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## HOUSING IN CANADA

(Prepared by Central Mortgage and Housing Corporation, Ottawa.)

Canada's population grew from 14,009,245 in 1951 to 21,568,311 in 1971, and there is every indication that it will double by the year 2000. There has been a corresponding increase in the demand for new housing throughout the country.

As the population has expanded, so has the rate of urban development. A steady shift from rural to urban areas continues as farming shows a trend to increased mechanization and larger tracts of land can be cultivated by the individual farm family. Canada's urban population growth-ratio had increased from 66.6 per cent in 1956 to 74 per cent in 1966, with 29.3 per cent of the urban population concentrated in cities of 500,000 or more. This trend is expected to accelerate, and by the year 2000 more than 50 per cent of the population will be living in nine large metropolitan areas throughout Canada's vast land-mass.

**Family fission** The "undoubling" of traditional households due to changing living patterns also affects housing demands. Formerly it was not uncommon for as many as three generations of a family to live together in the same house. Recent surveys indicate, however, that an increasing number of children move away from the "core" household as they grow up; and more elderly persons also tend to live in separate dwellings of their own.

Thus changing social patterns, urbanization and population increase, combined with continuing immigration and replacement of deteriorated housing stock, will set the pattern for Canada's housing requirements in the coming years.

In response to these housing demands, the Federal Government is undertaking intensive studies to ascertain long-term housing needs and, together with private investment and initiative, will provide for the construction of some one million new housing units between 1969 and 1974. Federal responsibility for housing is discharged through Central Mortgage and Housing Corporation, a Crown company set up in 1945 to administer the National Housing Act.

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High ownership  
percentage

Canada has a strong agrarian heritage. The country was pioneered by owner farmers rather than tenant farmers, and the leaseholds and "lifetime" mortgages found in Europe were almost unknown. So it is not surprising that 1971 figures indicate a high proportion — more than 60 per cent — of Canada's total housing stock of about six million units is owner-occupied.

Home-ownership is facilitated by the relatively high income-level of Canadians (second only to that of their neighbours in the United States), which permits them to accumulate more easily the capital required to purchase a home. Almost universal automobile ownership has given the average city worker a much higher degree of mobility, permitting him to commute daily from his home in the suburbs. Another factor contributing to the popularity of home-ownership is the relatively small differential between the monthly carrying-charges required for apartment rental and for home-buying under the National Housing Act (NHA) mortgage system.

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 may be 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 own homes. In fact, 39 per cent of the 3.3 million housing units started since 1954 — more than one million dwellings — have been financed by the National Housing Act.

In recent years, federal participation has been increasingly directed to the needs of families with incomes as low as \$4,000. In 1972 alone, the Federal Government provided for the construction of more than 37,000 units for families in the lower third of Canada's income range.

Amortization

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. In 1972, more than 85 per cent of NHA mortgages were amortized over a 25-year period, as opposed to the five- and ten-year mortgages that were formerly common. Mortgage loans from both federal and private resources are available for the construction of rental properties.

Since the introduction of the 1954 National Housing Act, extensive changes have been made that greatly broaden the scope of federal assistance for housing. In recognition of the fact that housing needs are constantly growing broader and more complex, the statute embraces public housing, housing for the elderly, redevelopment programs, sewage-disposal systems and housing for both single and married university students. A preferential interest-rate applies to NHA loans in support of such undertakings.

#### NHA mortgages

For both borrower and lender, there are several advantages to a National Housing loan. The mortgage is insured by the Government, and since an NHA mortgage may cover up to 95 per cent of the lending value of the property, the down-payment is usually smaller than that required for a conventional mortgage. The 5 per cent equity each borrower must provide from his own resources may consist of cash, land or his own labour, or a combination of these elements.

Insurance companies, banks, trust companies and other lending institutions find NHA mortgages attractive because, in addition to the Government insurance feature, they offer a good return in a comparatively stable market. When the loan is made, the borrower pays a fee of about 1 per cent into a special mortgage insurance fund. From this fund, the Corporation undertakes to repay 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. The percentage of defaults has been very low since the scheme began in 1954.

