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### HOUSING IN CANADA

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Canada is a young and rapidly growing country. In the space of a few hundred years it has become an industrialized nation of more than 16,500,000 persons. House-building, inevitably, has played a major role in the country's development.

To the early settlers, adequate shelter was not merely a matter of comfort. Theirs was a race against time, a race to put a roof over their heads before the first snows heralded the start of another harsh winter. In more recent years the building of homes has gone hand in hand with the opening up of new territories, the development of the country's natural resources and the expansion of industrial centres. There has always, therefore, been a pressing demand for housing in Canada.

Since the Second World War the population has grown rapidly, and this has posed an immense challenge to the house-building industry. In 1941 there were 11,500,000 people in Canada. Today there are more than 16,500,000, a gain of more than 5,000,000 in a period of 16 years. The country has one of the highest birth rates in the world; the average age at which marriages take place is young by European standards; and there has also been large-scale immigration since the end of the war.

This expansion is expected to become even more pronounced during the next 25 years and, in fact, a Royal Commission which in 1956 investigated the economic prospects of the country forecast that by 1980 Canada will have a population of some 26,000,000.

#### Urban Growth

Paralleling this growth in population there has been a steady shift from rural areas to towns and cities as farming becomes more mechanized and the country more industrialized. In 1957, two out of every three Canadians were living in a town or city of more than 5,000 population. Prior to the 1920's more than half the population lived on the land. The movement towards towns and cities is expected to continue. The Royal Commission estimates that within 25 years the urban population will double. These two tendencies--continued rapid growth and greater urbanization--set the pattern for Canada's housing development.

#### The Housing Stock

There are more than 4,000,000 dwellings in Canada. They range in size from the small single-family house to the huge apartment buildings of some of the biggest cities. They

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are of all ages. More than a million homes have been built since the Second World War, but there are many houses which are from 50 to 75 years old. Indeed, one in every 10 houses was built before 1900. Their physical condition varies considerably.

The oldest houses are in rural areas or around the inner cores of cities. The new housing is to be found in suburban neighborhoods on the outskirts of existing communities or in new towns occasioned by the development of new mining and industrial centres.

### Home Ownership

Canada has one of the highest proportions of home ownership of any country in the world with 65 per cent of existing dwellings occupied by their owners.

While the country remained predominantly agricultural a high proportion of home ownership and single-family dwellings was to be expected as Canada, at least within the last 100 years, has never been a tenant-farmer country--but the population has remained high even with the growth of cities. Undoubtedly this reflects the relatively high incomes of Canadians, the fact that so many people own automobiles providing ready access to the outskirts of cities and enabling families to live at some distance from their work, and the fact that rents in many Canadian cities amount to a very high proportion of income and have shown little sign of decreasing. There is also a shortage of three- and four-bedroom rental accommodation in some areas and this is a further inducement to large families to seek to own their own homes.

### Financing Home Ownership

To the average man the cost of a house is equivalent to several year's income, and only the more well-to-do can afford to make payment in full upon purchase of a house. The most common method of financing is to obtain a mortgage loan to cover the bulk of the purchase price. These are usually long-term loans repayable over periods of 10 to 25 years, made on the security of the property itself.

Loans of this type are made by a variety of financial institutions, such as banks, life insurance companies, and loan and trust companies. Credit unions, fraternal organizations and even individuals also commonly make mortgage loans.

The Federal Government and some of the provincial governments also assist families in purchasing a home. In fact, more than a third of the houses built in Canada since the Second World War involve Federal Government assistance in some form or other. The balance of new housing is financed by conventional mortgages, that is, mortgage loans not made under the Federal assistance programme, by cash or through loans from relatives.

Most mortgages are amortized. The borrower agrees to repay in equal monthly payments part of the principal as well as the interest due on the amount still owing. In this way the loan is fully paid off at the end of the mortgage period. There has also been a recent tendency to make loans for longer terms--commonly 10 to 20 years as opposed to the 5-10 year terms which was usually set in conventional mortgages during the interwar period. The adoption of the amortized mortgage and the lengthening of borrowing terms both reflect the influence of the Federal Government in the mortgage market.

Mortgage loans, of course are also available for the building of rental property, both under the federal scheme as well as through conventional channels. Conventional mortgage loans also can be obtained for the purchase of used houses.

