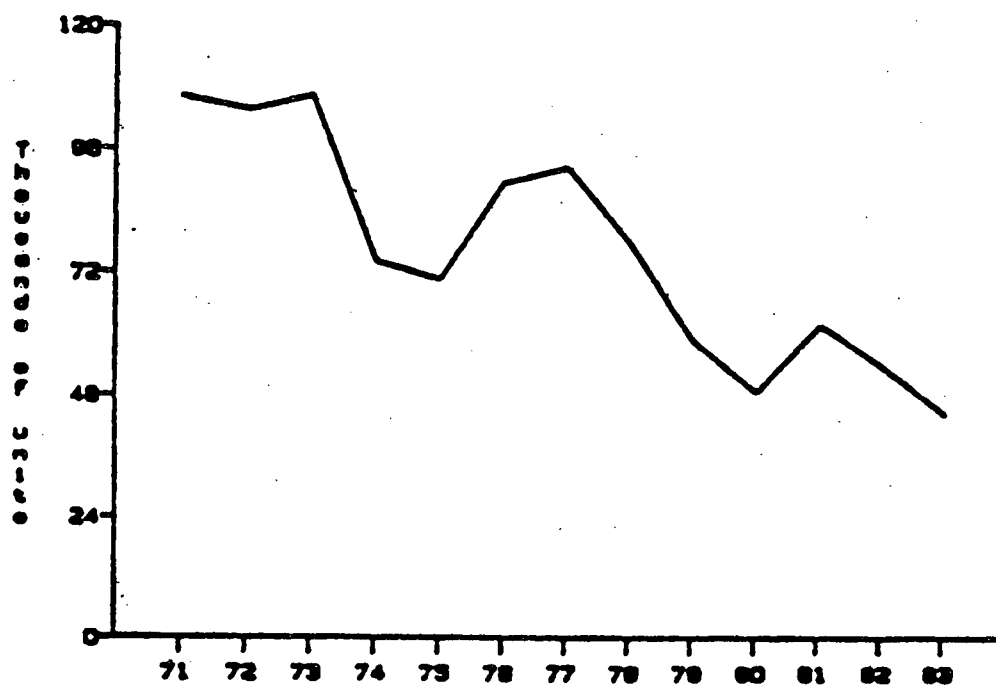
The large increase in government assistance to rental construction was primarily a result of the introduction of a number of private sector incentive programs. Three major programs were adopted during the 1970's and early 1980's: the 1974 Multiple-Unit Residential Building Program (MURB), the 1975 Assisted Rental Program (ARP), and the 1981 Canada Rental Supply Program (CRSP).

³⁸⁴In the early 1970's, new apartment starts exceeded new renter household formation by more than 25%. By the late 1970's, new apartment starts totalled more than 10% less than new renter household formation, and by the early 1980's, the gap had increased to 35%. Ibid., p. 5.

³⁸⁵Smith, Anatomy of a Crisis, pp. 36-37. As many of those multiple units were condominiums, Smith estimates that only 30,000 units or 13% of all private residential construction in 1975 was actually rental.

FIGURE 2

TOTAL APARTMENT STARTS, CANADA, 1971-1983

SOURCE:

Clayton Research Associates Limited (1984) A Longer-Term Rental Housing Strategy for Canada, p. 10.

These programs are discussed in more detail later in this chapter. In addition, the federal government introduced a number of minor initiatives designed to encourage private rental supply. The minor programs included a 1975 authorization for CMHC to directly finance private rental construction in low vacancy areas, the 1975 Municipal Incentive Grant Program, which offered \$1,000 per unit grants to municipalities approving medium-density moderate-rental housing, and 1978 conversion loans to facilitate the conversion of non-residential buildings to rental units. As well, in 1978 the Municipal Infrastructure Program replaced the Municipal Sewage Treatment Program. As a result of these programs, by 1978 annual federal assistance to the private rental sector had reached \$115.8 million.³⁸⁶

The debate regarding the factors contributing to the sudden and rapid decline of the private rental sector is complex³⁸⁷ and by no means resolved. Most housing analysts agree, however, that two conditions likely precipitated the decline: falling demand for rental housing and the deteriorating economics of rental investment.

Both demographic and economic conditions played a role in reducing the demand for rental housing. The rate of new household formation slowed throughout the 1970's. As well, the

³⁸⁶This total excludes MURB subsidies. Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1982:Table 27.

³⁸⁷It is complex because the factors are so interrelated.

incomes of tenants relative to the general population and to home owners declined,³⁸⁸ resulting in reduced effective demand among renter households.³⁸⁹ Probably even more significant, however, was a series of government actions between 1964 and 1984 to encourage home ownership among low- and moderate-income households who had previously relied on the private rental sector for accommodation.³⁹⁰ Following minor measures between 1965 and 1969 designed to ease the financing for home ownership, the federal government announced, in 1970, the allocation of a special \$200 million fund to encourage special innovations in low-income housing production. The major program funded under the scheme was the Assisted Home-Ownership Program (AHOP). Implemented on an experimental basis in 1970-71, and officially sanctioned in the 1973 amendments to the NHA, AHOP offered geared-to-income loans at 2% to low- and moderate-income households who were otherwise unable to afford home ownership and whose incomes rendered them ineligible for public

³⁸⁸Patterson, "Rent Review," p. 8.

³⁸⁹Would-be renters tended, as a result, to double-up or to continue residing with their families.

³⁹⁰According to the Hellyer Task Force report, at least 80% of Canadians aspired to home ownership in 1969 due to its investment value and the absence of a suitable family housing alternative. Task Force on Housing and Urban Development, Report, p. 17.

³⁹¹Under AHOP, loan conditions were such that mortgage and interest payments could consume no more than 25% of family income. Even so, a large number of the units produced under the program were foreclosed, because even at 25% of income the low-income owners could not afford to keep their payments up. See Dana Mallin, "To Rent... Or to Buy," Canadian Consumer, 7 February 1977, p. 5; Hopkins, "Hunger," p. 40.

housing.³⁹¹

Other federal measures which increased the demand for home-ownership relative to rental accommodation and which rendered otherwise latent demand for home ownership effective included: the 1972 tax exemption of capital gains on owner-occupied housing; the Registered Home-Ownership Savings Plan (RHOSP) introduced in 1974 and operational until 1985;³⁹² home improvement loans for owner-occupiers offered through the 1973 Residential Rehabilitation Assistance Program (RRAP); the 1982 Canada Home Renovation Plan (CHRP); the Section 58 direct lending provision; home-buyer grants ranging from \$500 to \$3,000; the 1982 Canada Home-Ownership Stimulation Plan (CHOSP); the 1982 Canada Mortgage Renewal Plan (CMRP); and its 1984 successor, Mortgage Rate Protection Plan (MRPP). As well, the provinces have offered a variety of home ownership incentives ranging from home-buyer grants to refundable property and mortgage interest tax credits.

As for the deteriorating economics of rental investment, the gap between the costs of operating existing rental housing and those of developing new rental housing widened considerably in the early 1970's given dramatically inflated land,

³⁹²Under RHOSP, non-home-owning tax-payers were allowed a tax-free accumulation of up to \$1,000 per year, to a total of \$10,000, as a downpayment on a house.

construction and financing costs.³⁹³ In other words, the costs of producing new rental housing (financial recovery rents) escalated well beyond the rent levels the rental market could bear. Consequently, new rental production of almost any description became uneconomical. As Table 17 indicates, in 1974, average monthly rent levels exceeded monthly mortgage payments per unit of new rental housing by 10%.³⁹⁴ By 1981, however, the costs had escalated so much that monthly mortgage payments exceeded average market rent levels by 94%.³⁹⁵

Given the poor economics of rental investment, it was evident by the early 1980's that little private rental development would take place in the absence of significant government incentives,³⁹⁶ and that that which did take place would be in the form of luxury units for those who could afford to pay near financial recovery rent levels.³⁹⁷

³⁹³The cost to build a typical two bedroom apartment increased by 150% to 200% between 1974 and 1982. Green, "Rent Controls Tighten", p. S17.

³⁹⁴The monthly figure does not include operating costs.

³⁹⁵Given the deteriorating economics of rental investment and the difficulty in renting new units at even break-even rents, it was not uncommon in the early 1970's and again in the early 1980's to find rental investors offering lures to entice tenants to their dwellings. One month free lodging, dishwashers, racquetball courts and fireplaces are only some of the extras prospective renters of new rental housing have been offered.

³⁹⁶Green, "Vacancy Rate Squeeze is Easing," Financial Post, 28 May 1983, p. 31.

³⁹⁷Robert Block, "Shelter for the Poor," Macleans, 12 March 1984, p. 62.

Table 17**The Gap Between Financial Recovery
and Market Rents, Canada, 1964-1983**

Year	Monthly Payment Average Priced NHA Apartment ¹	Average Nominal Monthly Rent ²	Size of Gap
	1	2	3
1964	\$ 64.20	\$ 79.00	-18.7
1965	67.00	80.20	-16.5
1966	72.10	83.60	-13.8
1967	77.50	90.40	-14.3
1968	88.20	99.70	-11.5
1969	94.20	108.60	-13.3
1970	96.20	116.00	-17.1
1971	92.00	120.00	-23.3
1972	97.70	122.00	-19.9
1973	110.90	127.20	-12.8
1974	124.30	138.00	-9.9
1975	174.80	153.70	13.7
1976	198.80	175.00	13.7
1977	223.90	190.40	17.6
1978	235.80	204.00	15.6
1979	268.40	224.80	19.4
1980	358.50	248.00	44.6
1981	528.90	272.90	93.8
1982	506.70	310.00	63.5
1983	473.30	337.90	40.1

1. Includes construction, land and soft costs minus 25% equity.

2. Includes utilities.

Source:

Clayton Research Associates Limited (1984) Rental Housing in Canada
Under Rent Control and Decontrol Scenarios, 1985-1991, Appendix
A, Table A-26.

Indeed, in a 1982 article in the Financial Post, Richard Shiff, Chairman of Bramlea Limited, one of the largest rental developers in Toronto, is quoted as saying:

"I fully realize that to proceed in the rental market today without some form of government assistance would be economic suicide."³⁹⁸

Yet government assistance to private rental development was being reduced in the late 1970's and early 1980's as both federal and provincial governments sought to restrain spending. Consequently, many private developers began to look for alternatives to rental investment. Some of the large development corporations left the residential construction business altogether in favour of more profitable commercial and industrial development. Others reverted to single-family dwelling construction given the rising demand for such housing, and the larger profits there.³⁹⁹ Still others remained in multiple-unit residential development but concentrated on producing condominium units for sale to prospective home owners, given the higher return on such units and their exemption from rent controls.⁴⁰⁰

³⁹⁸See "Market Has Potential Despite Roadblocks," Financial Post, 20 March 1982, p. S16.

³⁹⁹Ricketts, "Apartments Will Go Up, Despite Controls," Financial Post, 22 May 1976, p. S5.

