

# Meeting Canada's Housing Needs

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"PUBLIC Affairs" is to be congratulated for bringing together in one publication the views of a panel of authorities on the problems of housing and community planning. Since the ends to be attained and the means of attaining them are contentious, it is highly desirable that reliable factual and analytical material be presented to the public at every opportunity so they will appreciate the complex of factors and considerations that underlie these problems.

The developments that are occurring in the housing field at the present time are conditioned largely by the direct and indirect effects of Dominion Government policy. Public discussion reveals a widespread lack of understanding of both the content and the limitations of that policy. Those who are critical of what is being done—and what is not being done—almost invariably place the blame for alleged shortcomings of Canada's housing program on the Federal Government on the assumption that it is responsible, or has accepted responsibility, for housing. As the assumption is true in a narrow sense only, a review of the federal housing policy as it has developed may serve to give perspective to discussions of the merits of governmental encouragement of private and public home building.

## Federal Participation

The Dominion Government recognizes the need of adequate housing as Canada's most pressing social problem and one of the most serious of all public problems. 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. The Dominion has had to promote home building by indirect means. This has been done by making credit more readily available to private citizens or business concerns prepared to undertake residential construction. During the war and transition periods, however,

the Dominion has entered the housing field directly to build accommodation under its wartime emergency powers.

Confusion in the public mind arises largely out of the failure to recognize that the Dominion's housing policy has these two parts, the constitutional bases of which differ. The immediate and emergency need is to provide shelter for all citizens; the secondary objective is to raise the standard of accommodation to a level adequate to maintain social well-being. Immediate need has taken precedence over the less pressing demand; the degree to which the Government has committed itself in dealing with each is not the same. Policy has been flexible and modified to meet changing conditions.

Direct participation by the Dominion in the provision of housing started when the war introduced a new element into the housing problem that was being built up in the depression years of the 1930's. Workers began moving in to key urban centres in large numbers to work in munitions plants. If a great many additional housing units were not provided quickly in these centres, war production would suffer. Municipal authorities did not have the power or resources to undertake comprehensive housing projects on their own. The Federal Government assumed responsibility under its emergency powers and established Wartime Housing Limited to carry out the needed program. To supplement its efforts, a limited program of leasing buildings and converting them to multiple-tenancy use was carried out during 1943 to 1945. 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, that Wartime Housing Limited should continue to build low-rent units, but now for veteran occupancy. Finally, under the Emergency Shelter provisions,

temporary accommodation was prepared for families who, for one reason or another, found themselves without shelter.

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 provision. Since the end of the war, the Dominion's efforts have been directed almost entirely to the assistance of veterans. Administrative detail is settled on an essentially *ad hoc* basis although many practices have been standardized. The co-operation of municipal authorities is essential to direct participation by the Dominion. For example, the municipality provides the land and services for Wartime Housing units and accepts a fixed payment in lieu of taxes. A clear-cut division of responsibilities between the federal, municipal and provincial authorities in the housing field is needed. Present arrangements resolve immediate problems but are not satisfactory on a long-term basis.

Indirect participation by the Dominion in home-building was undertaken on a limited scale after the first world war, and more extensively in the 1930's. The justification for the action in the depression years was to increase employment, although the social desirability of offsetting the deterioration in housing standards that was then taking place was recognized. The Government undertook, by means of the Dominion Housing Act of 1935, the Home Improvement Loans Guarantee Act of 1937 and the National Housing Act of 1938, to create more favourable credit conditions that would encourage residential construction. This arrangement continues to be the fundamental principle of the National Housing Act of 1944, but the purpose behind the Act and amendments is definitely the promotion of residential building.

### National Housing Act

The National Housing Act of 1944, as amended, embodies the principles of the Dominion's present long-term policy for assisting in the provision of housing accommodation. In speaking to the

resolution introducing the legislation, the Minister of Finance on August 5, 1944, pointed out that the proposed legislation was not intended to be all-embracing though it was comprehensive. He said: "The housing program to be outlined is a program of general application. It was not thought feasible in this legislation to make special provision for all particular classes in the community, such as members of the forces or their dependents, ex-members of the forces, or those belonging to any occupational group."

The fundamental basis of the legislation is simple: by means of loans and guarantees, the Dominion undertakes to assist individuals, associations of individuals or business corporations to build housing units for owner-occupancy or rent. The legislation is operative independently of provincial or municipal concurrence since it applies primarily to the financial aspects of house building. In all other respects, persons availing themselves of the federal legislation must conform to the provincial and municipal laws and regulations applicable to them, and the conditions under which a loan is made specifically call for this concurrence on many matters. Only one provision involves direct dealings between the Federal Government and either provincial or municipal authorities—the Dominion may make grants to municipalities to assist them to acquire slum areas.

