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# ***Post-War Trends in Canadian Housing Policy***

*Barbara Wake Carroll*

## ***Introduction***

Housing is an important urban policy area because it is an essential good, and because its visibility and durability mean that the quality and appearance of the housing stock shape our current and our future urban environments. This article analyzes the evolution of post-war Canadian housing policy, identifying three distinct but interrelated policy phases. The analysis suggests that the solutions, adopted by governments to meet the problems deemed to be central during one phase, have often created problems requiring different solutions in the subsequent period. The article concludes by identifying some of the, as yet, unresolved problems facing those who make housing policy in the current phase.

The analysis begins when the Central Mortgage and Housing Corporation was established in 1945 to implement the National Housing Act (NHA) of 1944.<sup>1</sup> This act is taken as our departure point because it marked the beginning of the current involvement by federal and provincial governments in housing. From its inception, CMHC was an important force in Canadian housing policy. Although its main activity has been the provision of mortgage insurance for private-market housing, it has also played a leading role in policy development and the provision of subsidies for social programs.<sup>2</sup>

The preamble to the National Housing Act of 1953-54 states as its objective "the improvement of housing and living conditions." (NHA 1953-4, c.23, s. 1). Although it has not always been clear how this was to be achieved, to the extent that policy goals can be implied by their outcomes, there have been three phases of policy since 1945. Each developed in response to different demographic and economic conditions and was driven by differing ideological values. The three phases - policy development, delivery mechanisms, and adaptation to intergovernmental trends - reflect more general changes in the nature of

federalism in Canada, and they are similar to the pattern of other social welfare policies.<sup>3</sup>

The period from 1945 to the late 1960s was one of cooperative federalism. It was characterized by post-war prosperity, underdeveloped provincial political agendas, and strong functional "trust ties" between federal and provincial bureaucrats and politicians. During the prime ministership of Pierre Trudeau, Canada entered into the period of summit or jurisdictional federalism (Dupres, 1985). The shift to the summit model was associated with the introduction of rational planning in the Canadian policy-making process, exemplified by the Planning Programming Budget System and various forms of comprehensive planning. This period also saw the country pass through the inflation of the 1970s; in the political realm there was an emphasis upon province-building and increased federal-provincial tensions (French, 1984; Young, Faucher, Blais, 1984). The most recent period is characterized by an emphasis on the neo-conservative belief in reduced government involvement and deregulation. In federal-provincial relations this contemporary era is witnessing an increasing acceptance, codified in the Meech Lake Accord, of the proposition that the federal government is simply one of eleven governments rather than the one senior level of government.

Not surprisingly, housing policy has experienced alterations that coincide with more general features of policy-making and intergovernmental relations. The rational planning stage was exemplified in the policy-planning and corporate-planning documents of CMHC during this period, the innovative "\$200 million program" and the legislative changes which followed.<sup>4</sup> Similarly, the move toward neo-conservatism was represented in housing policy by a shift in planning priorities and the legislative changes of 1978 (CMHC, 1976; CMHC, 1978; CMHC, 1979a). There also have been differences in the role of the minister responsible for housing and the influence of bureaucrats over the three

phases. In the early years there were strong mandarins such as David Mansur, Humphrey Carver, and Stewart Bates. Later, at the beginning of the period of summit federalism, came the visible ministers such as Paul Hellyer and Robert Andras as well as the highly political leadership of CMHC during the presidency of William Teron. In more recent years CMHC presidents, such as Ray Hession and George Anderson as well as the various ministers responsible for CMHC or housing policy, have generally maintained low profiles.

## ***The Development Phase 1945-1968***

The major focus of this first period was economic growth through the creation of construction jobs. Immediately after World War II a large supply of housing was needed quickly for returning veterans, newly formed families, and an expanding urban population fostered by natural increase, migration, and immigration. The response was to promote the growth of a development industry that could build standardized housing on a large scale. The policies assumed faith in the efficiency of the private market and the ability of government planners to direct growth efficaciously. Provision of detached owner-occupied housing for middle-income families was a principal attribute of this phase. It was assumed that low-income problems could be solved through filtering. That is, the middle-income groups moving to the suburbs would vacate smaller, older, and cheaper housing, making it available for lower-income groups. The programs were national in scope, with little flexibility or responsiveness to regional or provincial needs.