⁴⁰⁰See Weiss, "Rent Controls," p. 10; Janet McClain, "Is Rental Housing at a Dead-End?" Perception 7 (September-October 1983): 13. Among NHA-Financed units, the percentage of new multiple-unit dwellings sold as condominiums increased steadily from 5.2% in 1972 to 20.2% in 1975, reaching over 50% in metropolitan Toronto in 1976. Council on Social Development, Social Housing Policy, p. 15.

The rent-cost squeeze experienced by rental developers has been exacerbated by both the decline in rental housing demand and in relative renter household incomes, which have precluded increases in market rent levels,⁴⁰¹ and by high vacancy rates in new buildings which have often resulted in negative cash flow.⁴⁰² As well, the private rental incentive programs of the 1970's offset a great proportion of the increased costs of rental development, with the result that new projects became economically viable without as substantial an increase in rents as would normally be expected.⁴⁰³ Indeed, the 1984 CMHC analysis of the rental market noted that not only was there no evidence that the programs had facilitated adjustment of the market to changing conditions, but they had probably created disincentives to adjustment.⁴⁰⁴ Finally, government regulatory measures such as zoning and building codes, public land banking, land speculation and transfer taxes, landlord and tenant legislation

⁴⁰¹Real gross rents decreased by 34% between 1971 and 1981. Smith, "Crisis in Rental Housing," p. 71.

⁴⁰²In Montreal in 1979, vacancy rates in some recently completed apartment blocks were as high as 35%. See S.E. Gordon, "Healthy Mortgage Funds for 1979 But Apartment Prospects Dimmer," Financial Post, 13 January 1979, p. 13; Smith, Housing in Canada, p. 17.

⁴⁰³Clayton's 1984 study of the rental market concluded that the expensive incentive programs did little to address the gap between market and financial recovery rents. See Clayton, Rental Strategy, pp. iii, 12; Canadian Real Estate Association, Housing in Canada, p. 152.

⁴⁰⁴Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 24.

and rent controls have been cited by investors as contributing to the rent-cost squeeze. Rent controls have received the greatest share of the criticism. Largely as a result of the federal Anti-Inflation Program which began in 1975, rent controls were operational in all provinces by early 1976.⁴⁰⁵ Though the federal program ended in 1978, eight provinces still retain controls, though a number have experimented with decontrol. Though this paper does not propose to enter the inconclusive debate over the impact of rent controls on rental production, it is important to acknowledge that whether or not rent controls actually do impede an investor's ability to turn a profit on rental property, the fact that potential investors believe they do is enough to spark declining investment.

While falling demand and deteriorating economics may have acted as the catalysts for declining rental production in the late 1960's and early 1970's, housing analysts have suggested a number of additional factors which in the ensuing years have contributed to the rental market's failure to adjust to the changing demographic and economic conditions, and which have thus contributed to declining rental production.

One factor is the tax system reform introduced by the federal government in 1972. Before 1972, rental housing investors benefitted substantially from a number of long-

⁴⁰⁵B.C. had already implemented controls in 1974, and Quebec and Newfoundland had never completely phased them out after World War II.

standing tax provisions contained in the Income Tax Act. The allowable depreciation rate on rental property, for example, was twice the actual rate. Rental investors also enjoyed the right to pool all rental buildings for tax purposes and thus defer the tax on recaptured depreciation upon sale of a building as long as rental properties with unallocated capital cost allowances (CCA's) remained in the pool. In addition, individual and corporate investors could shelter income by claiming CCA's for buildings, exclusive of land, against income from any source. Finally, capital gains on real estate were not taxed, and rental investors were accorded special tax treatment on death.

The 1972 tax reform eliminated all but the first of these tax incentives. The tax deferral was eliminated by revisions which created a separate appreciation class for each rental building worth \$50,000 or more, such that accumulated depreciation was to be recaptured and treated as income in the event of sale. The revisions also abolished the tax shelter by preventing investors other than real estate corporations from claiming CCA's on rental property in excess of the income from the property. Henceforth, CCA's could only be used to create a loss against rental income. The tax reform also resulted in the introduction of a capital gains tax except on the sale of principal residences, a tax which required that 50% of the gain from rental investment be treated as income. It also resulted in the deemed realization on death of one-half the gain on real estate investment. Finally, the revisions required the capitalization of carrying costs (interest and property taxes)

on undeveloped land and prohibited the treatment of these costs as operating expenses.

The effect of the revisions to the Income Tax Act was to significantly lower the after-tax yield for investment in residential properties, to reduce the liquidity of real estate investment, and to decrease the desirability of rental housing investment viz a viz commercial, industrial and other types of residential property investment.⁴⁰⁶ Indeed, by 1974 private sector multiple starts had fallen to 56% of their 1969 level while private sector single-family starts had risen by 45%.⁴⁰⁷

A second factor contributing to declining private rental production during the 1970's and 1980's is the ephemeral nature of the federal rental incentive programs. The ad hoc introduction, modification and elimination of the programs and doubt as to their continued availability have generated considerable uncertainty among rental developers as to whether rental investment will remain viable long enough to cover

⁴⁰⁶In the House of Commons, Bill Clarke reported, for instance, that in Vancouver in 1969-70, applications for multiple-unit housing averaged 8,000 per year with new rentals outnumbering condominiums by 7 to 1. By 1972-73, applications were down to 7,000 per year, with rentals outnumbering condominiums by only 3 to 2. By 1975, applications for multiple-unit housing totalled only 6,200 with condominiums outnumbering rentals 6 to 1. (The rent controls introduced in 1974 may have had some impact on these latter figures.) House of Commons, Debates (1973), p. 9743.

⁴⁰⁷Smith, Anatomy of a Crisis, p. 27.

initial investment.⁴⁰⁸ Two particularly illustrative examples of ad hoc rental programs are MURB and ARP. The 1974 MURB provision permitted rental investors other than real estate corporations to once again shelter income by deducting losses due to CCA's and front end (soft) costs from income from any other source. The provision was enacted in response to the dramatic decline in rental housing production after the elimination of the tax shelter in 1972, and in response to intense lobbying by the development industry. Developers claimed that the defunct tax shelter had been the only acceptable financing vehicle for rental construction, and that it had been difficult even before the tax reform to attract investors to rental housing.⁴⁰⁹ MURB was intended as a temporary stimulus and initially applied only to new multi-unit residential construction commenced between November 1974 and January 1976. It was subsequently extended to the end of 1976, and then annually to the end of 1979. Following a dramatic decline in rental construction, the MURB was reinstated in October 1980 and finally allowed to expire in December, 1981.

ARP, a low- and moderate-rental program, replaced the Limited Dividend program. Introduced in 1975 as a \$600 per unit

⁴⁰⁸The on-again-off-again nature of the programs is a result of federal financial concerns. Between 1976 and 1982, the federal government spent \$3.3 billion on rental housing alone. Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 16.

⁴⁰⁹See Green, "Federal Budget Still Causing Concern," Financial Post, 20 March 1982, p. S16.

capital grant⁴¹⁰ designed to decrease each year for the remainder of the agreement with the rental investor, it was modified three times before being phased out in 1978. The first modification replaced the grant with an interest-free loan of \$1,200 per year in the first year, decreasing annually over the term of the agreement, the second decreased the maximum loan level to \$900 per unit per year, and the third introduced a new delivery mechanism.

MURB and ARP were not the only private rental sector programs which caused uncertainty among rental investors during the 1970's and early 1980's. Reference has already been made to the phasing in and out of the Limited Dividend program and various rent control schemes - actions which caused confusion regarding future profitability of rental investment. In addition, the CCA write-off provision underwent at least seven changes between 1972 and 1982 and the soft-cost allowance was modified a number of times as well,⁴¹¹ making it difficult, if not impossible, to determine fair market values, market rents and rates of return. Finally, CRSP, which offered rental investors interest-free loans of \$7,500 to \$14,000 per unit⁴¹² to build moderate-rental housing in particularly tight markets,

⁴¹⁰Hulchanski, The Assisted Rental Program (ARP), 1975-1978: An Evaluation, Research Bulletin No. 3 (Ottawa: Co-operative Housing Foundation of Canada, 1982), p. 3.

⁴¹¹Council on Social Development, Where Do We Go? p. 87.

⁴¹²See Canada Mortgage and Housing Corporation Canada Rental Supply Plan, Public Relations Bulletin No. 340 (Ottawa: CMHC, 1982), p. 1; Economic Council, Lean Times- Policies and Constraints: Nineteenth Annual Review 1982 (Ottawa: ECC, 1982), p. 49.

was introduced in 1981 only to be terminated in 1984. Finally, all of the minor private sector programs had lapsed by the end of the 1970's.

The final factor often cited as contributing to declining private rental production is the growth of a non-profit rental sector which targets low- and middle-income households. In his 1977 monograph on Canadian housing policy, L. B. Smith concluded that with the growth of the non-profit sector housing policy had come to be used more and more to redistribute income and that such policies were destroying the private sector's incentive and ability to supply rental housing.^{4 13}

Despite the private sector's historic inability to provide low- and moderate-rental housing and its clear inability in the past ten years to provide almost any type of rental unit, government has continued to rely heavily on the private sector for rental supply. As Table 18 illustrates, except for the late 1960's and early 1970's when government rental policy focussed on publically-developed low-rental housing, most of the rental units assisted in the past two decades have been produced by the private sector. Even from 1973 onwards, when the private sector was in decline, more than 70% of assisted rental units were privately developed.

^{4 13}Smith, Anatomy of a Crisis, p. vii. The non-profit sector is discussed later in this chapter.

Table 18

**Government Assistance To Rental
Construction, By Sector, Canada, 1964-1983**

Year	Total Rental Starts ¹	Assisted Private Sect. Rental Starts ²	Public Sector ³ Rental Starts	Non-Profit Sect Rental Starts
	1	2	3	4
1964	75,118	1,717	514	144
1965	77,890	70	1,156	1,105
1966	51,551	--	4,387	1,612
1967	74,258	--	10,088	1,104
1968	103,383	1,956	10,300	2,237
1969	110,917	7,364	17,207	2,918
1970	91,898	19,440	20,257	3,430
1971	106,187	11,059	21,976	3,109
1972	103,715	8,470	16,828	1,813
1973	106,451	4,311	13,537	1,207
1974	74,025	17,015	12,403	5,052
1975	70,361	51,942	13,354	5,008
1976	89,324	46,295	13,828	8,245
1977	92,327	77,044	6,763	4,562
1978	77,327	37,483	7,800	3,178
1979	58,387	20,000	1,601	4,721
1980	48,329	20,000	1,331	8,171
1981	61,609	20,000	1,367	11,780
1982	53,162	30,744	1,210	13,243
1983	44,124	25,265	1,299	12,208

1. Apartments Used as Proxy for Rental.
2. Includes Estimate of MURB Starts, 1975-1983.
3. Includes Public Housing and Student Housing.

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Clayton Research Associates Limited (1984) Rental Housing in Canada
Under Rent Control and Decontrol Scenarios, 1985-1991, Appendix
B, Table B-11.

