

AN EXAMINATION OF MUNICIPAL NON-PROFIT HOUSING CORPORATIONS
IN CANADA WITH PERFORMANCE EVALUATIONS OF THE TORONTO,
OTTAWA AND WINNIPEG HOUSING CORPORATIONS

by

Glen Howard Radewich

A thesis
presented to the University of Manitoba
in partial fulfillment of the
requirements for the degree of
Master of City Planning
in
Faculty of Architecture

Winnipeg, Manitoba

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ABSTRACT

The shortage of affordable, rental housing for low and moderate income households is one of the most serious problems presently confronting Canadian municipalities, yet it has often been ignored or inadequately addressed by the private sector and government levels. One municipal response has been the formation of municipal non-profit (MNP) housing corporations under new federal non-profit housing provisions introduced in 1973 and 1978.

Upon reviewing early municipal housing involvement and initiatives, and examining the backgrounds, programs and problems/constraints of MNP corporations, performance evaluations are conducted on the MNP corporations in the Cities of Toronto, Ottawa and Winnipeg to determine their success in attaining their program objectives.

Although all three corporations have achieved at least moderate success, their ability to produce more housing and serve a higher proportion of lower income households has been affected by program constraints, inadequate funding, unit allocations and provincial and municipal support, a shortage of inexpensive, inner city development sites and economic conditions. Nevertheless, they have accommodated needy households, increased the affordable rental housing stock, upgraded existing housing and assisted in neighbourhood stabilization and revitalization.

As the affordable housing shortage problem will likely continue in the near future, the thesis' foremost recommendation is continuation and modification of Section 56.1, the principal on-going program addressing lower income housing needs. Increased provincial and municipal support is needed for the program. Furthermore, more municipalities must begin to adopt an interventionist housing role, with a first step being participation in the Section 56.1 program.

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GLOSSARY

'acq/rehab'	acquisition/rehabilitation
BNA Act	British North America Act
CAI	Core Area Initiative
CMHC	Canada Mortgage and Housing Corporation
CONPHC	City of Ottawa Non-Profit Housing Corporation
DHA	Dominion Housing Act
LEM	Low-End-of-Market
MHRC	Manitoba Housing and Renewal Corporation
MNP	Municipal Non-Profit
MUP	Maximum Unit Price
NHA	National Housing Act
NIP	Neighbourhood Improvement Program
OHC	Ontario Housing Corporation
RGI	Rent-Geared-to-Income
RRAP	Residential Rehabilitation Assistance Program
SAFER	Shelter Allowance For Elderly Renters
SAFFR	Shelter Allowance For Family Renters
THC	Toronto Housing Company
VHC	Vancouver City Non-Profit Housing Corporation
WHRC	Winnipeg Housing Rehabilitation Corporation

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Chapter 1

INTRODUCTION

1.1 INTRODUCTORY REMARKS

The lack of affordable¹ rental housing for low and moderate income households is one of the most serious problems presently facing Canadian municipalities. The problem, which has existed for a long time, is growing in magnitude. Whereas 20.2% of all Canadian renter households were experiencing affordability problems in 1976 the figure had risen to 21.6% by 1980.² The affordability problem is much less severe among owner households.

Since the rapid population growth of cities prior to and into the 1900's, the housing needs of lower income Canadians have frequently been ignored or inadequately addressed by the private sector and various government levels. Private developers have become increasingly unable or unwilling to produce housing for lower income groups due to rising development costs and the lower profit margins associated with producing less expensive forms of housing. Housing is a provincial jurisdiction under the constitution, yet it was not until the 1950's and particularly the late 1960's that the provinces displayed significant housing concern for the

lower income sector. The federal government has shown most concern for this income group as it has traditionally been the primary designer and financier of affordable housing production programs.

The municipal housing role has traditionally been confined to service provision and regulatory activities. Municipal initiatives to address lower income housing needs have usually been infrequent, limited in scope and short lived. As municipalities were not constitutionally obligated to undertake direct housing action, any initiative was often in response to critical housing conditions, public pressure and senior government financial assistance. It was such a federal incentive that encouraged municipalities to directly intervene in housing production as never before.

In 1973 the federal government introduced major programs for the Non-Profit (Section 15.1) and Cooperative (Section 34.18) housing sectors which were replaced in 1978 by the new Non-Profit and Cooperative Housing Program (Section 56.1). They offered financial assistance to non-profit charitable organizations, cooperatives and provincially or municipally owned non-profit corporations intent on providing and operating modest housing for low and moderate income households unable to afford such accommodation on the open market. Non-profit housing is housing produced and operated without any profit motivation. Municipalities viewed this as an excellent opportunity to provide decent, affordable,

publically-owned housing for economically disadvantaged and other special needs groups. In response to the program a majority of larger Canadian cities established municipal non-profit (MNP) housing corporations throughout the remainder of the decade.

1.2 STATEMENT OF PURPOSE AND OBJECTIVES

Since the 1973 non-profit housing program, MNP housing corporations have been formed by a wide range of municipalities - from large cities such as Toronto to smaller centres such as Ajax and Espanola, Ontario. They have developed programs designed to achieve local goals and federal program objectives. Some have been around for over ten years while others have only begun operation in the 1980's or even disappeared. An examination of the housing programs, problems and constraints, and performance of MNP housing corporations across the country has not been attempted to date to the author's knowledge. Such an examination is especially warranted in view of a recent federal evaluation of the S.56.1 program³ which has created much uncertainty over the program's structure and continued operation.

The purpose of the thesis is to determine how successful the MNP housing corporations in the Cities of Toronto, Ottawa and Winnipeg have been in attaining their development program objectives under the Municipal Non-Profit Housing component of the federal government's S.56.1 Non-Profit and

Cooperative Housing Program. The objectives of this thesis are:

1. To review municipal housing involvement and initiatives prior to the formation of MNP housing corporations in the 1970's in order to gain an understanding of the evolution of municipal housing involvement and direct intervention.
2. To examine the reasons for formation, development programs and problems/constraints of the MNP housing corporations in the Cities of Toronto, Ottawa and Winnipeg, and other municipalities.
3. To present a case in favour of greater municipal housing involvement, with one vehicle being the Municipal Non-Profit Housing component of the S.56.1 program.
4. To formulate recommendations for improvements to the Municipal Non-Profit component so as to enable MNP housing corporations to carry out their mandates - primarily, the production of affordable housing for low and moderate income households.