The period also saw the beginning of a pattern in delivery mechanisms. Initially the federal government carried all of the transaction and learning costs of a program by direct delivery and direct finance. CMHC, for example, built up a staff of planners, architects, and engineers who developed model subdivision and housing plans. This was followed by a period of gradual



*Slum clearance and public housing. Habitat  
Vol. 17, No. 4, 5, 1974, p. 31*

*Courtesy of Canada Mortgage and Housing  
Corporation*

withdrawal, when CMHC passed on the direct financing costs and delivery costs to the provinces or to the industry once they had developed the necessary delivery mechanisms and had accepted the viability of the program. CMHC maintained approval authority, however, to ensure the quality of planning and to protect its financial investment in the housing stock.

Between 1945 and 1968 the housing stock in Canada almost doubled. To the extent that large-scale homeownership and the building of an industry were major goals, the policies can be considered successful. But there were consequences. Some were unintended and created new problems. For example, there was a demand for more serviced land than was available. Programs for land assembly and sewage treatment were introduced with a funding mechanism that encouraged high capital-cost programs (Seadon, 1971; Spurr, 1975). As standards of what constituted "adequate" housing rose, the size of houses and lots increased and the costs of servicing and of land grew. With the new housing primarily spreading out across the suburbs, the exodus from the inner city contributed to a deterioration of the urban core. Renewal and slum clearance programs were introduced. Money was available to tear down but not to fix. Existing housing was bulldozed, and new city halls, convention centres, hotels, and public housing were built. The results of this program can be seen in downtowns from Halifax to Vancouver. Calgary, Toronto, Winnipeg, and Hamilton all built new city halls on urban renewal land.

Renewal also displaced many low-income people who could not afford to move to the suburbs. One of the first large-scale public-housing projects built as an intergovernmental partnership was Regent Park North in Toronto. It became the forerunner for what many people think of when they hear the phrase "public housing" — a high-density ghetto. But it had the advantage of providing housing and utilizing

the increased capacity of the development industry.

In summary, in response to demographic and economic pressures for single-family homes and to bolster the economy and develop an industry, the suburbs were created. Inner-city needs were addressed by urban renewal and the construction of large low-income housing projects. The impact of these policies has been summarized by Albert Rose and James Lorimer:

A consequence of this set of policies was clearly the expansion of vast suburban areas adjacent to every medium-sized and large urban centre. The problems that have ensued, both for the governments and residents of suburban areas and the governments of central cities which did not directly benefit from this encouragement to home ownership, are immeasurable (Rose, 1980: 20-21).

The corporate city was created out of faith, not out of knowledge of what its consequences and benefits would be... Most of us are now living with the consequences of these policies (Lorimer, 1978: 219).

### ***The Social Reform Phase 1968-78***

A turning-point in Canadian housing policy came in 1968 with the coalition of a number of distinctive political and demographic factors. The "baby boomers" had grown up, creating new pressures on the housing market because of high rates of household formation and high material expectations. The Trudeau government introduced comprehensive planning which carried with it the assumption that policy problems could be solved through rational debate and problem-solving based upon documented studies. An urban reform movement at the municipal level, meanwhile, introduced concern about social and environmental issues (Higgins, 1977). Finally, as part of the province-building process, provincial

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governments became involved increasingly in social programs.

Reports on housing and urban life in Canada proliferated between 1968 and 1971. The Task Force on Housing and Urban Development led by Paul Hellyer, the minister responsible for CMHC, underlined the need for housing for low-income people and directed attention to the displacement of families through urban renewal (CMHC, 1969). The Lithwick Report (1970) and the Dennis-Fish Report (1971), as well as a number of other policy studies (Marjoribanks, 1971), enumerated problems caused by the previous policies. The many revisionist reports either offered prescriptions for resolving the new problems or encouraged critical thinking about them. Either way, they were influential in shaping later programs.