Even with the infusion of public funds into private rental development in the 1970's, however, rental problems have persisted. One reason is that the private sector incentive programs did not have a significant impact on rental supply.⁴¹⁴ ARP produced 122,791 units⁴¹⁵ and MURB 195,000,⁴¹⁶ the latter representing 30% of all row and apartment starts between 1976 and 1981.⁴¹⁷ Notwithstanding such figures, a study by housing policy analyst, I. Lithwick, suggests that 40% of those units would likely have been constructed even in the absence of the incentives.⁴¹⁸ Moreover, many of the units produced through the programs were registered as condominiums which means they are not guaranteed to remain in the rental market. Many others show evidence of poor quality construction and poor maintenance, which both reduces their lifespan and contributes to rental quality problems.⁴¹⁹ The impact of the programs has been further

⁴¹⁴Canadian Real Estate Association, Housing in Canada, p. 108.

⁴¹⁵Hulchanski, ARP, p. 17.

⁴¹⁶Robert Dowler, Housing-Related Tax Expenditures: An Overview and Evaluation, Major Report No. 22 (Toronto: Centre for Urban and Community Studies, University of Toronto, 1983), p. 44.

⁴¹⁷Ibid., pp. 44. Because the provisions permitted stacking of ARP and MURB subsidies, however, it is difficult to assess accurately how many units were produced as a direct result of either of the programs. As many as 70% of all ARP units may also have been MURB's.

⁴¹⁸See Dowler, Housing Tax Expenditures, pp. 44-45.

⁴¹⁹I. Lithwick's study notes than many ARP units show evidence of poor quality construction as a result of attempts to reduce costs. As well, the MURB tax shelter was enthusiastically utilized by absentee landlords who have little incentive to provide either good maintenance or management. See Hulchanski, ARP, p. 23; Canadian Real Estate Association, Housing in Canada, p. 63; Dowler, Housing Tax Expenditures, pp. 48-50.

eroded by the tendency of developers to demolish older CCA and MURB buildings in order to avoid payment of deferred taxes upon sale of the building.⁴²⁰ CRSP, which produced 21,000 units, suffered similar weaknesses - a 1984 CMHC report charged, in fact, that it had had no effect on the level of rental housing construction.⁴²¹

A second reason why rental problems have persisted despite considerable government aid to the private rental sector is that the units produced through the private incentive programs were not affordable to lower- and sometimes even moderate-income households.⁴²² The average income level in a sample of new limited dividend units in 1970, for example, was \$6,551.⁴²³ Yet, upper income limits for the first two quintiles at that time were \$3,000 and \$6,000 per year. As for the later programs, despite an estimate by Clayton Research Associates that ARP/MURB subsidies slowed the rate of rent increases between 1976 and 1977, most studies suggest that the subsidies had little

⁴²⁰As a result of such practices, City of Vancouver Housing Planner, Ann McAfee, estimated that in Vancouver the construction of two ARP/MURB units resulted in the net addition of only one rental unit to the total stock. See Hulchanski, ARP, p. 18.

⁴²¹Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 24.

⁴²²Council on Social Development, Where Do We Go? p. 96.

⁴²³Dennis and Fish, Programs in Search of a Policy, p. 238.

beneficial effect on rent levels.⁴²⁴ A CMHC study, in fact, found that 1977 ARP/MURB rent levels were anywhere from 13% to 96% above market rent levels in selected municipalities.⁴²⁵ Similarly, most CRSP units in the Vancouver area in 1984 were renting at at least market levels,⁴²⁶ not too surprising a finding given that the program contained no mechanism to control rent levels or suite allocation. The only way any of the ARP, MURB or CRSP units would benefit lower-income tenants is if they "filtered down" to them. However, as noted in Chapter 3, there are serious practical problems with the theoretically viable concept of filtering.

5.4 The Public Rental Sector and Government Response to the Rental Problem

With private rental production booming in the 1960's, the majority of federal rental assistance was directed towards an expanding public rental sector.

⁴²⁴See Clayton, "The Growing Rental Housing Shortage in Canada: Causes and Solutions" (Toronto: Clayton Associates, 1980), p. 7. A 1982 study by Gau and Wicks suggests that program benefits were capitalized in land prices in the tight Vancouver market. G.W. Gau and A. Wicks, "The Impact of ARP and MURB Programs on the Vancouver Housing Market" (Vancouver: University of British Columbia, Faculty of Commerce, 1982), p. 11. Also Goring and Norbrega found most ARP/MURB rent levels at the top end of or above market rents. See Dowler, Housing Tax Expenditures, p. 47.

⁴²⁵See Hulchanski, ARP, p. 24. Government measures to render ARP units affordable by setting a maximum unit price, a maximum floor area, and by inverting the relationship between rent levels and loans were largely offset by the fact that since the program was designed as a supply stimulator, rent levels were left free to adjust to market levels after the first year.

⁴²⁶"Interest Free Mortgages Sparked Apartment Boom," Vancouver Northshore Real Estate Weekly, 20 January 1984.

Table 19

Public Sector Starts, By Program
Canada, 1964-1983

Year	Public Housing Starts				Student Housing	Total Public Sector Rental Starts
	Section 40 (35A)	Section 43 (35D)	Total	As % of Total Starts		
	1	2	3	4	5	6
1950-1963	11,624	--	11,624			11,624
1964	514	--	514	.68		514
1965	-190	1,318	1,128	1.4	28	1,156
1966	596	3,283	3,879	7.5	508	4,387
1967	1,280	7,278	8,558	11.5	1,530	10,088
1968	1,493	7,785	9,278	9.0	1,115	10,393
1969	997	14,606	15,603	14.1	1,604	17,207
1970	2,144	17,525	19,669	21.4	588	20,257
1971	2,010	19,234	21,244	20.0	732	21,976
1972	1,786	14,297	16,083	15.5	745	16,828
1973	2,514	10,915	13,429	12.6	108	13,537
1974	2,449	9,954	12,403	16.8		12,403
1975	809	12,545	13,354	19.0		13,354
1976	1,660	12,168	13,828	15.5		13,828
1977	1,517	5,246	6,763	7.3		6,763
1978	1,868	5,932	7,800	10.1		7,800
1979	1,525	76	1,601	2.7		1,601
1980	1,331	--	1,331	2.6		1,331
1981	1,367	--	1,367	2.2		1,367
1982	1,210	--	1,210	2.3		1,210
1983	1,299	--	1,299	2.9		1,299

Source:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Clayton Research Associates Limited (1984) Rental Housing in Canada Under Rent Control and Decontrol Scenarios, 1985-1991, Appendix B, Tables B-5 & B-11.

As Table 19 indicates, the production of public housing rose from 12,138 units in the fifteen years between 1949 and 1964 to 169,827 units in the eighteen years between 1965 and 1983, for a total of 181,965 units. This represented an increased commitment of funds for public housing from \$172 million between 1949 and 1967 to \$377 million in 1968 and 1969 alone.⁴²⁷ As for urban renewal, by 1969 federal funds had financed 198 urban renewal studies and 135 urban renewal schemes, and 48 urban renewal projects had been authorized, for a total investment of more than \$131 million.⁴²⁸

The increased federal assistance to the public housing and urban renewal programs was a result of two major factors. The first was a heightened interest among the general public in the plight of low-income households given the discovery, in the 1960's, of wide-spread poverty amidst the affluence enjoyed by the majority of North Americans. Consequently, the concept of adequate and affordable housing as a social essential, public utility and basic human right gained widespread acceptance, and was formulated as a major declaration at the 1968 Canadian Conference on Housing and in the 1969 report of the Task Force on Housing and Urban Development.⁴²⁹ The concept implied that governments must cease to use housing as an economic regulator,

⁴²⁷Task Force on Canada Mortgage and Housing Corporation, Report, p. 9.

⁴²⁸Task Force on Housing and Urban Development, Report, p. 6.

⁴²⁹See Task Force on Housing and Urban Development, Report, p. 22; Wheeler, "Introduction," p. 15.

cease to regard the market as the most efficient mechanism for allocation, and remove housing from the commodity market.

The Canadian government's reaction to the "housing as a social right" campaign was to implement a major change in housing policy focus in the late 1960's. The main thrust of its policy was no longer to be the promotion of home ownership through private sector mortgage support and assistance. The government would, rather, endeavour to attract more private funds into the mortgage market in order to free public funds for public housing, urban renewal, and other programs aimed specifically at low-income households.⁴³⁰ This change in policy was criticized by some as an abandonment of the long standing federal policy of support for rather than competition with the private sector.⁴³¹ While the majority of federally-assisted rental units in the early 1970's were public sector units, the government was, by 1974, assisting more private sector units. (See Table 18) Moreover, given the private sector's historic inability to provide housing for the lower-income households to whom the public units were targetted, competition was hardly an issue.

⁴³⁰See Task Force on Canada Mortgage and Housing Corporation, Report, p. 55; Canadian Real Estate Association, Housing in Canada, p. 34; Council on Social Development, Social Housing Policy, p. 159; Saywell, Housing Canadians, pp. 207-208. Accordingly, the government appointed a Task Force on Low-Income Housing.

⁴³¹See Smith, "Housing Assistance: A Re-Evaluation," Canadian Public Policy 7 (Summer 1981):459; Smith, Anatomy of a Crisis, p. 12.

The second factor underlying the expansion of the public housing and urban renewal programs in the 1960's was the success of the 1964 public housing amendments in stimulating interest in low-rental housing and urban renewal among the provinces. As suggested in Chapter 4, before 1964, the provinces had displayed little interest in public housing or slum clearance, and such activity as had taken place had been the result of pressure from a few progressive municipalities and socially-minded citizens' groups. The public housing provisions introduced under Section 35D of the NHA in 1964, however, were considerably more attractive to the provinces than had been the Section 35A arrangements in effect since 1949. The 1964 program was designed to stimulate the provinces and municipalities to assume a larger role in public housing by affording a greater degree of autonomy to local public housing agencies to select the type of housing most suitable to local needs,⁴³² and by reducing the junior governments' share of the financial burden. Moreover, it provided for provincial ownership of the public housing produced. By 1970, 51,795 units had been produced through the popular Section 35D program and a total of only 18,458 through the federal-provincial partnership. (See Table 19)

Ontario again provided the model for public housing and urban renewal, creating the first provincial housing agency, the

⁴³²Central Mortgage and Housing Corporation, Annual Report, 1964, p. 13.

Ontario Housing Corporation (OHC) in 1964.⁴³³ The other provinces, however, continued to utilize the 1949 federal-provincial agreement for public housing or ignored the provisions altogether until the late 1960's when they too began to establish provincial housing agencies. By 1967, eight provinces had created provincial housing corporations or commissions⁴³⁴ although, as with the 1949 public housing program, most of the units under the new program continued to be produced in Ontario.⁴³⁵

During the rapid expansion of the public housing and urban renewal programs in the late 1960's, some effort was made, as a result of negative public reaction to large public housing projects, to down-scale the size of the projects and disperse them throughout the community.⁴³⁶ As well, with the change in policy focus and the apparent commitment to low-income housing assistance, guidelines designed to improve the management and quality of life in existing public housing projects were adopted in 1970. The guidelines offered tenants leases and management training grants to facilitate their participation in project management and operation. They also aimed for a greater social

⁴³³The OHC dissolved the Metropolitan Toronto Housing Authority in 1964 and assumed the administration of its holdings. Rose, "Canadian Housing Policies," p. 97.

