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JUN 1967
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No. 101
(Revised January 1967)

HOUSING IN CANADA

Canada's relatively high birth rate, together with postwar immigration, has resulted in a population increase with an annual growth rate of 1.7 per cent between 1941 and 1951, of 2.8 per cent from 1951 to 1956, 2.6 per cent from 1956 to 1961 and 1.8 per cent from 1961 to 1966. There has been a corresponding increase in the demand for housing throughout the country. As the record number of children born during the Second World War continue to reach marriageable age, a strong demand for further housing supply is created, which will continue well into the seventies.

As the population has expanded, so also has the rate of urban development. A steady shift from rural to urban areas continues as farming shows a trend to increasing mechanization and larger tracts of land can be cultivated by the individual farm family. Consequently, cities become more industrialized. Canada's urban population ratio has increased from 62 per cent in 1956 to 70 per cent in 1961. The movement toward the city is expected to continue. Thus the two tendencies -- population increase and the continuous trend to urbanization -- set the pattern for Canada's housing development.

By the end of 1965, there were 5.3 million dwelling units in Canada, nearly half of which had been (2.5 million) built since the end of the Second World War. About two out of three dwellings are owner-occupied. This figure is not surprising in a country that was, until a short time ago, predominantly agrarian and that was pioneered by owner farmers rather than tenant farmers. The basic urge to possess one's dwelling place is also illustrated by the fact that leasehold land was almost unheard of in Canada, as also the "lifetime" mortgage sometimes found in Europe. Also, the relatively high income level of Canadians (second only to that of their neighbours in the United States) enables them to accumulate more easily the capital required for home purchase. This high income, moreover, facilitates the almost universal ownership of automobiles, thus affording the city worker an opportunity to live on the outskirts of the suburbs and commute daily. Yet another factor contributing to the popularity of home-ownership is the relatively small differential in the proportion of income required for house or apartment rental as opposed to home buying under the National Housing Act mortgage system.

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To the average man, the cost of a house represents about two and a half times his annual income, and not many can afford to make such an expenditure in cash. Usually, a house is purchased by means of a mortgage, a long-term loan made on the security of the property itself. Loans of this type are made by a variety of institutions such as banks, life insurance companies and loan or trust companies. Mortgage loans are also quite often made by credit unions, fraternal organizations and, in some cases, even by private individuals. The Federal Government and some of the provincial governments also help families to own their homes. In fact, over three-quarters of a million housing units have been financed since 1945 under the National Housing Act alone.

Most mortgages are amortized. The borrower agrees to repay, in equal monthly instalments, part of the principal, with the interest due on the amount still owing. In this way, the loan is fully repaid at the end of the mortgage period. There has been an increasing tendency to lengthen the repayment period. As opposed to the five and ten year mortgages of some years ago, 25, 30, and even 35 year amortization periods are now common. Mortgage loans from both federal and private resources are available for the construction of rental properties.

Since its introduction in 1954, the National Housing Act has undergone extensive changes, which have greatly broadened the scope of federal assistance for housing. In recognition of the fact that housing needs are constantly growing wider and more complex, the statute now embraces public housing, housing for the elderly, urban-renewal programmes, sewage-disposal systems and housing for both single and married university students. Administration of the National Housing Act is carried out by Central Mortgage and Housing Corporation, a Crown company created by Parliament for this purpose.

In addition to insuring privately-financed mortgages, the Corporation also administers Treasury funds periodically appropriated by Parliament as a residual source of mortgage capital. These funds are available in the form of direct loans to borrowers unable to interest private lenders in their proposals.

For both borrower and lender, there are several advantages to a National Housing Act loan. The down payment, or initial deposit, is usually smaller than in the case of a conventional mortgage. Whereas a conventional first mortgage is limited to 75 per cent of the lending value of the property, an NHA mortgage may cover up to 95 per cent. The 5 per cent equity each borrower must provide from his own resources may consist of cash, land or labour, or a combination of these elements.

The maximum rate of interest is set by the Government and is adjusted periodically to meet changing conditions in the capital and housing markets. The rate was increased recently to 6.75 per cent from 6.25 per cent. Although these figures show substantial increases over the immediate postwar rate of 4.5 per cent, the rate on National Housing Act mortgages has always been less than that for conventional housing loans.