The overall thrust was towards community involvement, intergovernmental coordination and flexibility, and neighbourhood revitalization (CMHC, 1974). Except for the urban renewal program (which was suspended), existing programs continued to operate. They were augmented, however, by neighbourhood improvement and residential rehabilitation assistance programs, which were designed to redevelop existing inner-city neighbourhoods rather than to level them, and by a non-profit and cooperative housing program (CMHC, 1973). These new programs were a direct response to the demand for community input into revitalization and for the income integration of urban neighbourhoods.

Again, there were consequences that created new problems and distorted the programs. The evolution of the Assisted Home Ownership Program (AHOP) and non-profit programs provides examples of how program and policy goals can be displaced and distorted during the implementation stage. The "baby boom" generation, having grown up in suburban detached houses, entered the housing market expecting the same kind of housing. When the construction

industry had difficulty in meeting this sudden increase in demand, prices rose. AHOP was introduced to provide assistance to Canadians to buy new homes, providing the price was below a maximum level that CMHC deemed to be sufficient to produce a "modest" home (CMHC, 1971). The program quickly produced friction among builders who wanted higher prices, consumers who wanted higher quality, and government agencies that wanted quantity at a given price. Developers pressured municipalities and CMHC to lower subdivision standards and speed up their approval processes. Both supply and price increased while quality tended to fall. Lots became smaller, assured levels of amenities lower, land prices higher, and, increasingly, new urban housing took the form of highrise buildings or row condominium units. The scope of AHOP-type programs was expanded by the provinces. Several provinces provided additional assistance to people receiving subsidies under the federal program or they created similar but independent programs catering to the same market group (CMHC, 1975; Miron, 1988).

A growing imbalance between supply and demand started to become evident in 1978 as the number of unsold units began to rise (CMHC, 1978-80). This problem was aggravated by stagnant resale housing prices and increasing mortgage rates that forced large numbers of AHOP-assisted homeowners to abandon their houses, returning them to CMHC which had guaranteed the mortgages (CMHC, 1986d). The federal government became one of the largest owners of housing units in the country.

The demise of the AHOP had an impact on other housing programs. CMHC's evaluation of the non-profit program, for example, points out that changes in the program in 1978 were affected by a desire to utilize the inventory of unoccupied projects, to deal with unemployment in the construction sector,

and to reduce the pressure on rental markets (CMHC, 1983a).

The non-profit and cooperative housing program was intended to overcome the stigma of government-managed public-housing ghettos by having income-integrated housing delivered by local community groups which would develop and manage housing for low-income families within their community. Although intended as a form of self-help program, groups had difficulty organizing. Instead, service groups and churches which had an existing program-delivery capability and institutional support, and non-profit agencies directly owned by provincial and municipal governments, became the primary delivery mechanisms. The delivery capacity for the program had increased but the goal of encouraging broadly-based community self-help almost disappeared.

The program was also directed initially to the inner city, including the rehabilitation of existing projects. But when rental vacancy rates declined, non-profit organizations were encouraged to build new projects (CMHC, 1976; CMHC, 1978). The emphasis shifted again when CMHC began to accumulate inventories of new housing from the AHOP debacle. An obvious short-term response was to encourage non-profit groups to purchase existing projects from CMHC or from the provinces. Many of the new, or almost new, projects were located in suburban areas. Moreover, despite the need to provide housing for low-income families, only a small portion of the housing provided under the non-profit program actually went to this group.

CMHC's own evaluation of the program for 1978-1982 was the "*programs are ineffectively targeted to those most in need ...are not a cost-effective way of producing rent-g geared-to-income housing units ...have only a marginal impact on the outstanding need for assistance ... (but) have made an important contribution to*

*the stock of affordable rental accommodation.*" (CMHC, 1983a: Executive Summary 8-9) [Emphasis in original]

In summary, this period emphasized social involvement and rational planning within an economic context of prosperity in the early years followed by inflation in the 1970s. Ottawa responded to the growing restiveness and assertiveness of the provinces by increasing their responsibility for program delivery. For example, the creation of the Ministry of State for Urban Affairs (MSUA) was in part an attempt at overall tri-level coordination rather than unilateral federal direction (Doerr, 1980; Higgins, 1985). Nevertheless, the variety of influences and complexity of goals in the housing sphere were such that program objectives changed frequently and unintended consequences of these housing policies created significant problems for the future.