### Federal Aid to Housing

Federal Government aid to housing consists primarily of a system of mortgage loan insurance to new construction. This programme is operated by the Government's housing agency, Central Mortgage and Housing Corporation, which administers the National Housing Act. In addition CMHC itself also makes loans in certain circumstances.

### Mortgage Insurance

Under the Federal Government's mortgage insurance plan a home-owner or builder can obtain a loan from a lending institution on somewhat easier conditions than on a privately-arranged basis, because of the reduced risk involved.

There are several advantages to the borrower.

The down payment, or the amount of cash the borrower has to find, is smaller than on a mortgage outside the National Housing Act. This equity must amount to at least 10 per cent of the cost of the property. The loan is for a period of 25 to 30 years and the maximum rate of interest is set by the Government. The rate is altered from time to time to take account of changed market conditions, but it is always lower than the interest rate charged for other types of mortgages. The maximum rate in 1957 was 6 per cent. Central Mortgage and Housing Corporation also requires that all houses built under this scheme must meet certain minimum construction standards, so that in effect the purchaser is given some protection as to the equality of the house he is buying. The maximum loan for a single-family home is \$12,800.

Lenders find the scheme attractive because of its insurance feature. When the loan is made the borrower pays the Government housing agency an insurance fee equal to two per cent of the amount of the loan and, in return, CMHC undertakes to pay the lender up to 98 per cent of the principal and interest outstanding in the event the borrower defaults. The property in such cases, of course, is turned over to Central Mortgage and Housing Corporation.

Virtually no defaults have occurred since the scheme was started in 1954. Prior to that time the Government shared with the lending institutions in making mortgage loans by itself providing 25 per cent of the loan.

### Direct Loans

Central Mortgage and Housing Corporation may also make direct loans to home owners who are unable to get a National Housing Act loan from a lending institution. There are some restrictions, but in general they are made on the same terms as would be available from a private lender. In addition there are special lending programmes for defence workers, for companies engaged in primary industry who want to provide housing for their workers, and for groups building low-rental housing.

## Public Housing

Large-scale low-rental public housing developments similar to those in United States or European cities are not common in Canada. Of those which do exist, almost all have been built since the end of the war. This is partly because of the preoccupation of Canadian towns and cities with problems of growth and, partly because of the difficulties of financing such schemes in earlier years.

The Federal Government provides financial assistance for the building of low-rental public housing projects and Federally-assisted public housing schemes have either been completed or are being built in 35 municipalities. Under the National Housing Act, the Federal Government can enter into a partnership arrangement with a provincial government to build and operate rental dwellings for low-income families. The federal authorities put up 75 per cent of the capital cost while the remaining 25 per cent is contributed either by the provincial partner or by its nominee. The partners share gains and losses on the same basis..

There are two types of schemes: those in which rents are set at a level high enough to recover the full operating expenses and at the same time pay back the initial investment over the finance period; and those in which rents are geared to the income of the individual family and the annual deficit is borne by the Federal and Provincial partners in the 75-25 per cent ratio. In full recovery schemes, where the rent is fixed for each dwelling, families are not admitted if their income is more than five times the monthly rental. If, after they are in, their income increases so that it exceeds six times their monthly rental they are obliged to leave.

The Federal Government may also make loans to limited-dividend companies to aid in the construction of low-rental housing projects.. Any group of public-spirited citizens which wants to help meet a need for low-rental accommodation may form a limited-dividend housing company in which dividends are limited to five per cent or less of the paid-up share capital.

Before such a loan can be made, however, members of the company must present evidence that conditions of shortage, overcrowding or sub-standard housing exist in the district in which the proposed project will be built.

## Urban Redevelopment

The building of public housing is often associated with the clearance of slums or blighted areas. Under a further provision of the National Housing Act the Federal Government provides financial aid for clearing and redeveloping such areas. The Government contributes up to 50 per cent of the cost of acquiring and clearing the land, the other half being supplied by the province or the municipality. Federal aid is dependent on adequate housing being found for any family displaced in the clearing of the area. This may be provided by a federal-provincial public housing project.

The redeveloped land has to be used for its "highest and best use", which can be either housing, industry or commerce. The area selected must also be substantially residential either before or following clearance.

To September 1, 1957, the Federal Government through Central Mortgage and Housing Corporation had agreed to make grants totalling more than \$5,500,000 to three cities--Toronto, Montreal and St. John's, Newfoundland--for redevelopment projects. In addition grants had been made to five other cities--Vancouver, Regina, Winnipeg, Saint John, N.B., and Halifax--to enable them to study their problems before undertaking redevelopment projects.

