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HOUSING IN CANADA

Canada has one of the highest birth rates in the world. This fact and the scale of postwar immigration are attested by the 1961 Census, in which a population of 18.23 million was reported - an increase of 55 per cent over the figure recorded 20 years earlier. There has, consequently, until very recently, been a pressing demand for housing throughout the country. A renewed demand is expected by the mid-sixties as the record number of children born during the Second World War reach marriageable age.

As the population has expanded so also has the rate of urban development, marking a steady shift from rural to urban areas as farming undergoes increasing mechanization and the cities become more industrialized. In the five-year period following 1956, Canada's urban population increased from 62 per cent to 70 per cent. The movement toward the city is expected to continue. Thus, the two tendencies, population increase and ever-greater urbanization, set the pattern for Canada's housing development.

There are more than 4.7 million dwellings in Canada, ranging from small single-family houses to huge apartment buildings. They are of all ages. More than 1.7 million have been provided since 1945, but there are many houses from 50 to 80 years old. Their physical condition varies considerably. The oldest are in rural areas or round the inner cores of cities. New housing is usually to be found in suburban neighbourhoods on the outskirts of existing communities or in new towns created as a result of mining and industrial development.

Sixty-seven per cent of the country's housing stock is owner-occupied - the highest proportion for any country in the world. The figure is not surprising in a country which was, until recently, predominantly agrarian and which 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 is almost unheard of in Canada, as also the "lifetime" mortgages often found in Europe. Again, the relatively high income level of the Canadian (second only to that of his neighbour in the United States) enables him more easily to accumulate 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-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 on the mortgage system.

To the average man, the cost of a house represents several years' income and only the very wealthy 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

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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 assist families towards home ownership. In fact, more than 661,000 of the housing units built in Canada since 1945 have entailed federal assistance.

Most mortgages are amortized. The borrower agrees to repay in equal monthly instalments, part of the principal together 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 a few years ago, 25-year amortization is now normal, 30 years is common, and, recently, federally-financed mortgages of 35 years were sanctioned by Parliament. Mortgage loans from both federal and private resources are also available for the construction of rental properties. Existing housing, however, can only be financed through non-government channels.

Under the present National Housing Act, aid for housing from the Federal Government was originally limited to little more than insurance of privately-financed NHA mortgages. In the last few years, though, the Act has undergone changes so that it is now much broader in scope. In recognition of the fact that housing needs are growing constantly wider and more complex, the statute now embraces public housing, housing for the elderly, urban renewal studies, redevelopment programmes, sewage-disposal systems - even dormitory accommodation for university students. Administration of the National Housing Act is carried out by Central Mortgage and Housing Corporation, a Crown company created by Parliament for the 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. Where a conventional mortgage is limited to 66 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 comprise cash, land or labour or a combination of these elements.

The maximum rate of interest is set by the Government and is periodically adjusted to meet changing conditions in the capital and housing markets. Recently the rate was 6.75 per cent, but was reduced in 1961 to 6.5 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.

Another advantage to the borrower is the fact that mortgage funds are advanced only after inspection has ensured specific design and structural minima have been met in the construction of the building concerned. These standards are compiled by the Division of Building Research of the National Research Council.

Finally, the borrower also benefits from the fact that an NHA mortgage for any one property is limited to a government-stipulated maximum. This means that, since the average borrower's equity is reasonably small, successful merchant builders must competitively produce the best accommodation at the lowest possible price.

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 contributes an amount equal to 2 per cent of the loan toward 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. Before then, the Government's participation in mortgage financing was undertaken in co-operation with private lending institutions and its cash contribution was limited to about 25 per cent of the loan.

The Federal Government provides financial assistance for the building of low-rental public-housing projects, examples of which have either been completed or are in course of construction in municipalities across the country. Under the terms of the Act, the Federal Government may enter a partnership agreement with a provincial government to build and operate low-rental housing for tenants of limited means. The federal authorities contribute 75 per cent of the capital costs, with the municipal and/or provincial authority contributing the remainder. Profits or losses incurred in subsequent operation of the project are shared on the same basis as the initial financing.

There are two basic types of public housing; those in which rents are set at a level sufficient to recover all operating expenses and, at the same time, repay the initial investment; and those in which rents are matched to the tenant's ability to pay. In the latter instance, deficits are borne by the federal and provincial partners in the same 75 percent - 25 percent ratio. In full-recovery projects, where the rent is fixed for each dwelling, families are not admitted if their income exceeds five times the monthly rental. If, after they are in, their income increases so that it exceeds this ratio, or, if their income reaches the upper limit of the lower third of the income band in that area, they are asked to vacate.