### ***The Financial Control Phase 1978-1988***

By 1978 inflation had come to the fore. As urban tenants were faced with potentially dramatic rent increases resulting from high interest rates, rent control or rent review was introduced by every province as part of anti-inflation programs. As a cost-saving measure and in response to provincial pressure, the land, sewage-treatment, and neighbourhood-improvement programs initiated by Ottawa were terminated and replaced by a block municipal grant. Federal direct loans under AHOP and the non-profit programs were terminated and replaced by private-lender financing.<sup>5</sup> CMHC's planning concepts for this period emphasized disentanglement, privatization, and cost containment (CMHC, 1978; CMHC, 1979a).

The next step was the elimination of the municipal grants and of AHOP. Under the short-lived Clark government, some consideration was actually given to abolishing CMHC and privatizing its mortgage insurance arm (CMHC, 1979b).

There were two short-term home rehabilitation and rental initiative programs which were established as job-creation schemes, but these were not typical of the thrust of housing policy. Instead, more of the direct control over housing delivery was passed to the provinces. As part of an overall restraint program, the federal government began phasing out its responsibility for the physical planning and social aspects of housing policy.

By 1986 only five federal housing programs remained in existence, beyond the traditional mortgage insurance function, residential rehabilitation, non-profit and cooperative housing, rent supplement, and rural native and urban native housing. During 1986 Ottawa signed agreements with provincial and territorial governments to turn over the delivery of most of these remaining federal housing programs, the scope of which had been reduced significantly (CMHC, 1986b). CMHC would continue to provide subsidies and there would be joint planning, but the only major direct activity of the federal government would be mortgage insurance (CMHC, 1983b; CMHC, 1985b). This marked the virtual withdrawal of the federal government and CMHC from active involvement in the implementation of housing policy, an area which it had dominated for 40 years.

### ***The Three Phases***

Each of these phases was marked by differences in the types of housing programs. First there were suburban home-owner developments with large-scale land assembly and sewage treatment projects to service them. Large-scale public housing, as well as urban renewal and slum clearance, supplemented the suburban impetus. The second phase provided Canada with the townhouse and apartment condominiums, neighbourhood-improvement and rehabilitation programs, assistance for first time home-buyers, income-integrated, non-profit and cooperative housing, rent control,

housing for senior citizens, and, in the latter years, energy conservation programs. The third phase brought a reduction in programs, a retreat from government spending, the shift from program grants to block grants, the passing on of program delivery to provincial and municipal governments, and the continuation of non-profit and rehabilitation programs. Throughout, new suburban home-ownership building and varying forms of assistance for builders of rental projects continued on a cyclical, but steady, course.

Despite the program differences, however, housing policy does reflect a distinct pattern of evolution and response to changes in the environment (see Table I). Demographic pressures in the early years, the needs of returning veterans, and the pent-up demand from the 1930s and 1940s might have forced the development of a large-scale housing industry regardless of government policies. The historical and environmental situations were important, but it was a strong national government, fresh from the wartime planning processes but politically wary of state ownership, which stimulated the land-development and housing-construction industries. By 1968 it was necessary to keep these industries active and to meet the needs, values, and high expectations of the "baby boom" generation. These new pressures led to home-ownership assistance and rehabilitation programs. Later programs, such as rent control, responded to the inflation of the 1970s, but continued to cater to the expectations and demographic demand of the "baby boomers." The financial control phase responded to the desire for government restraint and reduced spending.