Investors find the scheme attractive because, in addition to its government-insurance feature, it offers a profitable return in a comparatively stable market. When the loan is made, the borrower pays a fee of from $1\frac{3}{4}$ per cent to 2 per cent of the loan into a special insurance fund. From this fund, Central Mortgage and Housing Corporation undertakes to pay the lender up to 100 per cent of the principal and interest in the event of the borrower defaulting. In such cases, the property concerned reverts to the Fund. Very few defaults have occurred since the scheme began in 1954. Previously, the Government's participation in mortgage financing had been undertaken in co-operation with private lending institutions, and its cash contribution was limited to about 25 per cent of the loan.

Public Housing

The Federal Government, through the Central Mortgage and Housing Corporation, offers two forms of assistance for the production of public housing. In such housing, the rents are proportionate to the tenant's ability to pay.

Assistance may be extended:

- 1) Through federal-provincial partnership arrangements, capital costs being borne 75 per cent by the Federal Government and 25 per cent by the provincial government. The provincial government may require the municipality to pay part of the 25 per cent provincial share on a mutually acceptable basis. Operational deficits are shared by the federal and provincial partners in the same 75-25 per cent ratio. Each project is managed by a housing authority appointed by the province subject to federal approval.
- 2) Through long-term loans to provinces, municipalities or their agencies for the construction of new units, or acquisition and conversion of existing housing. Such loans may be up to 90 per cent of the costs involved. The Federal Government may make an annual contribution of up to 50 per cent to help pay for operating losses. Similar loans are also available for the development of land for public-housing purposes.

Land Assembly

Under federal-provincial arrangements, the Federal Government will provide through Central Mortgage and Housing Corporation 75 per cent of the cost of assembling raw land for residential development.

Loans to Non-Profit Companies

The Federal Government may also make loans to non-profit organizations for low-rental housing projects. Such projects may be rented either to low-income families or to the elderly, whose limited resources often bar them from the general housing market. Either a municipality or a private group of public-spirited citizens may form a non-profit company. If the company can show evidence of need in its locality for a low-rental housing project, the Central Mortgage and Housing Corporation is authorized to lend, at a low interest rate, up to 90 per cent of the lending value of the project as determined by the Corporation. The housing may comprise self-contained units, hostels or dormitories, or any combination of these.

Urban Renewal

There has been an enthusiastic and continuing response to the 1964 amendments to the National Housing Act, which provided for increased financial assistance to provinces and municipalities for urban-renewal programmes. Urban renewal is an inclusive term, which describes the orderly process of rebuilding the municipality to improve working and living conditions. It involves redevelopment, rehabilitation and conservation, used separately or in combination in designated areas. The process involves both private and public initiative and investment.

CMHC, with Federal Government approval, may arrange with a municipality to undertake a study to identify blighted areas, determine housing requirements and provide data upon which an orderly programme of conservation, rehabilitation and redevelopment can be based. The federal contribution may be as much as 75 per cent of the cost of such a study.

NHA legislation also authorizes federal contributions equal to half the costs of preparing an urban-renewal scheme setting out proposals for urban-renewal action, a similar cost-sharing arrangement for the implementation of a scheme and loans of up to two-thirds of the provincial or municipal share of the cost of carrying out an urban-renewal scheme. To encourage the improvement and conservation of housing which meets minimum standards of construction, loans are available for the sale, purchase or refinancing of existing housing in urban-renewal areas not designated for demolition.

House-Building a Major Industry

House-building in Canada today is a major industry, carried on by firms who may employ from ten to 1,000 or more men and whose product is aimed at the mass market. The larger firms of merchant-builders can often achieve economies impossible to the builder of a single "custom-built" home.

Such large firms may build from 50 to 300 houses or more at one time, on a large tract of land they have purchased and sub-divided into building lots. In the larger projects, provision will be made for schools, churches, shops, paved streets, sidewalks, underground utility services, parks and playgrounds.

Formerly construction work virtually stopped during the winter months when below-zero temperatures prevented building with the usual techniques. In recent years the construction industry and the Federal Government have made efforts to solve this problem and thus permit builders to offer year-round work to their employees. Research has resulted in improved building techniques; government-sponsored incentive payments have encouraged builders to do more winter construction. Special winter-building techniques, such as using heated, pre-mixed concrete and enclosing the construction site in temporary plastic tents which can be heated, are now common.