The merit of this approach was that it allowed an early start to be made in tackling the housing problem. Otherwise, it would have been necessary to work out the basis for joint municipal, provincial and federal participation. This task, it was anticipated, would be a lengthy one, since the magnitude of an adequate housing program would almost inevitably necessitate dealing with the financial commitments and constitutional position of municipal and provincial authorities as part of the inter-government responsibilities that go to make up the sum total of "Dominion-provincial relations." Conversely, the lack of a

firm Dominion-provincial agreement has placed impediments in the way of meeting the housing problem satisfactorily. Looking back, one is almost tempted to say that the National Housing Act is too comprehensive rather than inadequate, for it has led many persons into assuming that the Dominion has accepted a larger share of responsibility for housing than in fact it could under existing constitutional provisions.

### **Types of Assistance**

The National Housing Act covers a wide variety of types of home-building. It also makes provision for slum clearance, housing research and work in the field of community planning. The original legislation of 1944 has been extended and modified considerably in the last three years to meet changing conditions. There has been an extension of the types of assistance that will be given, such as direct loans to companies in certain primary industries for house building, the integrated housing scheme, guarantees to lending institutions undertaking to acquire and improve property for residential use, and direct loans to individuals and companies where lending institutions refuse to participate. The terms on which loans can be obtained have been eased by periodic revision of "lending value" to keep pace with rising construction costs, reduction of the spread between "lending value" and the amount of the loan that can be obtained, longer periods of amortization and double depreciation for income tax purposes on rental projects. Apart from the operation of the Housing Act, the Dominion has stimulated the production of building materials, channelled materials to the more important types of construction by means of priorities, and co-operated with the provinces in extending training facilities to increase the supply of qualified building tradesmen. Finally, the Dominion has centralized all its housing activities in the Central Mortgage and Housing Corporation either directly or by close liaison with the agencies handling special phases of the work.

Although some of the changes that have been made since 1944 have been for the purpose of extending the scope of the National Housing Act or to improve administrative practices under it, most of the changes, directly or indirectly, have aimed at offsetting the effect of rising costs of construction. The steady rise in costs has damped back the demand for housing, while the keen competition of commercial and industrial builders for scarce materials has retarded the rate at which the construction industry is able to complete housing. The extent to which the Housing Act is an effective piece of legislation for solving the housing problem on a long-term basis cannot be fairly appraised until these two factors are resolved.

### **Urban Housing**

It is clear that the National Housing Act is an effective means of providing urban housing for owner-occupiers. A large volume of loans has been made for this purpose and many more applications would have been received in the past two years if building costs had not been so high. When building costs become commensurate with other costs, there should be a steady demand for this type of loan and this will, in the course of time, materially raise the proportion of Canadians owning their own homes. If loans made to Housing Enterprises of Canada Limited are excluded, the Act has not been used extensively to provide housing units for rental purposes. As the assistance offered is much the same as that offered to owner-occupiers and more favourable than could have been obtained before the war, there is every reason to expect landlords to make use of these credit facilities on a very large scale to build moderate-rent housing units once construction costs become stabilized at a level where they can expect to recover their investment and a reasonable profit. The legislative provisions for owner-occupancy and moderate-rent house building are soundly conceived. Criticism levelled at these parts of the Housing Act in the past has been largely

answered by the subsequent easing of credit terms.

### **Rural Housing**

Amendments made to the National Housing Act in 1946 recognize the fact that the economics of rural housing differ from that of urban housing in that the farm home is part of the farm while the urban lot is part of the home. For purposes of lending operations, therefore, rural housing loans are really farm loans and are predicated on farm mortgages. In this way it is possible to take account of the overall farm situation, a realism of approach that greatly increases the chances of success. The rural housing part of the Housing Act has been in force only a few months, and no great volume of loans can be expected under it until building costs are brought in line with other costs.