1.3 METHODOLOGY

Owing to the fact that MNP corporations have been established mainly by larger municipalities across the country, examination of specific corporations has been limited to the larger urban centres. To provide consistency the review has

been restricted to "City" rather than "Metropolitan" jurisdictions. The Cities of Toronto, Ottawa, Winnipeg and Vancouver have been selected for study. A performance evaluation will not be conducted on the MNP corporation in the latter jurisdiction due to its early demise. Although each centre is unique, they all possess certain physical, social, economic and political characteristics associated with larger urban centres, thus, any comparisons made have more validity than those made if a combination of large and small municipalities were used.

The selected cities offer a regional and population representation. The City of Toronto is located in Canada's largest urban area. It was the first city to form a MNP corporation, which has subsequently become the country's largest and most successful venture. For these reasons the City's corporation has received substantial coverage in this study. The City of Ottawa is a medium-sized centre with an active corporation. The City of Winnipeg, also medium-sized, has a relatively young corporation limited in activity. The City of Vancouver is also located in a large urban jurisdiction. It has been included because its corporation dissolved after a short period of time for reasons discussed in a later chapter.

Performance evaluations may be undertaken by identifying explicit housing needs and determining whether, or to what degree, these needs are being met by the housing corpora-

tions' activities. This method has not been utilized here due to the difficulty associated with producing accurate measurements of specific housing need and because the corporations are not the sole producers of rental housing for low and moderate income households. Similar to the method employed by Sawatsky,⁴ the performance evaluation has been conducted on the basis of performance measures developed from the stated goals/objectives of the corporations' programs and from common program efficiency criteria.

Information for this study was obtained from several sources:

1. An extensive review of literature (general, government, theses) obtained from public, institutional and government (federal, provincial, municipal) libraries and university academics across Canada;
2. An examination of annual reports, documents and information packages obtained from MNP corporations across Canada;
3. Correspondence with MNP housing corporations, major Canadian cities and provincial housing corporations; and
4. Information obtained from the Canada Mortgage and Housing Corporation (CMHC) Winnipeg office, personal interviews and City Council minutes.

1.4 SYNOPSIS

This thesis consists of eight chapters. Chapter 1 provides an introduction to the thesis. Chapter 2 reviews earlier municipal housing initiatives and involvement, explains the factors responsible for municipal housing action (or inaction), and discusses the traditional housing roles of the federal and provincial governments and their perceptions of the municipality's role. Chapter 3 examines the national and local conditions resulting in the formation of MNP corporations, the history and details of the federal non-profit housing programs and the program goals and structure of the MNP corporations in the four Canadian cities. Chapter 4 identifies the past and present major problems and constraints of the MNP corporations in these cities as well as the minor problems experienced by these and other corporations. In Chapter 5 performance evaluations are conducted on the Toronto, Ottawa and Winnipeg housing corporations. Chapter 6 presents a case supporting greater municipal involvement in housing through the MNP Housing Program by expounding the benefits of municipal housing involvement, non-profit housing, the federal program and MNP corporations. It also examines the extent of current municipal involvement in the program and the program's status. Chapter 7 provides a comprehensive summary of preceding chapters and recommendations for program improvements, while Chapter 8 concludes the thesis.

1.5 CHAPTER 1 FOOTNOTES

1. Housing is generally considered unaffordable when households must pay more than 30 percent of their gross income for shelter purposes. This figure is commonly used by government bodies. It is also recognized that certain households in the 25-30 percent range can experience housing affordability problems, thus, the usage of the '25 percent of gross income' figure for rent calculations in government sponsored housing projects.
2. Canada Mortgage and Housing Corporation, SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION (Ottawa: CMHC, 1983), Table 3.2, p.38.
3. CMHC's SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION was completed in November 1983.
4. Alan J.Sawatsky, "The City of Toronto Non-Profit Housing Corporation (CITYHOME): An Examination of Program History, Performance, and Constraints," an unpublished Master's thesis, University of Toronto, Toronto, Ontario (1982).

Chapter 2

TOWARDS AN UNDERSTANDING OF CANADIAN MUNICIPAL INVOLVEMENT IN HOUSING

2.1 INTRODUCTION

The purpose of this chapter is to examine the traditional housing role played by Canadian municipalities. Section 2.2 will review municipal housing involvement and initiatives from the early 1900's to the late 1960's. As will be seen, municipal housing intervention occurred much earlier than the period during which MNP corporations were formed. The factors responsible for municipal housing action (or inaction) will be outlined in Section 2.3. Since municipal initiatives were frequently dependent on senior government legislation and programs, federal and provincial housing roles and their perceptions of the municipality's role will be reviewed in the final section.

2.2 A REVIEW OF PRE-1970 MUNICIPAL HOUSING INVOLVEMENT AND INITIATIVES

2.2.1 Early Municipal Housing Concern

Early municipal concern with housing issues arose from the urban reform movement of 1880-1920, itself a product of the urban crisis which accompanied the rapid economic and

social transformation of the nation during this period. Along with physical, economic and population growth cities witnessed the concentration of all the ills of a rapidly growing, urban society. Crime, prostitution, disease, poverty and congested, unsanitary, housing conditions were rampant. Spokespersons for the urban reform movement originated from the growing middle class in the larger cities and encompassed professionals, businessmen, clergymen, women's organizations and humanitarians in pursuit of public health, social welfare and moral reform, municipal ownership of utilities, better town planning and reform of the civic political structure. While each group no doubt participated in the movement for its own reasons of self interest, there was a common thread for their actions. They recognized the prevailing urban crisis and believed in their ability to create an urban environment based on the primacy of civic community, social justice, social order and good government.¹

The rapid increase in Canada's urban population during the late 1800's and early 1900's, in association with real estate and building speculation and the meagre incomes of the newly arrived urbanites, resulted in a severe housing crisis for the nation's growing cities in terms of quality and quantity. These conditions prompted the urban reform movement to lobby municipal and provincial governments for regulatory action which by the early 1900's resulted in the

passage of public health, fire and housing regulations. By 1912 many larger cities had passed housing by-laws, were enforcing both municipal and provincial health codes, and witnessed the formation of Town Planning Commissions and Civic Improvement Leagues. The reform movement's interest in housing was through its concern for public health and industrial pollution which resulted in public health and building codes to prevent the spread of contagious diseases, and land use regulations to protect middle/upper income neighbourhoods from industrial pollution and lower income residents.