### The Building Industry

More than 400,000 Canadians are directly engaged in construction work. Hundreds of thousands of others are employed in industries producing building materials or in work associated with construction activity. The industry, in its widest sense, is therefore one of the most important employers in Canada. The proportion of the work force engaged in house building is between a quarter and a third of the total number employed in all phases of the construction industry.

In Canada there are large contractors conducting highly-integrated operations and willing to undertake non-residential as well as residential building, general contractors working on a contract basis, merchant builders and custom builders building individual houses on order for specific customers.

Most building organizations are small in scale. In 1955 two out of every three builders produced fewer than 15 houses a year. However, the increasing use of heavy, costly equipment at the site and the greater degree of mechanization in building operations today have tended to favour the bigger builders. In 1955, for example, five per cent of the builders who built under the National Housing Act were responsible for 40 per cent of that year's NHA programme.

The post-war period has seen the emergence in some of the more important centres of large merchant builders who plan and develop whole neighborhoods for sale. Such neighborhoods can contain hundreds of houses and production may be planned over a period of years. Frequently the builder has subsidiary companies handling real estate transactions and is in a position to arrange not only the financing of the new house but, sometimes, for the sale of the old house as well.

### Winter Construction

Because of the extremes of Canada's climate, a major problem facing the industry is the highly seasonal nature of almost all construction work. This results in considerable seasonal unemployment during the winter months and imposes heavy pressure on the supplying industries during peak building periods. The vagaries of the winter weather mean not only that expensive equipment lies idle through much of its working life but that work forces are disrupted and key personnel have to be carried through the slack months. Larger builders in particular are becoming aware of the problem and in the last few years a determined effort has been made by both government and private industry to increase the amount of winter construction work. In many cases careful planning to ensure that outside jobs are completed during the good weather has permitted builders to continue operations during the winter. Heaters and the use of plastic material to cover partly-finished frames have helped to make this possible. Experiments have been made in the construction of complete houses within protective plastic tents.

### Form of Construction

Canada is one of the world's largest producers of timber and it is not unnatural that a great deal of wood is used in the construction of Canadian houses. Almost three-quarters of the new houses are of frame construction, using 2 x 4 studs as skeletons. The outside save frequently finished in wood siding, but brick veneer, stucco and other materials are also popular.

Nearly a quarter of the new houses being built are constructed of masonry--solid brick or stone--cement or cinder blocks. The masonry itself may be used as the outside finish or stucco may be applied. The remainder of the new houses perhaps five per cent, are either prefabricated homes, assembled on the site from wood frames built elsewhere, or other types, such as trailer homes.

### Housing Research

New materials are constantly being introduced in the building trades by private enterprise. Laboratory tests on new materials are carried out by the National Research Council and research on wood and wood products is conducted by the Federal Forest Products Laboratories. The laboratories of the Department of Public Works test paints and investigate paint uses.

The traditional materials of house building--wood, brick and plaster--have also appeared in new guises. Plywood, in particular, is being widely used for panelling, in sub-flooring and in the construction of cupboards.

Plastics, commonly used in other industries but still relative newcomers to the housing field, are being resorted to for counter tops, wall panelling, water pipe, baseboards and tiling. Hardwood flooring is still used extensively, but composite-material floors, such as rubber or asbestos, are gaining in popularity and have become almost standard in modern bathrooms. Asbestos shingles and siding materials that require no painting have won wide acceptance.

### Typical House

The typical house being built today differs in many respects from the house of 10 to 15 years ago. Indeed, even in comparatively modern subdivisions it is possible to distinguish the more recent buildings from those of a few years ago.

In contrast to earlier years when the traditional house in town or country tended to be one and a half to two stories high, most of the houses being constructed today are bungalows. This trend, which first became evident in the years following the war, has become more pronounced in recent years and today eight out of every 10 houses are of this type.

The average Canadian house has become larger in recent years. The average floor area of houses financed under the National Housing Act now exceeds 1,100 square feet and lenders are hesitant about making loans on houses of less than 1,000 square feet because of the difficulty of resale. Most new homes have three bedrooms. In more expensive houses two-car garages are becoming common.