### **Low-rent Housing**

The parts of the National Housing Act that have been most criticized have been the provisions for low-rent housing and slum clearance. Most arguments turn around two points. The first is that private funds will not be forthcoming in the volume necessary to provide the number of low-rent housing units required because the possibilities of loss are too great. Consequently either the municipal or federal government will have to build and operate low-rent housing units. The second general argument is that low-rent housing, if it is to serve adequately the people who need it, will have to be subsidized by capital grants to bring building costs down or rent-reduction funds to permit the charging of lower than economic rents. It is contended that the municipalities and provinces are not in a financial position to assume this additional load on the scale that is required so the Dominion will have to do so. It is also contended that the Dominion will have to assume a larger share of the cost of slum clearance.

The Dominion takes no dogmatic stand on these matters. In its proposals to the Dominion-Provincial Conference in August, 1945, it invited the provinces to

consider the various aspects of low-rent housing and slum clearance. In the absence of agreement on Dominion-Provincial relations at that time, the provisions made in the National Housing Act respecting low-rent housing, subsidization of such housing, and slum clearance have been allowed to stand unchanged.

### **Slum Clearance**

The legislative provision for grants to municipalities undertaking slum clearance was based on two considerations, namely that a program of low-rent housing could not be considered adequate unless it provided for the elimination of sub-standard dwelling units, and that the limited financial resources of municipalities would preclude many slum clearance projects being undertaken. Where the subsidization of low-rent housing is necessary or desirable it is rightly a responsibility of municipal and provincial authorities. They are the parties directly responsible for social welfare, and the municipality in particular is in a position to evaluate the balance that should be maintained between the amount of subsidization provided for and the amount of taxes collected from low-rent housing projects.

### **Operating Agencies**

The Dominion Government's attitude towards the question of what agency should provide and operate low-rent housing has been based on practical considerations. The Dominion cannot become a taxpayer of a municipality. If it undertook a large scale program of low-rent public housing, municipalities would have to agree to some kind of settlement in lieu of taxes, a policy that would inevitably prejudice their long-term financial position by increasing the inflexibility of their revenue sources. Since the municipalities have not taken kindly to the application of this policy by Wartime Housing Limited, there is little reason to expect that they would look on it more favourably for a housing program many times larger. If low-rent housing is to be provided by a govern-

ment, the municipality is the obvious nominee for the task and with few exceptions, has been the housing authority in countries that have undertaken public housing. In spite of manifestations of a willingness to do so, Canadian municipalities have not demonstrated that they are in a position to enter the low-rent housing field. Agitation to give them powers to do so is limited, and only the municipalities of Saskatchewan and three or four others in other provinces could undertake housing programs at the present time. Under the circumstances, the Dominion's housing policy has been not to grant loans to municipal housing authorities, a policy that is likely to continue until a more satisfactory basis for making the loans has been worked out. The agency now designated to undertake low-rent housing is the limited dividend corporation. There is no reason why such corporations, apart from the question of subsidization, should not do a good job of providing and operating low-rent housing if they receive the active co-operation of the municipalities in which they operate.

Housing will be a problem for quite a few years even if actions looking toward its solution develop favourably. Accommodation has been and is being provided, but the hard core of the problem—low-rent housing—has been barely touched. Until a steady flow of low-rent units is started no Canadian can feel satisfied with what is being accomplished. Many things remain to be settled. In particular, there must be a clarification of the position of the Dominion, provincial and municipal governments in the field. The task is of such magnitude that no one level of government can see it through. The active co-operation of all three is required because the program, before it is completed, will have affected practically every phase of our social and economic existence. Meanwhile, the Dominion is discharging in full its responsibility for that part of that problem that is the direct result of the war, and is anxious to work out with the provinces and municipalities a basis for handling the long-term problem.

## Housing Accomplishments in Canada 1945-47

By ANDREW HAZELAND

THE present housing shortage is one of long standing. It is the result of the accumulation of the unsatisfied need for additional housing in the thirties intensified by developments during the war years. Even in the late twenties, when there was a relatively high rate of house building, it is probable that new units were being built sufficient only to meet the requirements of families in the upper and middle income brackets. Assuming that the population increases at an even rate, one method of estimating a normal need for additional housing is to add the requirements to meet population growth and the replacement of obsolete dwelling units. During the

thirties, additional housing was not built to meet such a normal need.

### Decrease in Production

The depression of the early thirties saw a rapid decrease of the number of new dwelling units produced; these fell off to a low of only 14,000 urban units built in 1933. In spite of this, housing vacancies increased because the marriage rate dropped and families doubled up to conserve smaller incomes. In the latter half of the thirties there was a slow improvement in house building which reached a peak of 32,000 units built in urban areas in 1939. With improving incomes, families once more felt free to demand better and more accommodation, the marriage rate increased and vacancies fell.

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