⁴³⁴Saskatchewan and British Columbia were the exceptions.

⁴³⁵To the end of 1970, 64% of all public housing units were located in Ontario. Dennis and Fish, Programs in Search of a Policy, p. 181.

⁴³⁶Canadian Real Estate Association, Housing in Canada, p. 13.

mix in projects by raising maximum income levels. As well, the federal government offered contributions for the development of social and recreational facilities within large projects.⁴³⁷

At the same time as measures were being taken to improve the quality of existing public housing projects, a number of other important changes were taking place. In 1969, the urban renewal program was suspended.⁴³⁸ More significantly, after 1971 the government began to scale down the public housing programs in favour of capital assistance to non-profit, co-operative and private developers. (See Table 18) By 1980, federal capital commitments to public housing had been entirely phased out.⁴³⁹ As well, in 1973 the Section 44(1)(a) Rent Supplement program was enacted as an alternative to the public housing program. Under the Rent Supplement program, which the federal and provincial governments cost-shared, provincial agencies were encouraged to enter into agreements with private landlords to lease rental units at prevailing market rents, and to then rent those units, at 25% of household income, to households from the public housing waiting list. The rent supplement grant was intended to cover the difference between the rent level

⁴³⁷Dennis and Fish, Programs in Search of a Policy, p. 180.

⁴³⁸The program was officially terminated with the 1973 amendments to the NHA when two programs designed to facilitate more selective redevelopment and more extensive use of rehabilitation and conservation measures - the Neighbourhood Improvement Program (NIP) and RRAP - were introduced.

⁴³⁹C.J. Whitton, "Eye on Ottawa," City Magazine 4 (January 1979):32.

affordable to the household and the market rent requested by the landlord.

The virtual elimination of the public housing programs was a response, in part, to recommendations made by the Task Force on Housing and Urban Development. The Task Force, which had been appointed to examine housing and urban development in Canada and to report on ways in which all levels of government, in concert with the private sector, could help to meet the housing needs of Canadians and contribute to the development of modern, vital cities, submitted its report in 1969.⁴⁴⁰ The shift in focus away from the public sector was also a response to increasing federal and provincial concerns over the costs of the rent-geared-to-income subsidies required for public housing. Estimated at \$1,000 per unit in 1970,⁴⁴¹ the costs began to escalate at the alarming rate of 14% per year in the early 1970's,⁴⁴² and were thus expected to double between 1972 and 1980.⁴⁴³ By 1979, annual federal expenditure on public housing had reached \$393.3 million.⁴⁴⁴ Because of the high costs of the subsidies, only 61% of allocated public housing units were taken up by the provinces

⁴⁴⁰Task Force on Housing and Urban Development, Report, p. 1.

⁴⁴¹Subsidies could reach \$1,500 to \$1,700 in new units. See Council on Social Development, Social Housing Policy, p. 74; Dennis and Fish, Programs in Search of a Policy, p. 9.

⁴⁴²Dennis and Fish, Programs in Search of a Policy, p. 215.

⁴⁴³Council on Social Development, Social Housing Policy, p. 84.

⁴⁴⁴Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1982:Table 27.

in 1977.⁴⁴⁵ Moreover, some provinces had even begun to sell off their public housing stock to project residents.⁴⁴⁶

While the rapid growth of the public housing stock during the late 1960's undoubtedly had a positive impact on many low-income households who would otherwise have remained inadequately housed, it did not solve the rental, and in particular low-rental, problems outlined at the beginning of this chapter. One reason is that due to underfunding, the size of the public sector was simply not adequate to need. Dennis and Fish estimated in 1972, when public housing production was at its zenith, that even if production increased by 250% public housing stock would only meet one-quarter of the need for low-rental housing.⁴⁴⁷ Even by 1981, the existing 179,456 public housing units constituted only 2% of total Canadian housing stock.⁴⁴⁸ Yet, according to a 1980 CMHC study, 500,000 renter households not living in subsidized housing could not find adequate private sector rental housing without exceeding 30% of income, and another 40,000 to 50,000 not paying 30% of income were living in substandard housing.⁴⁴⁹

⁴⁴⁵Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, p. 27.

⁴⁴⁶This practice was begun in Quebec in 1977. Whitton, "Ottawa," p. 32.

⁴⁴⁷Dennis and Fish, Programs in Search of a Policy, p. 9.

⁴⁴⁸Calculated from figures in Table 18 and in Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1982:Table 99.

⁴⁴⁹Council on Social Development, Where Do We Go? p. 21.

A second reason why public housing did not resolve the low-rental problem was the lack of quality control in the program and the problems of social isolation, stigma, and environmental impoverishment which were discussed in Chapter 4.

Finally, some of those households most in need were unable to benefit from the public housing program due to administrative regulations. As a result of attempts to reduce subsidy costs by relaxing maximum income limits, for instance, the very poor continued to experience restricted access.⁴⁵⁰ The Dennis and Fish Report estimated in 1972 that less than one-half of the limited number of public housing units were occupied by first quintile households.⁴⁵¹ As well, despite the fact that in 1968 low-income family households spent, on average, 46% of income for shelter,⁴⁵² such families fell increasingly out of favour with public housing administrators throughout the 1970's due to municipal reluctance to expend scarce funds on schools, libraries, recreational centres, and other types of services required by families. Public housing unit allocation focussed,

⁴⁵⁰In 1968, only 8,000 of 250,000 social assistance recipient families lived in public housing. "Ill-Housed Canadians 'Dwell in a Shoddy World' - CWC," Canadian Labour 13 (November 1968):9.

⁴⁵¹Dennis and Fish, Programs in Search of a Policy, p. 184.

⁴⁵²Wheeler, Housing Conditions of Social Assistance Recipients (Ottawa:CCSD, 1976), p. vii.

instead, increasingly on senior citizens⁴⁵³ and smaller "special needs" households such as single mothers and the disabled, who were perceived as less troublesome.⁴⁵⁴ By 1977, only one-third of new public housing construction was designed specifically for family households,⁴⁵⁵ and the provinces were indicating their policies would not permit construction of further public housing units for families.⁴⁵⁶

5.5 The Non-Profit Rental Sector and Government Response to the Rental Problem

Despite the introduction of the Section 16A non-profit provisions in 1964, the non-profit sector experienced slow growth between 1964 and 1973, largely as a result of underfunding of the seniors' non-profit program. Activity under the program, for instance, dropped in the early 1970's because, with break-even rents too high for most low-income households, non-profit developers simply found the subsidies too great a financial burden.⁴⁵⁷ Many municipal non-profit corporations

⁴⁵³Between 1971 and 1975, 67% of public housing units completed were for the elderly. Council on Social Development, Social Housing Policy, p. 69.

⁴⁵⁴Housing for the disabled became a significant political issue throughout the 1970's, in large part, due to the de-institutionalization policies adopted by medical and mental health administrations in the early 1970's. The designation of 1981 by the United Nations as the Year of the Disabled increased the visibility and political weight of the group as well.

⁴⁵⁵Council on Social Development, Social Housing Policy, p. 156.

⁴⁵⁶Ibid., p. 69.

⁴⁵⁷See Dennis and Fish, Programs in Search of a Policy, p. 243; Council on Social Development, Social Housing Policy, pp. 117, 129.

preferred, instead, to negotiate the construction of seniors' housing under the public housing program which, unlike the non-profit program, was not operated on a full-recovery basis and so received regular contributions from the federal and provincial governments to cover operating losses.⁴⁵⁸

At the same time, the level of co-operative activity, particularly in the rental housing sector, was insignificant.⁴⁵⁹ Although building co-operatives for home owners had been established in Nova Scotia as early as 1938, and had been eligible for loans and loan insurance under the NHA since 1954, there was, in the 1960's, little government interest in and support for continuing co-operatives.⁴⁶⁰ This was due largely to the strong Canadian tradition of home ownership, to difficulties in both land acquisition and in obtaining interim financing for large "risky" projects, to suspicion on the part of some that co-operatives would undermine the market, and to a lack of effective leadership in the as yet nascent co-operative

⁴⁵⁸Dennis and Fish, Programs in Search of a Policy, p. 161.

⁴⁵⁹In 1966, less than 12,000 co-operative units existed in Canada, most of them for home owners. A.F. Laidlaw, "Co-operative Housing in Canada," Canadian Labour 11 (March 1966):5.

⁴⁶⁰See Laidlaw, "Co-operative Housing," pp. 6-7; Dennis and Fish, Programs in Search of a Policy, pp. 11, 149. A continuing co-operative is one in which all members share in the equity of the project collectively but rent, without any ownership claim, their dwelling units. Thus though residents are tenants, they do possess proprietary rights.

movement.⁴⁶¹

In 1969, however, representatives from labour unions, churches, credit unions, and consumer and tenant groups banded together to establish the Co-operative Housing Foundation (CHF) as a lobby group for continuing co-operatives and for the non-profit sector in general. Offering Winnipeg's Willow Park, the first continuing co-operative in Canada, as a model, the CHF set out to educate both politicians and the public as to the merits of co-operative living.⁴⁶² As well, the CHF stressed the possibilities for housing low- and moderate-income households which co-operative living presented given the non-profit nature of co-operative housing and its treatment of housing as a non-commodity.

The turning point for the co-operative movement and for the non-profit sector as a whole came in the early 1970's with the federal decision to down-scale the public housing program. The 1973 amendments to the NHA ushered in a new approach to the provision of low-income housing based on community developers. Following in the wake of the 1969 and 1972 Task Force reports, both of which had recommended increased aid to non-profit and co-operative developers, the amendments extended the non-profit program and introduced Canada's first continuing co-operative

⁴⁶¹Substantial technical and organizational assistance is required at the local level in the formation of continuing co-operatives, in planning projects and programs, and in developing residential organizations with management skills.

⁴⁶²Security of tenure, resident responsibility for and participation in management, and the sense of community spawned by co-operative living were emphasized.

program.

Under Sections 15.1 and 34.18 of the NHA, non-profit and co-operative developers were offered direct CMHC loans at 8% for thirty-five years to cover 100% of the agreed-upon costs of non-profit projects.⁴⁶³ The loans, intended for low-rental housing for seniors, families and other "special needs" groups, were accompanied by a 10% federal front-end capital contribution if matched by the provinces, and by \$10,000 in start-up funds to assist non-profit and co-operative developers with architectural, engineering and planning fees. Additional funds were available for the establishment of non-profit and co-operative resource groups. As well, both non-profit and co-operative developers were eligible for RRAP grants to facilitate rehabilitation and conversion of existing housing for low- and moderate-rental units. The maximum available loan per unit was set at \$10,000 of which \$3,700 was forgivable.