More than 90 per cent of houses being built have full basements. Because of the severe winters in most parts of Canada, footings and foundations have to go down four to five feet to be below the depth of earth which is frozen in winter. In such circumstances the addition of a basement does not add considerably to the cost of building and the advantages of building on concrete slabs at ground level are not very great. Moreover the trend towards bungalow-type housing has put a premium on storage space. The basement provides extensive storage space at cheap cost. It also permits home-owners to convert this area to workshops and playrooms at their leisure.

### Larger Lots

Increasing floor areas coupled with the tendency to build one-storey houses has brought about an increase in the average size of 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 compares with a 40-foot frontage which was usual before the war even for good quality suburban housing.

The increase in lot sizes, of course, has added to the cost of new houses, since almost all houses in Canada are built on freehold land and the purchaser pays for the lot as well as for the house itself. Wider spacing of houses has also made the provision of services more expensive, since it lengthens sewer and water lines. These costs have been transmitted to the home owner either in the form of higher municipal taxes, or, in those instances where the municipality requires the builder to install services at his own expense, in the form of higher house prices.

Prices of houses, of course, vary greatly, but in 1956 the average cost of houses bought by families borrowing under the National Housing Act was just over \$14,000. This includes the cost of land. The average income of NHA borrowers was \$5,300 and the bulk of NHA borrowers had incomes between \$4,000 and \$6,000 a year.

### Heating

Climate plays an important role in house-building, not only because of its impact on employment in the building industry, but because of its effect on the construction of the house itself.

Canada, with the exception of its seaboard provinces, experiences extremes of cold winters and generally warm summers. In many cities below-zero temperatures in winter are not abnormal, while even in comparatively warm centres such as Victoria, B.C., lows of 15 degrees below freezing are recorded. In the summer, on the other hand, temperatures range through the 80's and 90's. Control of heat therefore is an important factor at all times of the year.

Central heating has been widely used for many years, the most common forms involving circulation of warm air from a furnace in the basement. In the older houses the air was usually circulated by gravity with the heat being provided by a coal furnace. Most houses being built today use a forced air system powered by electrically-driven fans. The furnace is normally oil-fueled, although in Western Canada natural gas is being used increasingly for heating purposes.

Most modern houses are fully insulated and some of the older houses have been either partially or completely insulated. Double windows are required in most areas during the winter and consequently until recently large window sizes tended to be impractical. However, recent developments have made possible the use of large, fixed, double-glazed glass areas. These are commonly referred as "picture windows." In luxury apartments room air conditioners are being introduced.

Central heating dispenses with the need for fireplaces, but they are still found in the more expensive types of new homes, as well as in parts of the country where winters are milder.

### Plumbing and Electricity

While many of the older houses, particularly in rural areas, lack adequate plumbing facilities, almost all newer houses have indoor toilets and baths with showers. Copper has largely replaced steel or cast iron in water pipes and, naturally, 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 most modern houses are fitted with 100-amp electrical circuits. Domestic circuits usually carry 110 volts and all appliances with the exception of electric stoves are geared to this voltage. The increase in the number of electrical appliances such as washing machines, television sets, floor polishers and miscellaneous kitchen gadgets has placed a heavy load on existing circuits in some older houses and extensive rewiring has been required.

### Community Planning

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 people to their staffs or have retained part-time consultants.

Central Mortgage and Housing Corporation has stimulated interest in good subdivision design and house grouping among builders and municipal officials. It has also helped to increase the number of trained professional planners, by offering scholarships and bursaries to encourage students to train for a planning career and by bringing trained planners to Canada from abroad.

CMHC also contributed to the setting up of the Community Planning Association of Canada, an organization which provides a focal point for those interested in planning problems. The problems themselves are immense. The opening up of new residential areas and the movement of commercial centres to outlying regions, 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, cities are becoming increasingly conscious of the need to plan present developments with care, particularly since population growth during the next 25 years threatens to accelerate greatly in many parts of the country.

The Corporation, as the federal housing agency, gives planning advice to other Federal Government departments and agencies, as well as co-operating with provincial governments and with private firms engaged in housing development.

In addition to the planning of new communities sponsored by Federal Government agencies, such as Deep River, Ont., the town for workers of Atomic Energy of Canada Limited, interesting work has also been done by private firms. A good example is the Don Mills community built on 2,200 acres of farmland on the northeastern outskirts of Toronto. When completed it will be a balanced community of 35,000 people with its own industrial and commercial centres. The project is being undertaken by a private firm. Similar examples can be found in the Toronto and Montreal areas as well as in other parts of Canada.

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