Each also reflected the dominant government values of the time. In the post-war period there was a belief in large-scale development and the private market. The 1960s and 1970s brought a brief interlude of social and environmental reform; the 1980s have reflected a concern with cost containment, disentanglement, and privatization. The rationale in this latter period

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**Table I -  
Phases of Canadian Housing Policy  
Stages**

Characteristics Time	Economic Development 1945-68	Social Development 1968-78	Financial Development 1978-88
Economic Conditions	reconstruction prosperity	prosperity inflation	recession recovery
Major Demographic Force	returning veterans	"baby boom" & smaller families	aging population
Overall Goals	economic development	social reform	financial restraint
Market Philosophy	filtering & infrastructure support, planned urban landscape	intervention, participation, & flexibility	reduced intervention
Housing Goals	industrial development, suburban development, physical planning	community development, income integration, demand support	supply support
Delivery Instruments	direct federal loans and grants	cost-sharing & direct subsidies, & loans	private loans, cost-shared subsidies, government delivery
Intergovernmental	federal leadership	trilevel consultation, "province-building"	provincial leadership
Outcomes	large projects "corporate city" subsidies	widespread uncontrolled devolution	administrative overlap,

has been in part an ideological desire for less government, combined with a belief that decentralization produces greater opportunities for program innovation, greater responsiveness and greater cost effectiveness (Carroll, 1989b; Levine, 1980; Paquet, 1985).

Coupled with the changing environment and values, there have been related changes in the means of imposing them. In the first two phases there was a coordinating group with a vision of what our urban areas should look like. In the late forties and fifties these were the strategists and planners in CMHC whose dream of the ideal city is eloquently described long after the fact, in 1975, by a

reflective Humphrey Carver (1975) in his book *Compassionate Landscape*. In the 1960s it was a group of urban reformers, many within MSUA, whose goals included wanting to work with other levels of government rather than imposing policies upon them. The current stage has neither as clear a blueprint nor as coherent a coordinating mechanism.<sup>6</sup>

The clearest pattern across the three phases was in the delivery of programs. Initially, the federal government funded and delivered programs. As programs gained acceptance, they would gradually withdraw, passing the financing costs to the private sector and the delivery and regulation costs to the

provinces, municipalities, and the private sector. This pattern of decentralization or policy devolution seems to be common to more than this policy area (Maslove and Rubashewsky, 1986).

Policy initiatives have often suffered from overreaction. In part this can be attributed to the fragmentation and lag within the housing market. It is also a result of the responsiveness of governments to the pressures of varying interests (including those internal to governments) and a tendency to respond to housing problems in an ad hoc fashion.<sup>7</sup> Overreaction has repeatedly created programs aimed at correcting problems resulting from previous

policies. Thus the neighbourhood improvement program was intended to correct the excesses of urban renewal, and the non-profit program the excesses of public housing. Federal disentanglement and the elimination of programs were attempts to deal with the proliferation of programs during the 1970s, programs which had changed too rapidly to be evaluated (Fallis: 1980).

The approach to housing for senior citizens exemplifies both the successes and shortcomings of housing policy. The first projects specifically tailored for the needs of the elderly were subsidized for low-income seniors. Such programs proved popular and a large number of units were built in both small and large urban areas (Carroll, 1985). As it became recognized that many senior citizens wanted to live with other seniors (but also wanted, and could afford, larger units), the priorities shifted to more spacious income-integrated projects. However, the units built earlier have remained, and in some areas, such as Toronto, have experienced high vacancy problems.

Housing policies, like other policies, have developed and changed to respond to perceived public demand, to changes in the environment, to shifts in government values, and to the deficiencies of previous policies. But housing, once built, is there to stay. Its durability and immobility mean that, although one can change the program, the outcomes of previous policies are still evident.

### ***Provincial and Urban Variations***

To this point the emphasis has been on broad national problems and trends. There are, however, important variations among the provinces with respect to housing conditions and programs. Initially, the provinces had little involvement with major housing initiatives. They responded to federal legislation and limited their actual participation to cost-sharing programs that included Ottawa and in many cases municipalities. In 1964, however, the Ontario Housing Corporation



*Public housing high rise for senior citizens. Living Places, Vol. 12, No. 2, 1976, p. 24*

*Courtesy of Canada Mortgage and Housing Corporation*

was formed to implement and manage federal-provincial housing projects and to pressure the federal government to give the province greater control over program allocations. It was successful in attracting funding. By 1969 Ontario was absorbing 98 per cent of the federal public-housing budget (Rose, 1982: 69). By 1973 every province had a provincial housing agency.<sup>8</sup> As with other policy areas, however, Ontario's leadership role (or, alternatively, the tendency to perceive Ontario's and to a lesser degree Quebec's needs as paramount) has often led to national measures that truly have originated as responses to the problems or demands of these provinces.<sup>9</sup>