By 1910 the movement's lobbying efforts had instilled into the business and real estate-dominated city councils a somewhat greater degree of public consciousness towards the workers' living conditions. Previously all housing construction was undertaken by the private sector with government involvement virtually non-existent. Some individuals within municipal councils were becoming more receptive towards initiatives designed to ameliorate workers' housing conditions. In 1907 a reform-minded controller within the City of Toronto's administration succeeded in his lobby for a city appointed Housing Commission. Unfortunately, a Commission recommendation to confer upon the City the authority to build and rent workers' housing was rejected by City Council.² It was not until six years later that Toronto became the first Canadian city to initiate a scheme designed to house workers - the Toronto Housing Company.

2.2.2 The Toronto Housing Company

In 1913 the quasi-public Toronto Housing Company (THC) was formed to build decent housing for workers. Its formation was enabled by provincial passage earlier that year of Canada's first piece of housing legislation, the Housing Accommodation Act,³ which authorized municipal governments to guarantee an incorporated company's bonds to 85 percent of the housing and land value with the company providing the remainder. The legislation's intent was to encourage the production of reasonably sized dwellings with moderate rents. The THC is an important benchmark in Canadian housing annals as it represented the first major act of government housing intervention in any municipality, it was Canada's first limited dividend housing venture and it was the first example of significant municipal housing intervention.

Reformists, industrialists and City Council were united in their support for the THC's formation, however, concern for the working class was not the predominant motive of all groups. Humanitarians, reformist bureaucrats and other members of the reform movement held the greatest degree of legitimate concern for the working class even though a portion of movement members were middle or upper class and were out to protect their own interests. While constant pressure from this group forced local elected officials to recognize the substandard living conditions endured by the working class, Council support was largely based on the need to sta-

bilize the work force. The city could not afford to antagonize its primarily tenant, working class population by inaction to housing problems since disgruntled workers could easily migrate to prospering Western Canada via the national rail link. The greatest degree of support came from local industrialists and manufacturers who required a cheap labour supply. One component in limiting wage increases was the provision of lower priced workers' housing. They also believed that well-housed, healthy workers boosted productivity and decreased the probability of labour unrest.⁴

The THC experienced mixed success in its attempt to provide affordable workers' housing. After a few years of operation it had constructed homes for over three hundred families in two projects which were praised for their design qualities. Its internationally recognized efforts were closely observed by other cities and provinces resulting in the passage of similar provincial legislation in Quebec and a host of unsuccessful housing associations in other major cities. On the other hand, its unit rents, which comprised approximately half of the average workingman's monthly salary, were unaffordable to most families. Its inability to provide housing for the lowest quintile of the working poor foreshadowed housing programs developed in later years. No further construction was undertaken after 1923 but it was not dissolved until the early 1960's.⁵

2.2.3 Municipal Housing Commissions

The creation of the THC, while failing to make a major impact on the local housing scene, set a precedent for government intervention. In 1918, in response to Ontario's announcement of a temporary municipal loan program designed to alleviate the severe housing shortage precipitated by the war, the federal government introduced the Federal-Provincial Housing Loan Program which provided provinces with loans for housing construction. The provinces were also able to disburse these loans to residents, limited dividend companies and municipalities. A majority of the provinces participated in the temporary program by preparing the required general housing schemes and passing legislation enabling municipal participation through the formation of Housing Commissions to administer the loans and, if desired, acquire land and build houses.

Many major cities responded to the federal program by forming Housing Commissions. The Winnipeg Housing Commission, created in 1919, instituted a limited but very successful program of providing loans to qualifying residents for the construction of owner-occupied housing. Unlike other Commissions it managed to operate at a slight profit. Although over seven hundred homes were built, the main beneficiaries were white collar employees with above average incomes, rather than working class households targeted by the federal government.⁶

Most other Commissions experienced problems of poor housing quality, mismanagement, operating losses, inadequate funding and construction cost overruns resulting in the inability of workingmen and ex-servicemen to afford the new units. The Ottawa Housing Commission perhaps suffered to the greatest degree. Faced with all of the above problems the Commission dissolved in 1925 leaving the City with a net loss of over \$300,000.⁷

Considering its earlier pioneering effort in improving local housing conditions, it was somewhat surprising that Toronto refused to participate claiming that the program's land and construction cost restrictions rendered it unfeasible in larger urban centres. Others were of the opinion that real estate and construction interests kept Toronto out of the program.⁸ Instead, the city obtained legislation to fund its own housing. It appointed the Toronto Housing Commission, which consisted of five businessmen, to operate a program with the objectives of enabling lower income persons to secure a home and ensuring that no financial losses accrued to the City. After developing over two hundred single and semi-detached houses the Commission dissolved upon recognizing the incompatibility of the two objectives, with a commission of city officials assuming administration of the units.

Just as provincial, municipal and labour support was growing for the program the federal government proclaimed in

1920 that no further funding would be available.⁹ Reasons for the federal action included: it originally intended the program to be only temporary; the correlation between good housing and social stability became less important as social unrest peaked in 1919; its belief that government housing intervention produced many problems was reinforced by the difficulties experienced by some of the provinces and municipal Housing Commissions; and perhaps most importantly, it believed that housing construction was not within the realm of federal responsibility. The program's relative failure was demonstrated by its minimal contribution to relieving urban housing congestion, its inability to provide housing affordable to lower income households and the lack of effective town planning and civic housing schemes due to the absence of municipal expertise and commitment. The bad experiences of most Housing Commissions, with many becoming administrative and financial liabilities, was a major blow to those advocating an expanded municipal housing role.

2.2.4 Wartime Housing Programs

For almost two decades prior to World War II there occurred little senior government housing action to benefit municipalities. Government housing intervention during the 1920's was almost non-existent as prosperous economic conditions encouraged substantial activity by the private development industry, however, lower income residents continued

to experience substandard living conditions. By the mid-1930's economic and social conditions forced a federal response. The Dominion Housing Act (DHA) of 1935, which made federal housing loans available mainly to benefit middle and upper income groups, was largely a measure to increase employment by stimulating the construction industry. The National Housing Act (NHA) of 1938 was potentially a major breakthrough for municipalities as it included provisions for preferred loans to municipalities, limited dividend companies and provinces for rental housing construction available on a rent-geared-to-income (RGI) basis. No housing was produced since attention was focused on the war effort and the necessary complementary provincial legislation failed to materialize.