Formerly, the maximum interest-rate of an NHA mortgage was set by the Government and adjusted quarterly according to an established formula.

In 1969, the NHA maximum ceiling interest-rate was abolished, with a view to avoiding the fluctuations of NHA mortgage flows that had occurred periodically when the interest-rate was fixed. As a result of the Government guarantee, NHA mortgages still tend to have a lower interest-rate than conventional mortgages.

#### 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, with 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 percent provincial share on a mutually-acceptable basis. Operational deficits are shared by the federal and provincial partners in the same 75-25 percent 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.

**Land assembly** Under federal-provincial arrangements, the Federal Government will provide, through the Corporation, 75 per cent of the cost of acquisition and development of land for public and general housing purposes; profits and losses of such an undertaking are shared on the same 75-25 percent basis by the Federal Government and the provincial governments. The land acquired may be serviced by the municipality and sold in lots, either to prospective homeowners or merchant builders. In some areas a similar federal-provincial partnership may assemble raw land for future development.

Under the NHA, loans of up to 90 per cent of the cost of acquiring and servicing land for public and general housing purposes may be made to a province, municipality or public housing agency.

**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. A province, 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 100 per cent of the lending value of a municipality or privately-sponsored projects as determined by the corporation. Provincially-sponsored projects may receive up to 95 per cent of lending value. Any non-profit organization may apply to CMHC for a contribution up to 10 per cent of cost to be applied against loan repayment. Private sponsors may receive a grant of up to \$10,000 for use as "starter-funds". The housing may consist of self-contained units, hostels or dormitories, or any combination of these.

Loans for low-income rental accommodation Within the provisions of the NHA, private *entrepreneurs* may obtain funds for the construction of low-income rental accommodation. Loans are made for up to 95 per cent of the lending value of the property.

Maximum rentals for the project are set out in a contractual agreement between the borrower and Central Mortgage and Housing Corporation, and may not be altered without the consent of the Corporation. They take into account such factors as unit sizes, the extent of services provided and the normal market-rents in the vicinity. These rents in turn determine the maximum income limits for both entry into and continuing occupancy of the units in the development. Rents for low-income units are lower than those for comparable accommodation in the open market, owing to the special low interest-rate attached to NHA loans for low-income housing.

Housing for Indians on reserves Central Mortgage and Housing Corporation has been making loans under the National Housing Act to status Indians on reserves for the construction of new houses, with the loans guaranteed by the Federal Department of Indian and Northern Affairs.

There is a growing stock of housing on Indian reserves. To facilitate access to this housing, the National Housing Act has been amended to authorize CMHC to make loans for the purchase and improvement of existing housing, as well as for new construction.

At the same time, status Indians on reserves may qualify for assistance under the non-profit, co-operative housing and assisted home-ownership programs of the NHA.

The changes will ensure that NHA assistance provided to individuals off reserves is also available to those who live on reserves.

House-building a major industry House-building in Canada today is a major industry, carried on by firms that 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 a time on a large tract of land they have purchased and subdivided into building lots. In the larger projects, provision will be made for schools, churches, shops, paved streets, sidewalks, underground utility services, parks and playgrounds.

**Winter building** Formerly, construction work virtually ceased during the winter months, when below-zero temperatures prevented builders from using conventional techniques. In recent years, the construction industry and the Federal Government have made efforts to solve this problem and thus offer year-round employment to construction workers. Research has resulted in the widespread use of improved winter-building techniques, including heated, pre-mixed concrete and temporary plastic tents, which can be heated, to enclose the construction-site.

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.

Of the single-detached houses financed under the National Housing Act in 1972, 68 per cent were bungalows, 25 per cent "split-levels" and 6 per cent two-storeys.

**Advantages of prefabrication** Prefabrication as a method of house-building is attracting increasing attention because of the savings that 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 result in new building materials being introduced to 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 used more and more despite a somewhat higher cost.