Following, and in part as a result of, changes to the NHA (proposed in 1969 and implemented in 1973), the provinces became more active in the delivery of programs. The period 1970-74 was one of high activity as provinces built their organizations and adjusted their legislative structure to mesh with the federal cost-sharing programs (Rose, 1982: 74). British Columbia went so far as to buy (and subsequently sell) a private development company, Dunhill Development (Sexty, 1982). Provincial agencies gradually took over the delivery of federal-provincial cost-sharing programs. All of these changes took place within a political environment that allowed the federal government to devolve responsibility. Moreover, given the period of prosperity and optimism that coincided with the early years of the Pierre Trudeau's prime ministership, there was little apparent concern about the cost of programs.

One of the goals in the social reform phase was for the three levels of government to work together to develop a unified approach that was responsive to regional needs (Stewart, 1975). After two highly visible and widely publicized meetings in the early 1970s, the process collapsed (L'Heureux, 1985: 202). What developed instead was a competition between the provincial and federal housing agencies. Part of the problem



*Income integrated non-profit family town houses. Living Places, Vol. 11, No. 4, 1975, p. 20-21*

*Courtesy of Canada Mortgage and Housing Corporation*

was the federal government's structure in the area of shelter concerns. MSUA had a coordination mandate, but no funds or programs; CMHC had the delivery mechanism and a working relationship with the industry and municipalities. There were variations in allocations, but the federal programs were largely nationally based (CMHC, 1973; Carroll, 1985), even though housing requirements and conditions varied across the country. The provinces felt best able to define their own needs and priorities.

These differences in provincial priorities and needs led to differences in their housing programs. Some provinces developed unique policies. Nova Scotia has a lease-purchase program, for example, Ontario has a number of programs to assist in converting buildings from other uses to rental housing, British Columbia, Manitoba, and Quebec have housing-allowance programs for senior citizens. In other instances provinces have created alternative versions of federal programs. For example, the Ontario Home Ownership Made Easy (HOME) and the Ontario Home Assistance Program (OHAP) were addressed to the same needs as the federal AHOP and rehabilitation programs

but were intended to avoid the national requirements of the federal programs and thus better meet provincial needs.<sup>10</sup> Such programs sometimes have outlasted their federal counterparts. CMHC discontinued its support for community-resource groups, for instance, but Quebec has maintained a major program in this area. Still other provincial programs expand and supplement those of the federal government. Examples include funding for mobile homes in Alberta, expanded rehabilitation programs in several of the prairie and maritime provinces, and innumerable variations on the non-profit program introduced in Ontario.

Overall, provincial programs have come to exceed federal programs in the amount of direct subsidies (CMHC, 1985a: 7), but at the same time, according to a 1986 task force that reviewed the programs, "provinces are paying a lower share of the subsidy for current activity than they do for past subsidy obligations. This portrays the shift away from cost-shared programs to unilateral federal subsidies" (Task Force on Program Review, 1986: 27). The desire to disentangle the multitude of programs, reduce federal involvement, and equalize the subsidy share,



led to the most recent shift in policy, namely the 1986 agreements discussed in the previous section. The outcome is that all but the Urban Native Program and an Index-Linked Mortgage Cooperative Program are delivered by the provinces, with the cost sharing of subsidies (75 per cent federal and 25 per cent provincial in all provinces but Ontario and Quebec where the distribution is 60/40).

There are also variations among urban centres, primarily as a result of differences in the housing requirements of large and small urban centres, their ability to meet these requirements, and their ability to influence the type of assistance available. Large metropolitan centres such as Toronto, Vancouver, Winnipeg, and Montreal have the ability to define their needs and the tax base to implement programs. Smaller centres have neither the financial nor the political capability to undertake major social programs or to withstand development pressure. The major centres, which benefited earlier from urban renewal and public housing, have also been better able to utilize programs such as the non-profit and neighbourhood improvement programs which require a local delivery capacity. Smaller urban centres are more dependent upon externally initiated programs such as public housing for senior citizens. This variation can be seen in the extent of involvement in the municipal non-profit program. In Ontario, with its greater degree of urbanization, there were 69 municipal non-profit corporations in July of 1986 (a number which had grown to 119 by July 1988). Prince Edward Island, Newfoundland, and the Northwest Territories had none, while Saskatchewan had dissolved those that had existed. In the other provinces the program was active only in the larger centres such as Halifax, Saint John, Edmonton, and Calgary.