Similarly, municipal housing activity was low. Crowded, unsanitary, living conditions produced many municipal reports, housing committees and requests for relief measures. Cities were generally pre-occupied with administering relief programs and performing housing searches for households evicted or forced out by foreclosures. An exception was Toronto which adopted a Standard of Housing By-law in 1936 which became a North American model, created a Housing Division in 1938 and prepared a slum clearance plan in 1939. Municipal housing activity did not increase until 1941 when a federal Crown corporation - Wartime Housing Limited - was created to build temporary, inexpensive housing in centres

suffering from severe housing shortages as a result of rural in-migration and minimal housing construction during the war. To receive Wartime Housing qualifying cities were required to submit a request and supply fully serviced lots. The corporation was responsible for construction, rental, payments to the city in lieu of taxes and eventual sale of the units to the city.

The program was an unqualified success as well as a significant event in intergovernmental relations. Up to 1947 it produced 26,000 units with a further 25,000 units in the following three years during which it became the Veterans Rental Housing Program.¹⁰ Many cities, with Ottawa as one exception,¹¹ benefitted from the program through the receipt of needed housing and experience gained from program participation. The program represented the first time that direct interaction had occurred between the federal and municipal governments. Even though it was a constitutional irregularity little provincial objection was voiced. The federal-municipal interaction transpired into a cooperative relationship during the early post-war years.

Although not specifically a wartime program, the expanded 1944 NHA offered opportunities for increased municipal housing activity. The Act included provisions for municipal and provincial slum clearance assistance on the condition that low rental housing was the replacement. Loans were made available to limited dividend corporations to assist in low rental housing construction.

2.2.5 The Post-War Years, 1946-1963: Small Steps Towards Increased Municipal Housing Involvement

The post-war period witnessed the growth of a strong federal housing role, the beginnings of increased provincial participation and little expansion of the municipal role. The prospect of increased municipal housing responsibility, based on the success achieved through the Wartime Housing programs, failed to materialize as subsequent programs delegated minimal responsibility to municipalities.

The lone exception in this period of subdued municipal activity was Toronto. After receiving provincial approval to pass slum clearance and redevelopment by-laws, in 1947 it became the first city to enter into an agreement with the federal government under the 1944 NHA for development of Canada's first public housing project - Regent Park North.¹² In the face of a divided City Council Toronto taxpayers approved through a plebiscite the expenditure of approximately \$6,000,000 for the project, which resulted in the construction of almost fourteen hundred units over the period 1948-1958; in a subsequent expansion more than seven hundred units were developed over the period 1956-1959.¹³ Undoubtedly, the City's large financial commitment was partly responsible for the lack of unanimous Council support.

The first indication of changing roles was the 1949 federal-provincial partnership (Section 40)¹⁴ for public housing development which marked the beginning of increased pro-

vincial housing involvement in Canada. Federal-provincial negotiations replaced the direct federal-municipal interaction that occurred a few years earlier. Provinces had the option of requiring a municipal contribution which ranged from 7.5 percent in Ontario to 25 percent in Alberta, Nova Scotia and Manitoba. Municipalities were responsible for project initiation, site selection and the provision of services to site boundaries. Nevertheless, the program effectively ended any municipal role in public housing by centralizing authority at the provincial level at the expense of retaining local decision making power.¹⁵

Substantial success eluded the program even though many cities accepted the role of initiator. Municipal efforts were constrained by provincial inability and reluctance to commit adequate funds; public opinion that government assistance should not be wasted on indolent individuals; opposition from residents of neighbourhoods designated for redevelopment and from residents of surrounding neighbourhoods; limited financial resources; and the lack of administrative skills necessary to engage in the research and planning of a public housing proposal. In spite of these constraints some cities experienced program activity, although most failed to receive any benefits until the mid-1960's.

During the 1950's, in addition to participating in the public housing program, municipalities became increasingly pre-occupied with urban redevelopment after it received

greater recognition in the 1954 and 1956 NHA amendments. The financial assistance made available under the 1954 NHA for the production of comprehensive redevelopment studies yielded a number of urban renewal studies from large cities beginning with Toronto's in 1956. Special boards and departments were created to deal with redevelopment issues. Significant physical changes did not occur until after the 1964 NHA amendments.

This period also saw municipal involvement in the production of limited dividend and non-profit housing. Under the NHA's limited dividend provisions (S.15) municipalities sponsored limited dividend housing corporations to undertake affordable rental housing construction,¹⁶ primarily for families. From 1944 to 1964 municipalities, as well as service clubs and community groups, wishing to provide lower cost housing for other needy households, particularly the elderly, developed non-profit housing under the same NHA provisions which provided loans for 90 percent of construction costs. The program, municipally praised for its flexibility and ease of negotiations, often produced more units than the public housing programs. Municipal interest in the program, and low cost housing in general, soon diminished when provincial financial assistance was not forthcoming.¹⁷

In 1964 major amendments were made to the NHA which resulted in increased provincial housing activity and benefited municipalities through the introduction of major pro-

grams, yet the municipal housing role remained insignificant. Federal concern over the public housing program's dismal performance¹⁸ and its growing support for an expanded municipal role in public housing resulted in a second public housing program. The Section 43 program offered federal loans to provinces and municipalities covering 90 percent of construction costs instead of the 75-25 federal-provincial cost sharing of Section 40, and an equal split of operating costs, unlike the 75-25 federal-provincial split under Section 40. Greater municipal participation in project planning occurred under the new program, yet the municipal role remained small. The financing arrangements virtually prohibited municipalities from proceeding without provincial participation; upon receiving a 90 percent loan a municipality would be required to put up 10 percent equity and half of the operating costs. All provinces except Ontario continued to utilize the old program throughout the 1960's.

Urban renewal received a prominent and defined position in federal legislation through the 1964 NHA amendments which provided all the financial incentives necessary for cities to embark on a comprehensive renewal program. Public housing under Sections 40 and 43 was built usually, but not solely, in conjunction with urban renewal projects. Unfortunately, urban renewal objectives often overshadowed the original purpose of public housing.¹⁹ Since public housing

and renewal projects depended upon provincial approval and senior level funding, without which it would be impossible for cities to engage in such capital intensive endeavors, municipalities continued to play a subordinate, unassuming housing role.