The Federal Government may also make loans to limited-dividend companies needing assistance to build low-rental housing projects. Such projects may be rented either to low-income families or to the elderly, whose often limited resources bar them from the general housing market. Either a municipality or a private group of public-spirited citizens may form a limited-dividend company but dividends must be limited to 5 per cent or less of paid-up capital. If the company can show evidence of a need in its locality for a low-rental housing project, Central Mortgage and Housing Corporation is authorized to lend, at a low interest rate, up to 90 per cent of the construction costs. Amortization usually extends over 40 or 50 years.

The clearance and redevelopment of slums and blighted areas is also eligible for government aid. Financially, federal assistance may extend to 50 per cent of the costs of acquiring and clearing the properties concerned. If renovation provides a better answer, the Federal Government may grant up to 75 per cent of the costs. The remaining costs are borne by provincial and municipal levels of government. Federal aid is dependent upon the

provision of adequate housing accommodation for those who are displaced by slum clearance. To meet the particular requirements of various projects in different cities, the Act provides that federal assistance will be available as long as the majority of the area concerned was, or will be, devoted to residential housing. Thus, industry and commerce, recognizing the economic potential of redevelopment of dilapidated downtown sections, are encouraged to initiate and/or support such schemes. The redeveloped land must then be devoted to its "highest and best use" - housing, commerce or industry.

By June 30, 1962, the Federal Government, through Central Mortgage and Housing Corporation, had agreed to grant more than \$29.4 million to 10 municipalities throughout Canada for redevelopment projects. Grants towards the cost of preliminary studies of such areas of "urban blight", along with the pre-planning of redevelopment projects, amounted to an additional \$762,000.

Generally, house-building is undertaken by specialists whose experience and knowledge are recognized as growing assets in an increasingly competitive business. Although the specifically designed "custom-built" house is by no means extinct in Canada, by far the largest number of houses are the work of large-scale, merchant-builders. Such companies often have substantial financial resources that enable them to undertake complete development of entire neighbourhoods, including the purchase of large tracts of land and the provision of all the facilities sought by today's homemaker. Shops, schools, churches, recreational facilities, streets, sidewalks, underground utility services, parks and playgrounds - all are included in the modern subdivider's plans for a successful residential development. Frequently, the builder has subsidiary companies handling real estate transactions, which often include the disposal of the customer's old house as well as the sale of the new.

Until recently, Canada's extremely cold winters created a major problem in construction work. Unemployment in winter and heavy pressures of demand in summer were both costly and wasteful. In addition to the costs imposed by expensive machinery lying idle for several months of the year, the contractor was faced with the problem of either disrupting work-crews or carrying personnel through to the next building season. In the last few years, however, both private industry and government agencies have combined their efforts to meet and overcome this difficulty. Careful planning of operations so as to ensure the completion of outside work before bad weather, together with the use of temporary enclosures - often big enough to cover the entire building - and special heating equipment, are some of the tools being used. Heated, pre-mixed concrete is another. Winter building is therefore constantly finding wider acceptance as a practical answer to the climate problem.

Since Canada is one of the world's largest producers of timber, it is understandable that a great deal of wood is used in Canadian house building. About 78 per cent of all new houses are of frame construction, employing a frame or skeleton of 2" x 4" lumber, over which a finished exterior wall is placed later. The exterior may be of stone, artificial stone, brick, stucco or wood.

Twenty per cent, on the other hand, are build of solid brick or stone or cement blocks. Again, an outside finish is often employed, usually of paint or stucco. Prefabricated houses are slowly gaining in popularity, and a more recent innovation is the "shell" home - a partially finished house constructed on the buyer's own basement or foundation. The "finish" work is then done by the owner, thus cutting the purchase price.

New materials are constantly being introduced. Laboratory tests on these are conducted by the National Research Council. Research on wood products is conducted by the Forest Products Laboratories of the Forestry Department. The Department of Public Works' research facilities are also employed.

The traditional materials of house building - wood, brick and plaster - have begun to appear in new guises. Plywood, fibre-board and acoustic tile for ceilings are a few examples. Plastics, though common in other industries, are relative newcomers to the building business. Even so, counter-tops in plastic laminates have begun to invade the kitchen and bathroom in recent years, as well as plastic floor tiling, wall-panelling and cold-water piping. Anodized aluminum siding requiring no painting is gaining popularity.

Today's typical house differs considerably from its counterpart of 15 - 20 years ago. In earlier years, the traditional Canadian style of architecture was a two-storey or one-and-a-half storey house. After 1945, there followed a pronounced trend toward bungalows. The majority of today's new houses are bungalows but there is evidence of a change in preference and a reversion to the older style. Although the split-level house is still popular, it represents only a small percentage of the total.