Finally, as a result of their visibility and greater organizational capacity, larger centres are better able to influence housing policy. Urban citizen-action groups formed in



*A RRAP non-profit coop. project. Habitat, Vol. 21, No. 4, 1978, p. 48*

*Courtesy of Canada Mortgage and Housing Corporation*

the late 1960s to oppose development, for example, have had a broader impact in changing national housing policy through their involvement with urban reform movements (Higgins, 1985). Toronto was the development base for many of the program changes of the 1970s (Filion, 1986).

The two things that all urban areas have in common, albeit to varying degrees, is a reliance upon the property tax base and a political system that makes it the level of government at which private interests are

most influential. Urban governments are, therefore, least able to withstand private pressures for development, to underwrite the social costs of housing, and to withstand local resistance to the building of subsidized housing in particular locations — the familiar NIMBY (Not in My Backyard) syndrome. Yet in Ontario and a number of other provinces one result of federal-provincial disentanglement has been for the provinces to pass more responsibility to the municipal level.

### Conclusion

In 40 years Canadian housing policy has returned almost to its original point. The major housing problems facing our urban areas — the changing demographic composition of our population; the physical problems of obsolescence, urban sprawl, and an aging infrastructure; and the social issues of affordability and expectations — are not dissimilar to those faced in the 1960s (CMHC, 1986c; Carroll, 1989a). Yet federal involvement has been reduced to the role of mortgage insurer, and the broader responsibility for housing policy is left to the provincial and municipal governments. This situation raises the question of how these two levels of governments will cope with problems in Canadian shelter, the solutions to which have eluded us in the past.

A high proportion of the Canadian housing stock (rental and home-owner, publicly and privately owned) is now more than 20 years old and in need of upgrading and rehabilitating. Similarly, municipal infrastructure and urban-renewal projects also require replacement or upgrading. The preoccupation of government policy, responding to economic demands and public pressure for housing, has been with new housing. Increasingly, there is a need for attention to shift to the problems of the “new” stock of the 1950s, 1960s, and 1970s. These problems have been responded to, to a limited degree, by expansion of rehabilitation programs (CMHC, 1986c) and by recognizing the impact upon the construction industry (CMHC, 1987), but a major rethinking of how urban centres are to cope with rebuilding their infrastructure and upgrading and altering their housing stock is also needed.

Closely tied to the question of new versus existing housing stock is the issue of affordability and expectation. Most Canadians are well housed, but affordability is tied to the question of expectations (Goldberg, 1983). The idea that only 25 to 30

per cent of income should be spent on shelter has become institutionalized in our society. It may be that this ratio has fostered an unrealistic expectation about the price of shelter, particularly in the rental sector where market rents have fallen below the economic costs of providing accommodation.

Nevertheless, there is still a substantial group who require some form of assistance. The existing subsidy programs have been providing an average of 20,000 units a year, primarily through new construction. Only a small portion of these units (10 per cent in 1973, 30 per cent by 1982) have been targeted to low-income groups (CMHC, 1987: 36-37; OHC, 1985). (Admittedly, this proportion has increased in recent years — to 50 per cent nationally in 1988 and 80 per cent in Ontario.) It is the responsibility of government to assist in the provision of housing for those in need. This does not mean that governments must do so directly, nor that they should engage in “the subsidization of the consumption of housing as a luxury” (Laver, 1986: 188). There are a wide range of policy instruments available to the federal and provincial governments.<sup>11</sup> But passing the responsibility for initiation and location of assisted housing projects to municipalities leaves this responsibility in the hands of the level of government least able to withstand the private pressures against social intervention.