Federal government interest grew for a more substantial municipal role in public housing development, as shown by the 1964 NHA amendments which expanded municipal authority in this field. Ironically, the amendments had the opposite effect as they included provisions which gave provincial housing corporations access to loans, with attractive rates and terms, for public housing construction. Beginning with Ontario in 1964, provinces established housing corporations during the late 1960's to produce lower income housing. As provincial housing involvement increased in the second half of the 1960's, municipalities, which experienced a reduction in responsibilities, became generally disinterested in low income housing provision. Municipal housing interest did not resurface until the second urban reform movement of the early 1970's.

2.3 FACTORS RESPONSIBLE FOR MUNICIPAL HOUSING ACTION **(INACTION)**

A number of factors were responsible for the action (or inaction) taken by municipalities in housing: jurisdictional; financial; belief in the traditional municipal role as a

provider of services and regulator; public opposition; and, an inadequate municipal administrative structure.

Municipal housing action was most affected by the jurisdictional factor. Under Section 92 of the British North America (BNA) Act constitutional responsibility for housing provision was granted to the provinces. Section 91 entrusted the federal government with powers to control fiscal policy. As a result, responsibility for housing lay with the provinces, yet the 'tools' for housing policy implementation rested with the federal government which was also able to influence housing activities through revenue collection and subsequent provision of incentives and subsidies. The result was confusion as to who was responsible for housing. What evolved was a dominant federal role as financier and designer of programs and policies, a secondary provincial role of providing supplementary funding (more independent actions did not occur until after 1964) and a minimal municipal role involving project initiation, program implementation and some cost sharing.

Municipalities are 'creatures' of the provinces. They possess only those powers delegated to them by their respective provincial governments. Legally, municipal passage of housing policies and participation in federal programs were all subject to provincial approval. It may be argued that municipalities had a certain degree of moral responsibility to intervene more extensively in housing matters for the

benefit of their residents, however, they were under no obligation to do so. When intervention did occur it was often in response to pressure from socially oriented groups, individuals and reformers criticizing municipal inaction in the face of severe housing conditions or the introduction of new senior government programs which required local initiative or encouraged it.

Even when housing initiatives were contemplated by cities, their lack of financial resources often precluded any further action. In the constitution local governments were intended to be primarily administrative, rather than policy oriented. As their concerns and needs were to be generally simple and not capital intensive, the bulk of their revenue was to be derived from the property tax which subsequently proved to be inadequate as municipal needs became more numerous and complex. With scarce municipal revenues allocated to basic program expenditures, cities were hard pressed to commit monies for extra services such as housing.

Due to inadequate finances, housing involvement frequently depended on the financial assistance or favourable cost sharing arrangements offered by federal and provincial housing programs. Participation in the capital intensive public housing and urban renewal programs would not have occurred, or at least would have been quite limited, if substantial senior level assistance had been unavailable. When senior level support for these programs expired in the late 1960's

so did most municipal programs. Revenue generation through property tax increases was considered politically unviable by civic politicians intent on retaining their elected positions. Reliance on this source also produced municipal favouritism towards expensive residential projects developed by private builders, rather than government sponsored public housing which did not contribute as much to the local tax base.

A third factor which affected municipal housing action was adherence to the view the municipalities should primarily be providers of basic services (ie. water, sanitation, streets) and that their housing related activities should be regulatory. The rate at which new developments were introduced was affected by municipal provision of 'hard' and 'soft' services. Reinforced by constitutional provisions, major regulatory activities consisted of land use control through zoning and master plans, regulation of quality in new subdivisions through approval and development agreement procedures, and protection of the existing housing stock through the enforcement of health, occupancy and minimum standards by-laws.

This view had its share of supporters. Prior to the critical housing shortages and substandard living conditions experienced during the war and Depression periods, most municipalities perceived their role to be regulatory. They became more involved in addressing housing problems when de-

teriorating conditions resulted in public demands for action. Municipal initiatives rarely received full local government support since the business and real estate-dominated Councils preferred a passive role that did not interfere with the free enterprise system. The federal and provincial perception of cities as 'regulators' changed temporarily when the housing crisis intensified during World Wars I and II; municipalities were seen as obligated to provide relief measures for their residents. A more permanent senior government perception of municipalities as more than just 'service providers and regulators' did not emerge until many decades later.

Taxpayer opposition to proposed municipal housing projects discouraged local attempts to ease the crises. Slum clearance and low cost housing proposals were frequently vetoed by a large segment of the employed, taxpaying public which remained unsympathetic to the plight of the jobless and working class poor. Public approval of Toronto's Regent Park project surprised many people. Public rejection of a project often negated years of intense municipal effort involving long negotiations with senior government levels. In following years municipal politicians hesitated in introducing new proposals believing they would not receive public approval. Councillors were not prepared to risk their positions on a publically unpopular scheme.

Finally, greater housing activity was hindered by the absence of a well developed, administrative infrastructure. For many decades into the 1900's most municipalities lacked the expertise and administrative ability necessary to propose and implement a housing project. As a result, housing programs were usually federal-provincial ventures and any direct federal-municipal relationship required a strong federal role. By the late 1960's most major cities had acquired a higher level of competency from experience gained in administering some senior programs.

2.4 A REVIEW OF FEDERAL AND PROVINCIAL HOUSING ROLES AND PERCEPTIONS

2.4.1 Federal

The early federal position on housing was that it was a constitutional provincial responsibility as well as the concern of municipalities and the private sector. Its first housing intervention, the Federal-Provincial Housing Loan Program of 1918, was in response to public pressure and the need for post-war reconstruction and employment. It did not view this action as an acceptance of any long term housing responsibility. Its second significant intervention, the Dominion Housing Act of 1935, did not emerge out of a conviction that state intervention was necessarily desirable, but was a response to current economic, social and political conditions. The DHA was its first major piece of housing legislation and the first step towards continuous housing involvement.

The federal government did not believe in sustained intervention until the latter years of World War II when it was seen as necessary for successful post-war reconstruction. The success of the Wartime Housing programs also influenced its attitude. An example of this attitudinal change and an indication that housing policies would play a major role in the country's readjustment period was the 1944 NHA which emphasized increased government involvement, particularly in lower income housing provision.