As rents in both non-profit and co-operative developments were to be based on a break-even level, the programs were designed primarily to target those whose incomes rendered them ineligible for public housing but also denied them access to assisted home ownership. They were also designed to facilitate social mix, with higher income households receiving shallow

⁴⁶³Statutes of Canada, An Act to Amend the National Housing Act, 1973, 21 & 22 Elizabeth II, ch. 18. Given the quasi-homeowner status of co-operative residents, co-operative developers were also eligible for all assisted home purchase grants and loans.

subsidies or paying the lower-end-of-market (LEM) rent, and lower-income households paying on a rent-geared-to-income basis. To help non-profit and co-operative developers cover the difference between the rent-geared-to-income rents and break-even rents, the 1964 rent supplement program, through which the federal and provincial governments had contributed equally to cover operating losses in the Section 35D public housing program, was extended. Henceforth, under Section 44(1)(b), non-profit and co-operative developers would be eligible for the federal-provincial rent supplements, providing no more than 25% of the units in non-profit and 15% in co-operative projects were supplemented.⁴⁶⁴

The new provisions stimulated the creation of a number of municipal non-profit corporations, the first of which, City Home, was established in Toronto in 1973. As Table 18 indicates, they also successfully stimulated the production of non-profit and co-operative housing, the production of which totalled 26,045 units between 1974 and 1978, as compared to 18,679 units between 1964 and 1973. Co-operative production alone rose from an annual average of 200 units per year before 1973 to 1,500 per year between 1973 and 1979,⁴⁶⁵ and total co-operative stock stood at 12,000 in 1979.⁴⁶⁶ Even then, however, non-profit and

⁴⁶⁴Catherine Allen, "A Triumph for Third Sector Housing," Habitat 25 (1982):32.

⁴⁶⁵Canadian Real Estate Association, Housing in Canada, p. 121.

⁴⁶⁶Laidlaw, "Co-ops: A Housing Alternative for Canada," Perception 2 (July-August 1979):23.

co-operative stock remained a minute proportion of total housing stock due to program underfunding.

In 1978, when the public housing programs had all but disappeared, the non-profit and co-operative programs were substantially modified. Due to a new federal policy of "disentanglement", the provinces were offered, in the place of the cost-shared programs, unilateral federal subsidies for any non-profit and co-operative housing undertaken and full responsibility for program delivery. Moreover, henceforth, the non-profit and co-operative programs were to be the primary means of producing low-rental housing and the bulk of new federal commitments to low-rental housing would shift to the non-profit from the public sector. Neither the 1973 non-profit provisions nor the public housing provisions were repealed, although the intention was clearly to minimize their use given inequitable provincial participation in both programs and the insufficiency of federal subsidies to meet the needs of the lowest-income households without provincial aid.

Under the new Section 56.1 non-profit provisions, co-operative and non-profit developers were offered thirty-five year loan insurance to cover 90% of agreed-to capital costs for loans obtained from approved private lenders. In addition, CMHC would write the market interest rate down to 2% for three years, after which the rate would rise by 5% annually to eventually meet the market rent. The remaining 10% of the loan would be provided directly by CMHC at the prevailing market rate. The

subsidized interest rate on the private sector loan would effectively reduce rent levels for all Section 56.1 residents from economic to LEM levels, with enough subsidy remaining to offer rent-geared-to-income units to some residents. Projects were expected to be operated on a break-even basis, and although no restrictions were placed on the maximum number of subsidized units, a minimum of 15% rent-geared-to-income units was required.

The Section 56.1 non-profit and co-operative programs were, like the 1973 programs, accompanied by a number of support schemes designed to address some of the shortcomings observed in the earlier programs. The first, under Section 37.1, offered a maximum start-up advance of \$75,000 (compared to the former \$10,000)⁴⁶⁷ to assist non-profit and co-operative groups to proceed from initial incorporation to project development.⁴⁶⁸ A second support program, the Community Resource Organization Project, provided increased initial financial assistance to resource groups offering technical and professional services to non-profit and co-operative groups. This assistance was intended to help resource groups attain self-sufficiency within three to five years. Other assistance available to Section 56.1 developers included the RRAP grant for rehabilitation and conversion of existing buildings, and a revised Section 44(1)(b)

⁴⁶⁷Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, pp. 22-23.

⁴⁶⁸The start-up advance would later be incorporated into project capital costs.

rent supplement program. Under the revised arrangements, the provinces became responsible for covering operating losses. Once provincial contributions had reached a level equal to CMHC's assistance to projects, however, the federal government would share further losses equally with the provinces.

As Table 18 indicates, the new non-profit and co-operative provisions were readily utilized. Between 1979 and 1983, 50,123 Section 56.1 units were produced, of which approximately 50% were private non-profit, 28% public non-profit, and 20% co-operative units.⁴⁶⁹ Activity under the Section 56.1 programs brought the total number of non-profit and co-operative units produced since the introduction of the expanded program in 1973 to 76,168 units, and the total number of non-profit sector units built since 1964 to 94,847. Even with this growth in the non-profit sector, however, non-profit stock composed only .8% of total Canadian housing stock in 1981.⁴⁷⁰

A 1983 CMHC evaluation of the Section 56.1 programs concluded they had been successful in overcoming many of the problems encountered with the public housing programs. The social housing programs were found to produce good quality, modest, appropriate and affordable housing to serve not only low- and moderate-income families and individuals but "special

⁴⁶⁹Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, Executive Summary, p. 1.

⁴⁷⁰Calculated from figures in Table 18 and Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1982:Table 99.

needs" groups such as the elderly and disabled as well. The goal of social mix had been achieved, and the stock of available, affordable rental housing increased by almost 15% in recent years, and up to 50% in some metro areas as a result of the programs.⁴⁷¹

The non-profit and co-operative programs were criticized, however, for a number of shortcomings, all of which derive either from program design, budget restrictions, or conflicting goals such as attempting to house the most needy while facilitating social mix, and attempting to reduce federal expenditures while maintaining rent levels at no more than 30% of income. The number of units allocated to families, for instance, was considered inadequate. As well, almost one-third of non-profit and co-operative residents were found to be paying more than 30% of income for rent in order to maintain the financial viability of non-profit projects.⁴⁷² Moreover, the programs were charged with being the most costly method of providing rent-g geared-to-income units yet utilized.⁴⁷³ Most significantly, the programs were faulted for serving only 1% of

⁴⁷¹Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, pp. Abstract, 5, 9.

⁴⁷²Ibid., p. 3.

⁴⁷³Ibid., p. 7.

Canadian households with "core need"⁴⁷⁴ - a criticism which clearly suggests they have been underfunded in relation to need. At 1982-83 funding levels, in fact, it was estimated that it would take fifty-two years to house all those in need,⁴⁷⁵ with no allowance for growing numbers of needy households as unemployment steadily climbed and social assistance benefits either remained stable or fell. Even the 1982 CMHC Annual Report noted:

"Demand for assistance under all [social housing] programs continued to exceed the number provided for in the annual budget."⁴⁷⁶

Presently, even the small number of low-rental units produced through the Section 56.1 programs appears to be endangered. One threat is a recent federal move to turn the administration of and responsibility for the programs over to the provinces. As most of the provinces have shown little interest in social housing programs in the past,⁴⁷⁷ these programs are likely to decline or be discontinued at a time when

⁴⁷⁴Ibid., pp. Abstract, 36, 41. "Core need" households are households unable to afford adequate, uncrowded housing without paying more than 30% of gross income. Crowding is defined as dwellings with more than one person per room. Inadequacy is defined as dwellings lacking basic facilities such as piped hot and cold water, flush toilet, or exclusive use of a bathtub or shower.

⁴⁷⁵Council on Social Development, Where Do We Go? pp. 42-43.

⁴⁷⁶Canada Mortgage and Housing Corporation, Annual Report, 1982, p. 16.

⁴⁷⁷Between 1979 and 1981, for instance, only one quarter of committed Section 56.1 units received provincial assistance as well as federal, with special care units receiving almost one-half of that assistance. The co-operative program, which targets moderate-income households most specifically, received the least additional assistance. Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, pp. 267, 269.

tremendous social need for low- and moderate-rental housing exists. A second threat is restraint. The co-operative program, for instance, which was singled out for most of the criticism in the Section 56.1 Evaluation, was cut back by 40% in 1984.⁴⁷⁸ Although the non-profit program was not slashed, unit allocations remain low. Moreover, recent media reports suggest that if the programs are not handed over to the provinces, they may be slated for termination anyway.

Rather than continue to encourage low- and moderate-rental production through the non-profit programs, the federal government appears to have shifted its policy focus back to reliance on the private sector. The establishment of a federal Task Force in 1979 to examine CMHC programs and to study the potential for privatizing or at least encouraging the private sector to take a larger role in some CMHC activities⁴⁷⁹ is but one example of the shift. Indeed, the shift in focus from the public and non-profit sectors to private sector supply was confirmed by Paul Cosgrove, federal Minister responsible for CMHC, in his keynote address at the 1981 All Sector Housing Conference. Cosgrove remarked:

"The private market is now the best tool for providing housing for most Canadians. The federal government is

⁴⁷⁸Canada Mortgage and Housing Corporation, "Remarks by the Honourable Bill McKnight, Minister of Labour and Responsible for Canada Mortgage and Housing Corporation, at the 80th Annual Conference of the Saskatchewan Urban Municipalities Association," 28 January 1985, p. 6.

⁴⁷⁹Task Force on Canada Mortgage and Housing Corporation, Report, p. 2.

determined to let market forces operate for the broad majority of households who can afford to choose what the market offers...the best long-term course for all concerned is to let the market sort itself out."⁴⁸⁰

Unlike housing reformers at the end of World War II and in 1964, Canadians today cannot look forward with optimism that Canada's rental housing problems will soon be solved. Home ownership remains inaccessible to most low- and moderate-income Canadians.⁴⁸¹ Public housing construction has ceased. The non-profit sector is cash-starved and private rental production remains low because average national market rents range from 25% to 40% below levels required to stimulate private sector interest in rental housing production.⁴⁸² Currently, dwellings left vacant by upper-income renters purchasing homes are the single most important source of rental unit availability.⁴⁸³ Moreover, most of the current proposals for relieving Canada's rental problems - shelter allowances, assistance to the private sector, and the stabilization of interest rates - are based on

⁴⁸⁰Canadian Real Estate Association, Housing in Canada, pp. 13-14.

⁴⁸¹Even condominiums do not provide the home ownership answer for lower-income households. In 1981, a typical two bedroom condominium in Canada cost \$140,000 or \$1,195 per month with carrying costs. Using 1981 income quintile upper limits, even fourth quintile households, with a limit of \$39,893, could afford only \$1,007 per month at 30% of income or a dwelling worth \$99,732 at 2.5 times annual income. See Weiss, "Hot Properties: Why Investors are Crazy for Condos," Canadian Business 54 (January 1981):89; Hulchanski and Grieve, Federal Budgets, p. 14.

⁴⁸²Clayton, Rental Housing Scenarios, p. iii.

⁴⁸³Canada Mortgage and Housing Corporation, "Analysis of the Rental Market," p. 7.

the notion of housing as a market commodity to be bought and sold and not necessarily lived in.⁴⁸⁴ Those making such proposals display little understanding that after eighty-five years of treating housing as a market commodity, Canada's rental problems persist.

⁴⁸⁴See Hopkins, "Hunger," pp. 37, 42; Canadian Real Estate Association, Housing in Canada, p. 20.