The average house has become larger in recent years, floor areas increasing to the point where more than 27 per cent of Canadian houses built in 1961 possessed 1,200 square feet or more of habitable space. In the same year more than three times as many houses were built with four bedrooms as were produced in 1956.

Larger houses have meant larger building lots. Serviced lots for houses built under the National Housing Act now average 6,000 to 7,000 square feet. The 60-foot frontage has become common in newer subdivisions. This represents a considerable increase over the 40-foot lot which was usual in pre-war days, even for suburban housing of good quality.

The increase in lot sizes has resulted in higher prices for today's houses, since almost all are built on freehold land the purchaser buys with the house. Where, in 1956, 14.6 per cent of the purchase price of an NHA property, was for land, in 1961 this proportion had increased to 17.5 per cent. Wider spacing of houses, necessitating longer sewer and water lines, has also added to costs. Where the municipality requires the builder to install these services, the costs have been transmitted directly to the buyer in the cost price. Otherwise, they have resulted in indirect payment through increased property taxation.

House prices vary considerably, but in 1961 the average price paid by a family borrowing under the National Housing Act was \$14,700, including land. The average NHA borrower's income in that year was \$5,810.

Climate plays an important role in house building, not only because of its effect on employment in the industry but because of its effect on the design of the house itself. While sub-zero temperatures are common in most parts of the country during the average winter, summer temperatures can easily reach 95 or 100 degrees Fahrenheit. When temperatures like these are combined with frequently-encountered high humidities, heat control becomes of the utmost importance.

Central heating has been widely used for many years, the most common form involving circulation of warm air from a furnace in the basement. In the older houses the air was usually circulated by gravity with coal as the fuel. Most houses today, however, use a forced-air system powered by electrically-operated fans. Oil fuel is common in Eastern Canada, but in the West natural gas is being increasingly used for heating purposes.

Modern houses are fully insulated, an air-tight blanket in walls and ceilings protecting the occupants from extremes of either winter or summer climate. Double windows, with an insulating air-space between, are required in most parts of the country and these have now been perfected to the point where they are available in the large "picture-window" sizes which have become so popular.

Although central heating dispenses with the actual need for fireplaces, they are, nonetheless, increasingly in demand by the modern home-buyer.

While many of the older houses, particularly in rural areas, lack proper plumbing facilities, all newer houses have indoor sanitation and fully-equipped bathrooms. Copper has largely replaced steel in water pipes and, as might be expected in view of the severity of the climate, all pipes are located inside the house.

Electricity plays a key role in the Canadian housewife's life and modern houses are fitted with 100-amp electrical service. Domestic circuits usually carry a voltage of 110 and all appliances, with the exception of the cooking stove, are built accordingly. The increasing use of electrical appliances such as automatic washing machines, clothes driers, floor polishers, dishwashers and miscellaneous kitchen equipment has placed a heavy load on existing circuits in many older homes, with the result that complete re-wiring has often become necessary.

It is perhaps inevitable that, in a period of rapid growth, more attention should be devoted to problems of planning. Certainly, in recent years, municipal governments have become more receptive to the ideas of town-planners and many towns and cities have either added technically qualified planners to their staffs or have retained part-time consultants.

Central Mortgage and Housing Corporation has stimulated interest in good subdivision design and house grouping. As well as among builders and municipal officials, it has encouraged fresh thinking on the part of students. By offering scholarships and bursaries to encourage training for a planning career, CMHC has helped the number of trained, professional planners. These have been further supplemented by planners brought by the Corporation from abroad.

CMHC also contributed to the setting up of the Community Planning Association of Canada, an organization providing a focal point for those interested in problems of modern planning, and the Canadian Housing Design Council, formed in 1956.

Early in 1962, the Canadian Council on Urban and Regional Research was founded. Though not intended to undertake its own research programmes, the Council will have as its main function the encouragement of further research on the subject of urban planning by universities and other bodies. It will also act as a clearing-house for the information thus obtained.

The problems of adequate planning for modern cities are immense. The opening up of new residential areas and the movement of commercial centres to outlying areas, either in response to new population groupings or to escape traffic congestion in downtown areas, have produced conditions of blight in many cities. Gradual deterioration of older residential districts, even in comparatively new cities, has also contributed to the need for rehabilitation and conservation. Although financial assistance for development is made available by the Federal Government, civic administrators and citizens alike are becoming increasingly aware of the need for their initiative and participation in civic planning and development. The importance of this subject is underlined by the expectation that, during the next 20 years, population growth is going to accelerate greatly in many parts of the country.

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