The federal government's traditional housing role as designer and primary financier of programs evolved during the post-war period. While housing was still viewed as a provincial responsibility, it believed that any effective solution to the housing problem must include inter-governmental and private sector cooperation. Its desire to encourage provincial assumption of housing responsibilities resulted in the 1949 federal-provincial public housing program. At this point it was still satisfied with a low key municipal role.

By the late 1950's, based on perceptions that municipal competence had risen and the public housing program's lack of success was partially a result of limited opportunities for municipal involvement, federal support grew for an expanded municipal housing role. This new attitude was reflected in the introduction of a second public housing program and an urban renewal program in the 1964 NHA

amendments. Although both programs enabled greater municipal participation in project planning, municipalities continued to be subordinate actors in housing and urban redevelopment. The new NHA created potential opportunities for municipalities, however, it also included provisions which encouraged large scale provincial entry into housing, thus, relegating municipalities to third class participants.

2.4.2 Provincial

Provincial housing involvement was very limited prior to 1949 even though provinces were responsible for civil and property rights under the constitution. With a few exceptions, the prevailing attitude was that the federal government should address housing issues, especially during and after war years. Ontario's municipal housing loan program of 1918 was intended to be a temporary initiative primarily to persuade the federal government and other parties to introduce similar housing relief. It was not to be considered an admission of provincial responsibility, thus relieving the federal government, municipalities, employers and citizens of their public obligations.²⁰ It was not until federal creation of the public housing program with its cost sharing arrangements that the provinces were encouraged to begin to accept some of their responsibilities.

As well as being politically unprepared to accept greater responsibilities, the provinces lacked the necessary admin-

istrative skills and financial resources. These factors were also responsible for their minimal objection to the federal-municipal interaction that occurred during the War-time Housing programs. The provinces, with the possible exception of Ontario, were incapable of dealing with the pressing problems of urban redevelopment and town planning, particularly in the immediate post-war period. Consequently, they favoured partnerships, such as the one in 1949, in which the federal government provided the majority of funding. Even then, many remained unprepared to accept their constitutional responsibilities in housing and other urban development areas.²¹ The 1949 program marked the beginning of the traditional provincial role as providers of complementary funding. As a result of increased administrative competence gained from their participation in post-war programs, a growing social consciousness, and most importantly, the 1964 NHA amendments which offered attractive financial incentives for provincial housing activity, the provinces entered the housing scene in a big way beginning with the formation of the Ontario Housing Corporation (OHC) in 1964.²²

Prior to the 1970's provinces viewed municipalities as providers of local services, regulators and initiators of public housing (via requests). They exercised a great deal of power over cities as municipal initiatives required provincial approval or enabling legislation. Municipal inter-

est in housing program development depended on how highly respective provincial governments rated housing among their other public responsibilities. Municipal interest did not develop in provinces, such as Quebec, Alberta and Manitoba, which did not participate in the 1949 program or required local governments to assume all or most of the 25 percent provincial share of capital and operating costs.²³ When provinces formed their own housing corporations in the 1960's municipalities were often viewed as obstructionists by creating delays and objecting to proposals, consequently, municipal participation was not encouraged.

2.5 CHAPTER 2 FOOTNOTES

1. Paul Rutherford, "Tomorrow's Metropolis: The Urban Reform Movement in Canada, 1880-1920," THE CANADIAN CITY: ESSAYS IN URBAN HISTORY, eds. G.A. Stelter and A.F.J. Artibise (Toronto: The Macmillan Company of Canada Limited, 1979), pp.382-383.
2. Shirley Spragge, "A Confluence of Interests: Housing Reform in Toronto, 1900-1920," THE USABLE URBAN PAST: PLANNING AND POLITICS IN THE MODERN CANADIAN CITY, eds. A.F.J. Artibise and G.A. Stelter (Toronto: The Macmillan Company of Canada Limited, 1979), p.250.
3. Cassie Doyle, "Municipal Initiatives in Housing, 1900-1970: The City of Ottawa," A report prepared for the City of Ottawa Non-Profit Housing Corporation. (Ottawa: 1982), p.5.
4. Spragge, "A Confluence of Interests", p.254.
5. Throughout the 1930's the relationship between the THC and the City of Toronto became strained as the City half-heartedly yielded to two THC requests to pay the bond interest. To avoid further financial outlays and partially recover previous losses, the City initiated property mortgaging proceedings in 1939. In 1961 the THC's mortgage debt was wholly discharged by the City with the latter receiving the balance of the principal and interest owed to it. By 1964 the City was no longer obligated to the THC as

it sold off all its shares except for two-fifths of one share of voting stock which it retained until 1973. Following 1964 the THC amalgamated with three other companies and its housing units entered a period of physical decline.

6. Andrew E. Jones, THE BEGINNINGS OF CANADIAN GOVERNMENT HOUSING POLICY, 1918-1924 (Ottawa: Centre for Social Welfare Studies, Carlton University, 1978), p.29.
7. Doyle, "Municipal Initiatives in Housing," pp.10-15.
8. Spragge, "A Confluence of Interests", p.259.
9. Faced with persistent pressure the government allocated a further 25 percent to the amount available to each province. Funding finally ceased in 1924 when the provinces which had entered into agreements with the municipalities fulfilled their obligations.
10. Central Mortgage and Housing Corporation, HOUSING IN CANADA, 1946-1970: A SUPPLEMENT TO THE 25th ANNUAL REPORT OF CENTRAL MORTGAGE AND HOUSING CORPORATION, (Ottawa: CMHC, 1971), pp.9-11.
11. The Ontario government refused to approve an agreement between Wartime Housing Limited and the City of Ottawa for the construction of three hundred homes claiming that the City's financial obligations in the scheme were excessive.
12. While Regent Park N. was Canada's first planned public housing project, in 1917 the federal, Nova Scotia and City of Halifax governments embarked on an emer-

gency housing program for people who had lost their homes as a result of an explosion which razed a large portion of the harbourfront area.