CHAPTER 6

THE LIMITS OF GOVERNMENT RENTAL POLICY, 1900-1985

From the detailed review of the rental housing problem which is presented in Chapters 2 through 5, it is apparent that the rental housing sector has been plagued by serious problems throughout the entire twentieth century. These problems, which have been manifested in the poor quality of much of the rental stock, especially early in this century, the insufficient supply of rental dwellings, and the high cost of rental housing, have been associated with the poor performance of the private rental market for much of the period. The appalling slum conditions of the late nineteenth and early twentieth centuries, for example, resulted largely from the unco-ordinated and speculative development pattern of Canadian cities.⁴⁸⁵ Similarly, the chronic shortage of rental dwellings in Canada is a result of virtually exclusive reliance on the private sector for rental supply. The private sector's capacity to supply not only a sufficient number of rental dwellings to meet demand but dwellings units of any description, for example, was clearly

⁴⁸⁵In the absence of regulations and minimum quality standards to guide urban growth, central slums and/or peripheral shanty towns sprang up in all major Canadian urban centers.

inadequate until the 1960's.⁴⁸⁶ Moreover, as Figure 3 illustrates, the primary focus of private sector construction during the twentieth century has been on units for owner-occupiers.⁴⁸⁷ In addition, private sector supply is heavily dependent on macro-economic cycles and the profit-motive rather than on need and often even demand.⁴⁸⁸ Finally, the major factor underlying rental affordability problems throughout the twentieth century has been the private sector's inability to construct housing for lower-income and, increasingly, even moderate-income renters while maintaining a

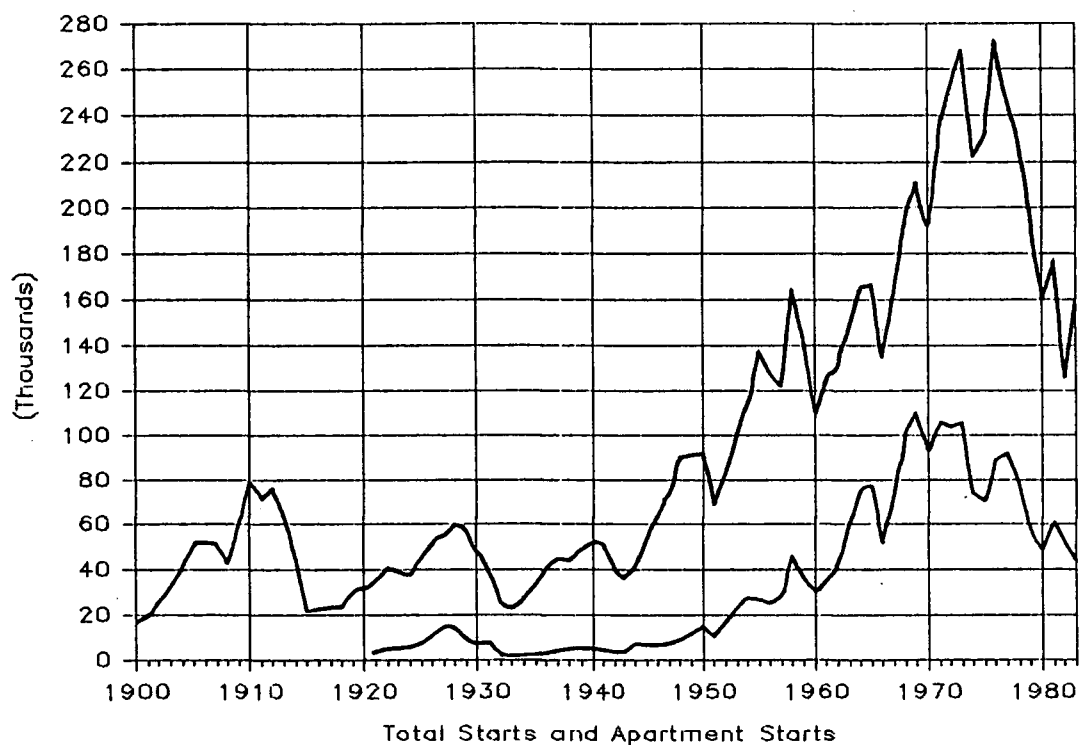
⁴⁸⁶Continual shortages of manpower, materials and mortgage funds, particularly during and after the two world wars and during the Great Depression, and post-war shortages of serviced land maintained production at relatively low levels.

⁴⁸⁷Aside from a relatively minor apartment construction boom between 1923 and 1929, the construction and design of dwellings intended specifically for multi-family rental occupancy remained at very low levels for the first sixty years of this century.

⁴⁸⁸Following World War I, for example, when war veterans were returning home and seeking housing, and again during the Great Depression when rural people were migrating to larger centers in search of employment (and consequently housing), private sector residential construction virtually ceased. Similarly, from 1973 onwards, rental construction has declined consistently, except for a few spurts of activity resulting from government incentive programs, despite tremendous need for affordable rental housing. By the 1980's, in fact, when rental vacancy rates were at an all-time low, many large private developers were leaving the rental construction business in favour of more profitable single-family dwelling, condominium, commercial or industrial development.

FIGURE 3

HOUSING STARTS, CANADA, 1900-1983

SOURCE:

CMHC, Canadian Housing Statistics, Ottawa, Various Years.

Leacy, F.H. (1983) Historical Statistics of Canada, 2d ed., Ottawa: Statistics Canada and Social Science Federation of Canada, Series S201-205.

reasonable profit level.⁴⁸⁹

The poor performance of the private rental market and the severity and persistence of rental housing problems over the past eighty-five years has required that government intervene in the rental sector. The review of rental housing policy presented in Chapters 2 through 5 suggests, however, that the federal government did not take up opportunities to develop a comprehensive rental policy which would stimulate a supply of rental housing which was both of good quality and affordable to working-class and lower-income households. The review indicates, in fact, that despite the political and economic imperatives for government action which stemmed from early and continued documentation of rental housing problems and prolonged advocacy for government intervention, the primary research assumption hypothesized in Chapter 1 is supported. Intervention in the rental sector has indeed been minimal, piecemeal and reactive, largely market supportive, and designed to challenge neither the principle of housing as a commodity nor the myth of market efficiency. The minimal nature of the intervention is confirmed by the persistence, and in some cases intensification, of rental housing problems over the past eighty-five years despite

⁴⁸⁹As early as 1919, an Ontario Housing Committee Report noted the gap between the costs of constructing and maintaining satisfactory dwellings and rent levels affordable to working-class households, and in 1949, Leonard Marsh observed that the provision of low- and even moderate-rental housing was not a commercial proposition. By the late 1950's and early 1960's, the private sector was deemed ineffective in housing the lowest one-half of the income range, and thus a portion of even middle-income households.

occasional government action. The piecemeal and reactive nature of the intervention is reflected in the government's propensity to adopt short-term programs in response to crisis situations. Finally, government adherence to the principle of housing as a market commodity and its full support for the free market approach to housing is reflected in the negligible stock of non-profit and public housing in Canada today - in 1981, non-profit and public sector units represented only 2.8% of the total Canadian housing stock.⁴⁹⁰

Two major factors appear to have been instrumental in determining the nature of government intervention in the rental sector during the twentieth century. The factors, which are discussed in detail below, include: the set of constraining assumptions identified in Chapter 1 which have constituted the terms of reference for intervention, and the federal government's inadequate definition of the rental housing problem. A third factor, which is not discussed but which must be recognized, is the fact that the lower-income households for whom rental problems have been most pronounced are relatively unorganized and politically impotent. This factor has been recognized by a number of studies through the years.⁴⁹¹

⁴⁹⁰Calculated from figures in Clayton, Rental Housing Scenarios, Appendix B, Table B-11; Canada Mortgage and Housing Corporation, Canadian Housing Statistics, 1982:Table 99.

⁴⁹¹See, for example: Carver, Houses for Canadians, pp. 121-122; Subcommittee on Housing and Community Planning, Final Report, pp. 14, 110; Central Mortgage and Housing Corporation, Brief to Royal Commission, p. 24.

6.1 Terms of Reference for Government Intervention

The terms of reference which have constrained rental policy include:

- a) reliance on the private sector for housing supply and housing program delivery;
- b) the focus on home ownership as the desirable tenure option;
- c) the belief that severe housing problems are temporary aberrations rather than manifestations of fundamental, long-term problems; and
- d) the view that housing is largely a local matter, with problems best left to the municipalities and provinces to sort out.

The following sections illustrate how government intervention has been carried out, whenever possible, with minimal violation of these terms of reference.

A. The Prominent Role of the Private Sector in Housing Programs. For Canadian housing policy, the assumption that housing is a market commodity whose provision is a private sector responsibility has meant that government intervention in the housing market has generally been of an indirect, market-oriented nature and, particularly in the period before the 1960's, rationalized as a response to extraordinary circumstances. The 1919 Home Loans Program was a tool in post-war reconstruction, the 1935 Dominion Housing Act (DHA), the 1937 Home Improvement Loans Program, and the 1938 National Housing Act (NHA) were responses to the devastation of the Great Depression, and the 1944 NHA was aimed at post-war reconstruction. Moreover, the latter four interventions all

relied on the private sector, with the aid of government loans or grants, for housing provision, as did the loan insurance introduced in the 1954 NHA and the majority of the housing programs adopted in the 1970's.⁴⁹² The nature of these interventions is indeed remarkable given widespread recognition among housing experts throughout the twentieth century of the need for major government intervention in the rental market, for the creation of a federal housing authority, and for public responsibility for low-rental housing provision.

The federal government's direct intervention in the rental sector during World War II with the creation of Wartime Housing Limited (WHL) and the imposition of rent controls is an obvious exception to the pattern of indirect involvement, but the use of the War Measures Act to authorize WHL's activities had redefined the wartime housing shortage as a "war problem".⁴⁹³ As soon as the war ended, the government essentially reverted to its indirect position. WHL was dismantled, the 31,000 housing units were sold off, and Central Mortgage and Housing Corporation (CMHC) was created "to stimulate the private sector to serve as large an area as possible of the housing field."⁴⁹⁴

⁴⁹²See Hulchanski and Grieve, Federal Budgets.

⁴⁹³Indeed, one historian has noted that the intervention was motivated more by economic and war-related concerns than social concerns for the welfare of the population. See Wade, "Wartime Housing," p. 42.

⁴⁹⁴From a Memorandum to Cabinet, cited by Wade, "Wartime Housing," p. 150.

The public housing programs introduced in 1949 and 1964 and the social housing programs of 1973 and 1978 are also exceptions. The government's lack of commitment to these programs and the direct role they imply is manifest, however, in program underfunding.⁴⁹⁵ Moreover, the programs have received only short-term, year-to-year funding commitments,⁴⁹⁶ and have been designed to ensure the production of modest housing which poses no threat to private market supply.⁴⁹⁷

The appointment in 1979 of a federal Task Force on CMHC to study the potential for privatizing or at least encouraging the private sector to take a larger role in many CMHC activities, recent media reports that the social housing programs may be slated for termination, and recent federal statements regarding private sector responsibility for housing provision suggest that the federal government remains committed to relying on the private market for virtually all Canada's housing needs. The federal government's January 1985 Consultation Paper on Housing, for example, noted that all levels of government must streamline the delivery of housing programs and suggest better ways to co-ordinate their actions as "an important first step...towards creating an environment in which the private sector can operate

⁴⁹⁵As stated above, in 1981, public and non-profit sector units represented only 2.8% of total Canadian housing stock.