Housing is an area that exemplifies the “tragedy of the commons” in which behavior that is perfectly rational for the individual, or the group, becomes extremely dysfunctional for the society as a whole” (Peters, 1984: 22). The competing interests within the housing market all make legitimate claims. But pressures from self-interest tend to lead to reactive and visible, rather than viable, solutions. If reasonable trade-offs between short-term demands and longer-term societal benefits can be achieved at all, they are more likely to be achieved at the federal and provincial levels, which have longer political

mandates and a broader range of policy instruments from which to choose.

In both 1946 and 1969 there was a consensus on the problem to be dealt with and the general direction for action. Each consensus led to the creation of a coordinating mechanism with a defined perception of the future. Each phase produced both solutions and problems; problems that were instrumental in the development of a new consensus. The distortions created by the 1968-78 phase have so far been addressed by financial controls and disentanglement. As yet, there appears to be no consensus about the direction for further action, and the federal mechanism, which in the past was able to ensure some degree of equity and coordination, is now primarily concerned with cost containment rather than housing policy.

The nature of the policy process and the use of national programs, which assumed a uniformity of housing problems, have caused some of the difficulties we currently face. Disentanglement was intended to expedite program delivery and promote innovation and experimentation (CMHC, 1983b; CMHC, 1985b.) What it seems to have produced instead is further fragmentation of housing policy, with provincial governments passing greater costs and responsibility to municipalities. But provincial and larger urban governments may yet begin to respond to their housing problems with coordinated, small-scale initiatives that allow for experimentation. This would be desirable since errors in housing policy have formed a part of the urban environment for decades.

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**Notes**

I would like to acknowledge the helpful comments of John Stacey and the editor of this journal.

- 1 The CMHC legislation was passed in 1945, although the Corporation did not open its doors until January 1946. For a review of the early days of CMHC, see Manore (1966) and Carver (1975).
- 2 For a review of housing policy prior to 1945, see Hulshanski (1986) and Wade (1986). For a detailed outline of both federal and provincial housing programs from 1945 to 1985 see Sayegh (1987), Cogan and Darke (1982), CMHC (1985a), and the Task Force on Program Review (1985). Social housing programs include all subsidy programs designed to provide assistance to those whose housing needs are not met within the private market.
- 3 For a discussion of the decentralization and evolution of Canadian federal-provincial relations, see Dupres (1985). Maslove and Rubashewsky (1986) provide a discussion of a similar evolution in social welfare policy and Courchene (1988) summarizes changes in the pattern of fiscal federalism.
- 4 The clearest outline the "rational planning" approach applied to housing is found in Crenna (1971).
- 5 The 1978 amendments allowed for the "P" (private) funding of non-profit and cooperative projects, which had been previously the pattern under A.H.O.P. By 1980 direct financing of these projects had virtually disappeared. See CMHC Annual Reports for details of the funding patterns.
- 6 The Matthews Report (CMHC, 1979b), which questioned the role of CMHC and the federal government in the housing market and recommended the partial privatization of the corporation, may come closest to articulating a dominant policy goal for this period.
- 7 The response to interest groups during the three periods also fits within the general pattern of other policy areas - from the established behind-the-scenes "shadow government" groups of the first phase, to the public "grass roots" activism of the 1960s and 1970s; to the current mixture of "grass



*Housing rehabilitation. Living Places, Vol. 12, No. 2, 1976, p. 27*

*Courtesy of Canada Mortgage and Housing Corporation*

roots," business-oriented, and institutionalized-imputed social interest groups. See Thorburn (1985).

- 8 Nova Scotia created a Department of Housing while the other provinces created crown corporations. I would like to thank the provincial and territorial housing agencies which responded to my survey of provincial housing program (this forms the basis for the information in this section).
- 9 CMHC (1985a) provides a comparison of provincial housing conditions across Canada. For a summary of program activity by province, see CHS, 1985 Tables 71-73 and RRAP Evaluation (CMHC, 1986a: 27). These also provide breakdowns of housing program activity by size of urban centre (Streich, 1976).
- 10 Despite the efforts of governments over the last 40 years one million Canadian households still do not have the earning capacity to provide themselves with adequate housing (CMHC, 1986b and 1987).
- 11 For a discussion of the nature of housing markets and the forms of intervention, see Bourne (1981) and Carroll (1989a).