13. The Metropolitan Toronto Planning Board, REPORT ON THE IMPACT OF LIMITED DIVIDEND HOUSING ON THE DEMAND FOR SUBSIDIZED PUBLIC HOUSING IN METROPOLITAN TORONTO (Toronto: 1963), pp.6-7.
14. Under Section 40 the federal government absorbed 75 percent of the capital and operating costs involved with public housing construction. The remaining 25 percent was borne by the provincial governments.
15. M.Dennis and S.Fish, PROGRAMS IN SEARCH OF A POLICY: LOW INCOME HOUSING IN CANADA (Toronto: A.M.Hakkert, 1972), pp.144-145.
16. Examples of such municipally sponsored corporations included the Metropolitan Toronto Housing Company (elderly persons housing) and the City of Toronto Limited Dividend Housing Corporation (family housing).
17. As Section 15 did not include federal operating subsidies, provincial financial assistance was requested by cities to offset the operating costs. Cities were unable to afford the building costs associated with the program when the provinces, preferring the public housing program, refused to provide assistance.
18. The Section 40 program produced less than twelve thousand units during the 1949-1960 period.

19. Harold Kaplan, REFORM, PLANNING AND CITY POLITICS: MONTREAL, WINNIPEG, TORONTO (Toronto: University of Toronto Press, 1982), p.269.
20. Jones, THE BEGINNINGS OF CANADIAN GOVERNMENT HOUSING POLICY, p.9.
21. An exception was Ontario. It had already taken steps towards assuming a major role in housing provision. Its 1946 Planning and Development Act made it easier for municipalities to foster housing improvement and urban redevelopment via planning and zoning policies. Its 1948 Housing Development Act made it possible for the province to enter the second mortgage market and introduce an assistance program for municipalities interested in housing and redevelopment.
22. Ontario's full-fledged entry into the public housing field was also due to its dissatisfaction with CMHC's inflexibility and lack of knowledge of local housing needs. The OHC was to produce low income housing and act as an intermediary between the federal and municipal governments. This latter role was fleeting as it quickly embarked on an aggressive mission of public housing development with an emphasis on quantity. Its frequent independent actions strained its relationship with CMHC and other provincial departments. Provincial-municipal relations deteriorated due to its failure to consider municipal priorities and development plans.

23. Albert Rose, CANADIAN HOUSING POLICIES, 1935-1980
(Toronto: Butterworth and Company, 1980), pp.22-23.

Chapter 3

THE BIRTH OF MUNICIPAL NON-PROFIT HOUSING CORPORATIONS IN CANADA

3.1 INTRODUCTION

The purpose of this chapter is to examine the circumstances surrounding the formation of MNP housing corporations in Canada. The nation's second urban reform period, during which citizen opposition to the undesirable effects of urban growth pressured municipal governments into adopting a stronger housing role, will be examined in Section 3.2. The introduction of the federal non-profit housing programs will be discussed in the following section. Section 3.4 will look at the local circumstances behind the formation of MNP corporations in the Cities of Toronto, Ottawa, Winnipeg and Vancouver, as well as their program goals and structure.

3.2 THE BEGINNING OF CANADA'S SECOND URBAN REFORM MOVEMENT

The second reform movement originated as citizen opposition to urban renewal after 1965. Growing discontent with the program's insensitive 'bulldozer approach' sparked grass-roots rebellions in major cities calling for its termination. The public housing component was criticized for creating low income ghettos, producing poorly constructed

units and providing inadequate social and recreational facilities. Public pressure and the program's failure to attract significant private investment caused many cities to lose interest in the renewal program. Toronto's neo-reform bloc elected in 1969 demanded nothing less than its cancellation.¹ Public opposition was also directed at the negative consequences of urban growth such as the intrusion of expressway and high density developments into residential areas.

The proliferation of vocal citizen's groups, formed to present a united force against threats to their communities, produced many articulate spokespersons for the movement. Those interested in urban reform saw local government as their most appropriate vehicle for it was open to public participation, lacked formal political parties and was vulnerable to take-over by a strong and well organized grassroots movement.² As public demand for municipal action intensified, local governments were forced to pay greater attention to housing and urban development issues.

Coinciding with the movement's formative years was growing acceptance of the view that all Canadians, regardless of their financial means, have a basic right to adequate housing. This view was reinforced by the 1969 REPORT OF THE TASK FORCE ON HOUSING AND URBAN DEVELOPMENT, which was a federal response to public criticism of the urban renewal and public housing programs and the need for a re-examina-

tion of the federal role in housing provision in a rapidly urbanizing society. Its criticism of these programs, much to the approval of the reform movement, resulted in the urban renewal program's cancellation in 1969. It formed the basis for federal housing policy in the early 1970's even though its recommendations were rejected within the federal Cabinet.³

By the late 1960's all government levels began to heed some of the concerns of the reform movement. They realized that in order to be truly responsive to citizens' needs housing must be provided for all income groups. Most provincial housing corporations were formed between 1967 and 1969 to undertake low income housing production. Often in the quest for rapid public housing development to meet public demand, minimal attention was paid to developing municipal housing expertise or creating opportunities for a more substantial municipal role. The federal government became increasingly pre-occupied with the need to develop housing programs incorporating income distribution features. In its opinion, housing should not be "an economic commodity that can be bought and sold according to the vagaries of the market, but a social right."⁴ Its growing concern over inadequate low income housing production was reflected in the 1973 NHA amendments.

3.3 THE FEDERAL NON-PROFIT HOUSING PROGRAMS

3.3.1 Background to the Non-Profit Housing Concept

Non-profit housing, along with cooperative housing, is often referred to as 'third sector housing'. Its basic premise is the elimination of a profit margin with no proprietor, member or shareholder being able to personally benefit from any income or capital appreciation. In most cases rents fall below market levels and are raised only to meet operating cost increases. Non-profit housing can be government sponsored, privately sponsored or in the form of continuing cooperatives.⁵ Government sponsored non-profit bodies are almost exclusively municipal or provincial corporations.

The roots of non-profit housing originate from the 1944 NHA limited dividend housing provisions (Section 15)⁶ which offered direct federal loans at preferred interest rates to municipally-owned corporations, builders and private non-profit groups (eg. service clubs, churches). The provisions were primarily designed to encourage municipalities and community groups to undertake low rental housing construction for lower income families; under the program they produced a limited number of non-profit units mainly for senior citizens. Private entrepreneurs produced most of the housing, primarily for families, although program restrictions on dividends and rent levels discouraged a high level of activity. The provisions accounted for almost three-quarters of

the units constructed for low income households between 1946 and 1964.⁷

Non-profit housing received an identity separate from entrepreneurial limited dividend housing in the 1964 NHA amendments, as the lackluster performance of the latter sector persuaded the federal government to try to improve the non-profit sector.⁸ Section 16A, the new section created to deal with non-profit groups, made loans available to municipal and provincial non-profit bodies, charitable groups and cooperatives. Besides encouraging private non-profit construction, by far the major producers of this housing, the 1964 provisions resulted in the formation of a few civic housing corporations whose activities were phased out with the growth of provincial public housing activity. Although far from extensive, earlier municipal involvement in the non-profit and limited dividend sectors provided a foundation for the formation of MNP corporations following the 1973 amendments.