⁴⁹⁶Dennis and Fish, Programs in Search of a Policy, p. 14.

⁴⁹⁷From a February 12, 1957 letter to the President of CMHC from a senior government official and Board Member of CMHC, cited by Dennis and Fish, Programs in Search of a Policy, p. 174.

with greater certainty..."⁴⁹⁸ Similarly, Housing Minister Bill McKnight remarked at the annual meeting of the Co-operative Housing Foundation in May 1985:

"Government actions, where they may be required, should be directed to facilitating the operation of a free and competitive market, not impeding it."⁴⁹⁹

Given this attitude, and the assumption that it is government programs which have impeded the efficient operation of housing markets, it is not surprising that the federal Consultation Paper framed the government's options regarding intervention in rental production problems in terms of either removing impediments to private sector construction or offering assistance to private rental entrepreneurs.⁵⁰⁰

B. Home Ownership as the Desirable Tenure Option. The reaction of the federal government to ongoing problems in the rental sector has reflected the "second class" status to which rental housing has been relegated. The response to the working-class housing problem of the 1910's and 1920's, for instance, was to attempt to facilitate home ownership through the 1919 Home Loans Program. Even with the well-documented evidence of rental problems during the 1930's and clear indications that a

⁴⁹⁸Canada, Consultation Paper on Housing (Ottawa: Supply and Services, 1985), p. 3.

⁴⁹⁹Canada Mortgage and Housing Corporation, "Remarks by the Honourable Bill McKnight to the Co-operative Housing Foundation Annual Meeting, Calgary," 23 May 1985, p. 4.

⁵⁰⁰Canada, Consultation Paper, p. 26.

large proportion of working-class households were incapable of financing even assisted home ownership, the 1935 and 1938 housing acts initiated only home ownership assistance programs. The very modest low-rental provisions included in the 1938 NHA were never implemented. The 1954 amendments to the NHA, which introduced mortgage insurance and permitted the chartered banks to lend on residential property, were designed to augment the supply of mortgage capital in order to render home ownership accessible to more Canadians. Only during the 1970's did the government initiate several rental supply subsidy programs. These were outnumbered and outfunded, however, by a series of home ownership subsidy and tax incentive programs including the Assisted Home-Ownership Program, the Registered Home-Ownership Savings Plan, the Canada Home-Ownership Stimulation Plan, the Canada Mortgage Renewal Plan, the Mortgage Rate Protection Plan, and the tax exemption of capital gains on principal residences.⁵⁰¹ Moreover, the potential long-term benefits of the rental programs were reduced by the registration of many subsidized private rental units as condominiums, which means they are not guaranteed to remain in the rental stock. A recent statement by Mr. McKnight before an annual conference of municipal officials suggests home ownership will continue as the preferred goal of Canadian housing policy. In defending the existence of tax provisions which favour home-ownership over rental tenure, McKnight told the assembly that "as a society, we believe in and encourage home ownership" and that any changes in

⁵⁰¹See Hulchanski and Grieve, Federal Budgets.

the tax benefits to the ownership sector would be "unfair and counter to our strongly held belief in the value of home ownership."⁵⁰²

C. The Housing Problem as a Temporary Aberration. Although there is plenty of evidence suggesting that problems experienced by working-class and lower-income renters are chronic, the belief that the problems are due to short-term and ephemeral market conditions has meant government has consistently either neglected rental problems or responded with piecemeal and short-term interventions. In 1918, for instance, Thomas Adams suggested public assistance to the private sector appeared necessary until capital became more plentiful and private investment in building more secure.⁵⁰³ The rental problem of the 1930's was rationalized as a product of the Depression. Similarly, the rental problem of the World War II years was dubbed a "war problem" and would, according to C.D. Howe, ameliorate once the war ended and construction costs stabilized.⁵⁰⁴ Thus the rental dwellings constructed by WHL were constructed as temporary units. Yet, by the 1970's, prohibitive financing and construction costs continued to thwart private sector construction and the number of Canadians unable to afford adequate housing had reached unprecedented levels. The

⁵⁰²Canada Mortgage and Housing Corporation, "Remarks by Bill McKnight at SUMA," pp. 9, 10.

⁵⁰³Adams, "Reconstruction Messages," p. 501.

⁵⁰⁴Howe, "Meeting Housing Needs," p. 219.

government's response to this situation was to implement temporary incentive programs such as the Multiple-Unit Residential Building (MURB) program, the Assisted Rental Program (ARP) and the Canada Rental Supply Plan (CRSP). Not only have these short-term programs failed to address what is obviously a long-term problem, but they have tended to exacerbate that problem by disrupting the market and creating further instability.⁵⁰⁵

A statement in the 1985 federal Consultation Paper on Housing suggesting that limited access to home ownership and the poor economics of new rental construction are short-term problems⁵⁰⁶ illustrates the government's unwillingness to address the long-term nature of such problems for low- and moderate-income households. Apparently, the housing problem, including the rental problem, continues to be viewed as temporary.

D. Provincial Jurisdiction Over Housing. Because Section 92 of the British North America (BNA) Act delegates responsibility for housing to the provinces, federal involvement in housing was slow to evolve. Only when it became apparent the provinces were

⁵⁰⁵See Canadian Real Estate Association, Housing in Canada, p. 152; Clayton, Rental Strategy, pp. iii, 12; Canada Mortgage and Housing Corporation, "Remarks by Bill McKnight to CHF," p. 4; Canada Mortgage and Housing Corporation, "Remarks by the Honourable Bill McKnight to Canadian Home Builders' Association National Conference, Ottawa," 11 February 1985, p. 9.

⁵⁰⁶Canada, Consultation Paper, p. 24

financially incapable of coping with the ongoing housing problems did the federal government intervene. Even then, it was careful to require either provincial administration of housing programs, as with the 1919 Housing Loans Program, provincial cost-sharing of the programs, as with the 1949 and 1964 public housing programs, provincial enabling legislation, as with the 1938 and 1944 NHA's and the 1949 public housing provisions, or local initiative for action as with the 1938 and 1949 rental programs.

These requirements for bi- or tri-level co-operation on policy and programming have presented a serious obstacle to action. Moreover, when the federal government has preferred not to act at all, the constitution has provided a convenient excuse. Numerous examples of federal "buck-passing" on the low-rental issue, beginning as early as 1935, are cited in Chapters 2 through 5. The one time the federal government did take direct, unilateral action on rental problems - during and immediately following World War II - the provinces acquiesced given the "emergency" circumstances.

In the past several years, the federal role in housing has increasingly devolved to the provinces. Currently, negotiations are under way to transfer administration of the last vestiges of federal rental policy - the social housing programs - to the provinces⁵⁰⁷ who have shown little interest in social housing

⁵⁰⁷Canada, "Communique on Housing," 4 July 1985.

programs in the past.

6.2 Inadequate Definition of the Rental Problem

Before deciding what to do about a problem, it is necessary to define what the problem is. The way the Canadian government has defined the rental problem has had major implications for the way in which rental problems have been approached.

Historically, the rental sector in Canada has been plagued by an inadequate supply of good quality, affordable housing. From the reports of the early public health reformers and the Royal Commissions of the late 1910's and 1920's, through to the writings of housing reformers in the 1960's, the co-existence of the three elements of the rental problem has been documented. However, because those responsible for developing rental policy failed to make the connection between the three key problem areas, government intervention has tended to focus on them separately and in a clearly sequential manner. Consequently, the opportunities presented for the development of a long-term, comprehensive rental policy aimed at simultaneous treatment of all three aspects of the problem were missed. These statements do not imply that any one of the three elements of the problem has been treated at a particular time to the exclusion of the other two. What they do imply is that the government's primary focus on a particular element of the problem has been sequential, with poor housing conditions largely commanding attention in the early years, inadequate supply in mid-century,

and the affordability issue most recently. The following sections briefly outline the sequential nature of government intervention on rental housing problems.

A. Intervention in Rental Quality Problems. The first of the rental problem areas to be tackled by government was the poor quality of much of the rental stock. Given the confidence placed in the market's allocative capability, government action was apparently based on the belief that with the improvement of housing conditions, the rental problem would be solved. The connection between poor quality construction and the private sector's ability to supply housing, and between poor housing conditions and poverty was not, in those early years, made.⁵⁰⁸

Intervention in issues relating to the quality of the housing stock originated largely as a municipal and provincial activity, and was initially facilitated not through housing-specific programs, but through the public health reform of the early twentieth century and town planning. Early demands for federal action were, at least in part, satisfied by the creation in 1909 of the Commission of Conservation, the federal advisory body concerned with the preservation of human and natural resources. Although the BNA Act precluded direct federal activity on public health and urban matters, the Commission functioned, in part, to promote provincial action on urban

⁵⁰⁸Spragge, "Confluence of Interests," p. 251.

problems.⁵⁰⁹ Otherwise, federal response to the problem of poor quality rental housing has been minimal and relatively recent. Aside from the introduction of a narrowly-conceived and thus scarcely-used \$20 million slum clearance program in 1944, a concerted federal attack on the remaining scattered pockets of nineteenth and early twentieth century slum housing was not made until the introduction of the urban renewal program in 1964. Because the insensitive manner in which much of the clearance was carried out served to exacerbate both the social and housing problems of low-income households, however, the program was suspended in 1969. It was replaced in 1973 by the Neighbourhood Improvement Program (NIP) and the Residential Rehabilitation Assistance Program (RRAP) which were designed to facilitate more selective redevelopment and more extensive use of rehabilitation and conservation measures. Currently, RRAP is the only federal program targetted to rental housing quality. Given that its funding was reduced by 25% in November 1984, it would seem that additional federal intervention to improve urban rental quality standards is considered to be of low priority.

B. Intervention in Rental Supply Problems. The second rental problem area which Canadian governments addressed is the supply of units. Given the key role of housing in the national economy, it is the federal government which has focussed on supply initiatives. As with intervention on qualitative problems, attempts to solve the rental problem by simply stimulating rental supply appear to have been based on

⁵⁰⁹Hulchanski, "Urban Land Use Planning," p. 31.

confidence in the market's allocative capabilities. Again, the connection between housing quality and the market's ability to supply housing, and income and accessibility to housing was not made, and effective demand was not differentiated from social need.

Despite early and continued documentation of a serious shortfall of rental units, intervention in the supply problem was negligible before World War II. With the outbreak of the war, however, the federal government became very involved in stimulating rental housing supply because the critical shortage of urban housing to accommodate war industry workers threatened the war effort. The government imposed eviction controls, engaged in conversion activities, and in 1944 reinstated the Limited Dividend rental provisions of the 1938 NHA which had expired in 1940. Most importantly, it created Wartime Housing Limited to construct rental units for war workers and their families.