Cold-water piping, coloured exterior siding and moulded bathtubs are a few of the new uses for plastic in housing-building.

**A typical Canadian house**

Data based on new dwellings financed under the NHA in 1972 indicate that the typical Canadian house is a three-bedroom bungalow of frame construction with 1,049 square feet of liveable floor-area. The average cost of the bungalow is \$22,168, including \$4,333 for the freehold land the purchaser buys with the house. The average resident of such a house would be about 32 years old, married, with two children, and earning \$11,918. There is, of course, a very wide variation in these figures from city to city throughout the country.

Buying a home is becoming an increasingly expensive undertaking. Accordingly, the Federal Government is placing greater emphasis on schemes designed to facilitate home-ownership for families in the lower third of the income range. One such plan, the Assisted Home-Ownership Program, makes use of cost-reducing techniques such as variable interest-rates, extended-loan terms and, in several regions, provincial home-owner grants, rebates and interest-rate subsidies to bring home-ownership within the financial scope of families earning a maximum of \$6,000.

Such a house has a thermostatically-controlled central-heating system with electrically-powered fans blowing heated air through wall-ducts that are vented to each room. The fuel is usually oil or natural gas. Electric heat is gaining in popularity in many 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 numerous 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.

**Multiple dwellings**

In recent years, with the accelerating trend toward urbanization, buildings that make more intensive use of expensive land have become

an increasingly important part of the Canadian housing scene. In 1970, more than 60 per cent of the new housing units constructed were multiple dwellings.

High-rise apartments have long been a feature of Canadian cities, at times grouped with row or town houses and shopping centres, schools, parks and recreation areas to form an entirely new residential complex.

Condominiums, however, are a relatively new feature of urban Canada that appeals to the growing number of Canadians for whom rising construction and land costs have made home-ownership, in the traditional sense of a detached house, an expensive matter.

Condominiums are high-rise apartment buildings or row or town houses similar to those constructed in Canada for many years. But, instead of renting a unit, a prospective homeowner may buy his own apartment or row unit, just as he would buy a detached house. In addition to his mortgage payment, he would pay a monthly sum into a fund for the maintenance of commonly-owned, shared facilities such as hallways, elevators, parking lots, land and recreation areas.

Condominium units are generally priced in the same range as bungalows and, in many cases, the equity (the down-payment) required to purchase such a unit is somewhat lower than that required for the average bungalow.

Need for community  
planning

More and more municipal governments have turned their attention to programs 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 reinvigorate the centres of the cities and rescue them from the effects of decay. To assist provinces and municipalities in this field the following NHA programs were introduced in 1973:

- (1) A Neighbourhood Improvement Program offering a broad range of federal contributions and loans through Central Mortgage and Housing Corporation to assist in the improvement of living conditions in seriously deteriorated neighbourhoods. The purpose of the program is to encourage and support efforts of municipalities in concert with neighbourhood residents toward the improvement of their environment and the development of social and recreational amenities.

- (2) A Residential Rehabilitation Assistance Program under which federal funds are available from Central Mortgage and Housing Corporation to assist in the improvement and repair of sub-standard dwellings. This aid is available to home-owners earning \$11,000 a year or less, landlords who agree to rent controls, and non-profit corporations and co-operatives. The program applies to home-owners and landlords in areas participating in the Neighbourhood Improvement Program; in other areas through special agreements with provinces; and to non-profit corporations and non-profit co-operatives in any area.

The National Housing Act also provides assistance through Central Mortgage and Housing Corporation for the development of new communities either by way of cost-sharing arrangements agreed on between federal and provincial governments or by way of loans and certain "forgiveness" elements to the provinces or their designated agencies. CMHC may participate in the acquisition of lands for the new communities, including lands for transportation corridors and open space in or around the communities, the planning of the communities and the design and installation of services in them. A "new community" is an area of planned urban growth having all the facilities of a self-contained community. Spatially separated from an established community, it may be independent in its economic base or integrated with an existing urban centre.

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 programs being carried on in Canada. They also serve as a clearing-house for the exchange of information and research data.

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