Since Canada is one of the world's largest producers of wood and wood products, it follows that a great deal of wood is used in Canadian house-building. It is estimated that three out of four new houses (single-detached, semi-detached, duplex and row) are of wood-frame construction. In wood-frame construction the basic frame or skeleton of the house is of lumber but the exterior walls, which are added later, may be of stone, artificial stone, brick, stucco, metal or wood. One out of four of the new homes are made of solid brick, stone or cement block.

About three out of four single-detached houses now being built in Canada are bungalows; 17 per cent are split-level houses; 7 per cent are two-storey houses.

Prefabrication as a method of house-building is attracting increasing attention because of the savings which can be made through a centralized operation and assembly-line methods. Housing components such as roof trusses, exterior walls, interior partitions and kitchen units are made at a central factory and then trucked to the building site, where a basement has been excavated and a foundation of poured concrete or concrete blocks completed. Using prefabricated components two men can assemble a three- or four-bedroom house in five working days. On large projects, with crews of specialists, this building time can be reduced.

Continuing research and a changing and expanding consumer demand results in new building materials being introduced on the market in a steady stream.

Plywood has now replaced lumber in many interior and exterior uses. Pre-painted plywood exterior siding is a recent innovation. Pre-painted aluminum, and steel siding, because they require little maintenance, are being used more and more despite a somewhat higher cost at present.

Cold-water piping, coloured exterior siding and moulded bathtubs are but a few of the new uses for plastic in house-building. Efforts are now being made to market an aluminum house, completely prefabricated, equipped with electrical appliances and furnished.

A Typical Canadian House

Data based on new dwellings financed under the NHA in 1965 indicate that the typical Canadian house is a three-bedroom bungalow, of wood-frame construction, with 1,233 square feet of floor area. It is located on a lot with a 60-foot frontage on the street; lot size would be between 6,000 and 7,000 square feet. Average cost of the bungalow is \$16,572, of which \$2,816 is for the freehold land the purchaser buys with the house. The average resident of such a house would be 35 years of age, married with two children, and earning \$6,655.

Such a house has a thermostatically-controlled central heating system with electrically-powered fans blowing heated air through wall ducts which are vented to each room. The fuel used is usually oil or natural gas. Electric heat has recently been introduced in some areas.

Hot and cold water are piped to the kitchen, laundry room and bathroom; the source of water would be a community water supply -- usually a municipally-operated purification and pumping plant. The bathroom is equipped with a flush toilet, a bath and a shower. A growing number of homes have two bathrooms.

Because the house is protected by a blanket of insulating material inside the walls, the occupants are shielded from the extremes of winter and summer temperatures and the heating cost is relatively low.

A modern 100-amp electrical service meets the needs of the multitude of electrical appliances in the house. An automatic washing machine, a clothes dryer, an electric stove, a refrigerator, a freezer, a television set, a vacuum cleaner, a floor polisher, an electric dishwasher -- most, if not all, of these appliances would be found in a typical Canadian home.

High-Rise Apartments

In recent years, high-rise apartment buildings, each containing hundreds of apartments, have become an important part of the major urban centres in Canada. Sometimes row or town houses are built alongside high-rise apartments to form an entirely new residential complex. In such developments, other amenities, such as shopping centres, schools and recreation clubs are built to serve the tenants.

Rentals for these new high-rise apartments are such as to attract the middle-income classes. Average monthly rentals in Canada show a wide variation, depending on the region and the type

of accommodation desired. A survey of April 1965, covering both old and new apartments, showed a range of rents from \$62 in Quebec City to \$108 in Toronto, and \$92 in Vancouver.

Need of Community Planning

More and more municipal governments have turned their attention to programmes of civic improvement, establishing new departments to direct these activities and employing town-planning specialists. The object has been to help solve the problems consequent on the rapid growth of cities into the suburbs and, at the same time, to re-invigorate the centres of the cities and rescue them from the effects of decay.

As a result, there is a marked shortage of trained personnel in the town-planning field. To help alleviate the situation, the Central Mortgage and Housing Corporation has a continuing programme of scholarships and bursaries open to university students and graduates specializing in town planning and urban problems.

To stimulate good housing design and to encourage further research on urban planning, the CMHC supports the Community Planning Association of Canada, the Canadian Housing Design Council and the Canadian Council on Urban and Regional Research. These three groups, though separate in organization and aims, serve as a focal point for many private and university programmes being carried on in Canada. They also serve as a clearing-house for the exchange of information and research data.

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To stimulate good housing design and to encourage further research on urban planning, the CMHC supports the Community Planning Association of Canada, the Canadian Housing Design Council and the Canadian Urban League.

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