The return of the war veterans, the post-war population boom, and concerns regarding the health of the post-war economy kept the federal government active in stimulating rental housing supply well into the 1950's. In 1945, the operations of WHL were expanded to include construction of rental units for returning veterans. Between 1946 and 1954, the federal government also made loans to primary industries to construct rental housing for their employees, introduced a number of tax system subsidies to rental developers, introduced rental investment insurance,

engaged in the construction of new rental housing for armed forces personnel, and sought to encourage the conversion of single-family dwellings to multi-family use. As well, in 1949 a modest public housing program was introduced to stimulate low-rental supply but given its focus on low-income households it is, for the purposes of this discussion, considered an intervention aimed at affordability.

Federal action to stimulate rental housing supply fell off in the mid-1950's when favourable demographics and economics triggered a major apartment construction boom which lasted into the early 1970's. The health and vitality of the private rental sector during the 1960's lent credence to the long standing assumption that the market could produce the required numbers of rental units, maintaining federal intervention to stimulate supply at low levels for most of the period. Between 1954 and 1975, the Limited Dividend program was virtually the only private rental supply program in effect, and even it was suspended for four years in 1960. A second and more substantial public housing program adopted in 1964 was aimed more at the affordability problem than at stimulating rental supply.

In the early 1970's, a combination of factors precipitated the decline of the private rental sector, and rendered private sector rental development increasingly unprofitable. As a result, the federal government again became very involved in stimulating rental housing supply, launching three substantial private sector rental supply incentive programs - MURB, ARP, and

CRSP - and a number of minor supply schemes. As all of these programs had lapsed by the early 1980's, there are currently no private sector rental supply incentive programs in operation. Given the extension of the affordability problem to significant portions of moderate- and middle-income households, two non-profit sector supply programs targetted at low- and moderate-income renters were also adopted during the 1970's. Like the public housing programs, however, they were aimed more at the affordability problem than the supply problem.

C. Intervention in Rental Affordability Problems. Arguing it had adequately addressed the quality and supply problems through its relatively isolated quality- and quantity-targetted initiatives, the federal government finally intervened in a serious way in rental affordability problems in the 1960's.⁵¹⁰ Its first response to rental affordability problems was the introduction of loans, in 1960, to stimulate the construction of rental housing for university students. In 1964, it extended the limited dividend provisions to non-profit organizations willing to construct low-rental housing, particularly for the elderly, and introduced an alternate formula for the financing of public housing. The improved funding of the public housing scheme succeeded in stimulating considerable interest in low-rental housing among the provinces, who began to establish provincial

⁵¹⁰While the 1944 Limited Dividend program had been conceived as a low-rental supply program, it was unable to produce low-rental units. In addition, the 1949 public housing provisions were sparingly used.

housing corporations to administer their public housing programs. The poor design and minimal amenity standards of public housing projects, the low-income profile of project residents, the insensitive uprooting of established low-income communities for slum clearance and public housing development, and the social stigma generally accorded project residents, however, spawned and/or exacerbated serious social problems.

As a result, following the recommendations of two major federal Task Force reports in 1969 and 1972, the federal government began to scale down the increasingly costly and problematic public housing programs in favour of smaller, scattered and socially-mixed low- to moderate-income projects. Accordingly, 1973 amendments to the NHA extended the non-profit program and introduced a continuing co-operative program to facilitate the development of social housing projects. In 1978, when the public housing programs had all but disappeared, the non-profit and co-operative programs were modified in order to reduce federal capital expenditure. Currently, the non-profit and co-operative social housing programs are the only federal rental schemes aimed at the affordability problem.

6.3 Summary and Conclusion

In summary, the federal government's adherence to terms of reference which define housing provision as a responsibility of the private sector, home-ownership as the desirable tenure option, housing problems as temporary conditions, and housing

policy as a provincial responsibility has resulted in a federal rental policy composed, for the most part, of minimal, ad hoc and short-term market-oriented programs. The fact that the government did not draw the connection between the three elements of the rental problem and the consequent isolated and sequential treatment of the three problem areas has also contributed greatly to the evolution of a narrowly-conceived, incremental, piecemeal and reactive rental policy.

Though it is beyond the scope of this thesis, one can speculate as to the impact the Canadian approach to the rental housing problem has had on problem resolution. Currently, some bask in the illusion that both the quality and supply elements of the problem have been resolved. Admittedly, except in rural areas and on reservations, Canada now has very few poor quality housing units. A recent CMHC estimate suggested, in fact, that less than 3% of rental dwellings are presently over-crowded or of poor quality.⁵¹¹ Moreover, our residential construction industry is now capable, at least in theory, of supplying the required number of units. As a result, there is a tendency to define the rental problem today as an affordability problem. The review of rental problems presented in Chapters 2 through 5 suggests, however, that the advances in quality and supply may be more illusory than real, and that new versions of both elements of the problem, which are qualitatively different from

⁵¹¹Canada Mortgage and Housing Corporation, Section 56.1 Evaluation, Table 3.1, p. 36.

the problems of the past, may have emerged.

With regards the rental quality problem, before the introduction of by-laws and construction standards, the private sector could and did house the entire population, however inadequately for some. Eventually, the electorate demanded that minimum quality standards be adopted. Enforcement of such standards, however, precluded the low-income renter's option of living in substandard housing when he could not find adequate housing he could afford. It also raised housing production costs and rendered new housing unaffordable to many low-income households. Today, new adequate quality rental housing remains unaffordable to not only most low-income renters, but to many moderate-income renters as well. Thus the improvement in housing quality has been made at the expense of affordable rental supply for low- and moderate-income households.

As for the rental supply problem, once government had taken steps to address shortages of manpower, resources, serviced land and mortgage financing, housing supply problems ameliorated to some extent. The continually escalating costs of developing housing, however, eventually resulted in the emergence of a new gap between the cost of producing rental housing and market rents even moderate- and middle-income renters were willing or able to pay. Consequently, production of all but very expensive rental units has virtually ceased because the market responds only to effective demand and not social need. Thus supplying affordable rental housing for low- and moderate-income

households is an even greater problem than ever before.

Only now, after all these years of ad hoc government activity in the rental sector, do we realize we may still be in the same bind we were at the turn of the century in that a substantial percentage of the renter population is unable to obtain good quality, affordable rental housing appropriate to the size of their household. In effect, then, the quality and supply aspects of Canada's rental housing problem may not have been "solved" but simply repackaged, with even more households finding it difficult to afford or even find good quality rental housing appropriate to their needs.

Moreover, the inability of the private sector to supply reasonably priced rental housing may spark the onset of further rental quality problems. At present, Canada's rental stock is of good quality compared with other developed nations. The bulk of it, however, is already twenty-five years of age, having been produced prior to or during the 1960's apartment boom. Without additional supply, the rental stock will deteriorate not only because of age but because of intensive use. With the increasing residuality of the rental sector^{5 12} and the consequent rent-cost squeeze experienced by landlords, improvements to arrest the deterioration are less likely.

^{5 12}In 1981, almost 60% of renters were drawn from the lowest two income quintiles - the very groups the private rental sector has traditionally been unable to provide for. This compares to 44% in 1967. Hulchanski, "Tax Costs," Table 3.

The rental programs of the past fifty years show a remarkable consistency in that they have, for the most part, been market-supportive, ad hoc, and minimal measures. Yet with the deteriorating economics of private rental investment, the increasing numbers of Canadians unable to afford home ownership, and the overwhelming evidence suggesting that rental problems are chronic, it is apparent that we cannot continue to rely on the same approach to rental policy as we have in the past. No private sector incentive program has yet been successful in producing adequate rental units affordable to low-income households. Moreover, it is obvious that one underfunded social housing program cannot meet the tremendous social need. Increasing the incomes of low and moderate-income renters could go a long way towards resolving the long standing affordability problem. Yet changing the income distribution of Canadian society is a monumental challenge. Even with the redistributive programs of the post-war Welfare State, the income distribution of the early 1950's has remained essentially static.⁵¹³ We must, therefore, concentrate on the possible.

This thesis does not propose a solution. It can, however, be used as a policy tool. The main point of the thesis is that in viewing rental problems and policy options we have been and continue to be constrained both by the terms of reference for

⁵¹³See D.P. Ross, The Canadian Fact Book on Income Distribution (Ottawa: CCSD, 1980), p.12; Canada, Statistics Canada, Income Distribution by Size (Ottawa: Statistics Canada, 1979).

action we have imposed on our rental housing policy and by our failure to clearly identify what the problem really entails. Removing the constraints can open up new options. If we are to make progress on resolving rental housing problems in the future, the first step must be to question the traditional terms of reference. We must rethink the conventional assumptions regarding the capabilities of the market and the role and status of rental and ownership housing in Canadian society which underly our rental housing policy. We must also acknowledge the interrelatedness of the three problem areas and design a comprehensive and long-term policy which treats all three aspects of the rental problem simultaneously. Had we done so in the 1930's, we would, perhaps, today have a substantial stock of adequate low- and moderate-rental housing and we would be concentrating on rehabilitation to keep that stock in good repair rather than on trying to find ways to house the more than one-half million Canadian renter households with housing problems.

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APPENDIX

FEDERAL PROGRAMS PERTAINING TO RENTAL HOUSING, 1938-1984

<u>YEAR</u>	<u>SECTION</u>	<u>PROGRAM</u>
1938	---	Limited Dividend Program (new low-rental)
1940	---	Rent and Eviction Controls (new/existing)
1941	---	Wartime Housing Limited (new)
1942	---	Home Extension Plan (conversions)
1943	---	Home Conversion Plan (conversions)
1944	9	Limited Dividend Program (new low-rental)
	8	Loans to Rental Developers (moderate rental)
	11	Guarantees to Life Insurance Companies (new)
	12	Slum Clearance Grants (low-rental)
1946	9A	Loans to Primary Industries (new)
1947	---	Double Depreciation Plan (new)
1948	8A	Rental Insurance Plan (moderate rental)
1949	35	Public Housing (low-rental)
1954	7-13	Insured Mortgage Loans
		Conversion Loans (conversions)
1956	23	Grants for Urban Renewal Studies
1957	40	Direct CMHC Lending
1957-59	---	Small Homes Loan Program (low-moderate rental)
	---	Home Improvement Loans to Landlords
1964	16A	Loans to Non-Profit Developers (new and existing low-moderate rental)
	23	Grants/Loans to Implement Urban Renewal Schemes
	35D	Public Housing (new and existing low-rental)

	35	Public Rent Supplements (low-rental)
1973	15.1	Non-Profit Program (new/existing low-moderate rental)
	34.18	Co-operative Program (new/existing low-moderate rental)
	34.1	RRAP Grants to Non-Profits and Co-operatives
	44.1	Private Rent Supplements (low-rental)
	44.1	Public Rent Supplements (extended to Non-Profits)
	37.1	Non-Profit and Co-operative Support Programs
1974	---	MURB Program (moderate rental)
1975	14.1	ARP (moderate rental)
1979	56.1	Non-Profit/Co-op Programs (low-moderate rental)
	37.1	Non-Profit/Co-operative Support Programs
1981	---	Canada Rental Supply Plan (moderate-rental)