Following a period of large scale evaluation of its housing role prompted by major government reports and reform activity, the federal government introduced the 1973 amendments. For a number of reasons their major thrust was the encouragement of third sector activity to benefit lower income Canadians whose needs were not being met. Existing non-profit groups found it financially difficult to serve elderly and lower income families during inflationary times.

The growing cooperative sector and organized labour lobbied for more third sector aid. This sector was also seen as a way to increase citizen participation in the development and management of housing as well as make housing more of a community concern.⁹ The amendments encouraged municipalities to become involved in housing as never before.

3.3.2 The 1973 and 1978 Non-Profit Housing Programs

The Non-Profit (S.15.1) and Cooperative (S.34.18) housing assistance programs, two of several programs created by the 1973 amendments,¹⁰ offered financial incentives to encourage and assist third sector groups in expanding the range of affordable housing opportunities for low and moderate income households, primarily families, senior citizens and special needs groups such as the handicapped. The assistance included direct CMHC loans at preferred interest rates for 100 percent of the capital costs amortized over long periods (fifty years for new projects; thirty-five years for acquisition/rehabilitation ('acq/rehab') projects); 10 percent capital grants; maximum \$10,000 start-up grants; and Residential Rehabilitation Assistance Program (RRAP) funding for the rehabilitation of existing housing. Under an equally shared federal-provincial rent supplement program (S.44,1b), subsidies were available for low income households in non-profit projects located in participating provinces.¹¹ Non-profit groups in provinces employing RGI programs were re-

quired to set aside a portion¹² of their total units for the supplement program. Project rents were calculated on a cost recovery basis (ie. rents to cover the unsubsidized portion of capital, amortization and operating costs), except for rent supplement units where the RGI scale was used. Finally, all aspects of project development and administration were under CMHC control.

In 1978, as part of its new policy of disentanglement from housing programs, the federal government negotiated a global funding arrangement with the provinces for all social housing programs. Its intention was to transfer detailed policy implementation and program delivery procedures to the provinces. Included in its restructuring was the introduction of the new Section 56.1 Non-Profit and Cooperative Housing Program which consisted of public non-profit (municipal and provincial), private non-profit and cooperative components. Section 56.1 was developed as the principal social housing vehicle because of social problems arising from the concentration of low income households in public housing projects, the federal government's rapidly escalating capital and subsidy budgets for public housing, and perceived duplication and overlap in federal and provincial housing activities.¹³

The S.56.1 program was designed to achieve three stated objectives: to provide modest, affordable housing appropriate to the needs of low and moderate income families and in-

dividuals; to produce housing at minimum costs by implementing suitable cost controls; and, to encourage approved lenders to provide capital for low and moderate income housing needs.¹⁴ The first objective represents the traditional social housing objective with the addition of assistance to 'moderate' income households. The second and third objectives reflect the need to restrain spiralling costs.

The program's design also implied three other objectives. Income group integration was considered desirable for project viability, providing social benefits to all tenants and increasing community acceptance of projects, consequently, units were not solely restricted to low and moderate income households as in the former program. A second aim was to increase the rental housing stock; this is shown by the emphasis on new construction over acquisitions in low vacancy markets. A third aim was to promote housing activity in the third sector where social development is promoted.¹⁵

The S.56.1 program included many provisions designed to overcome the problems associated with the former public and non-profit programs. In line with its disentanglement policy the federal government discontinued its provision of direct loans. Non-profit groups were required to obtain 100 percent private mortgage financing with CMHC acting as loan insurer and lender of last resort. CMHC also became the principal or sole source of subsidy depending on the existence of provincial contributions. To make the program more

responsive to local concerns, provisions were included to give the provinces the option of administering certain program components. Depending on intergovernmental arrangements and type of project, either the federal or provincial governments became responsible for the different components of the S.56.1 program. In general, administration of the public non-profit component was assumed by the provinces while CMHC retained control over the private non-profit component. Nevertheless, non-profit bodies were still subject to CMHC's annual funding and unit allocations, and program standards/guidelines.

Federal subsidy assistance in the form of a rent reduction grant was made available to help offset operating losses incurred as a result of maintaining overall rents at near market levels and subsidizing the RGI units in these projects. The grant had the effect of reducing the effective interest rate on the loan to 2 percent over a long amortization period.

Its income integration objective was to be achieved through project rents based on local low end of market (LEM) rents for comparable private sector units, while the RGI formula (no less than 25 percent of income) would be applied to tenants unable to afford the LEM rents (ie. those households in which annual rent would consume over 25 percent of gross annual income). This arrangement would allow surplus revenue generated from tenants paying LEM rents to help subsidize a project's lower income tenants.

Projects were subject to maximum unit price (MUP) limits determined for individual market areas in order to prevent the utilization of public subsidies for 'luxury-type' housing. The MUP's were to be realistic enough to enable the production of housing suitable for modest income household needs.

The program did not require a mandatory provincial subsidy contribution but it was recognized that more lower income households could be served if provinces matched federal assistance. In cases where matching provincial assistance still failed to cover a project's full operating costs, both government levels would provide additional funds on an equal basis under the Subsidy Stacking Program. Non-profit groups could also receive assistance under three other support programs: the Start-Up Program; the Community Resource Organization Program; and the Non-Profit RRAP.¹⁶

3.4 THE FORMATION OF MUNICIPAL NON-PROFIT HOUSING CORPORATIONS IN FOUR MAJOR CITIES

With the background to non-profit housing and details of the 1973 and 1978 programs provided in the previous section, it is possible to examine the local circumstances leading up to the formation of MNP corporations in the Cities of Toronto, Ottawa, Winnipeg and Vancouver. Precedents for direct municipal involvement had been set in earlier decades, particularly by Toronto, but they had never been as direct and

comprehensive as the local initiatives undertaken in the 1970's.

3.4.1 City of Toronto

Among all cities the City of Toronto has been at the forefront of municipal intervention beginning with the THC's formation in 1913. Its 1947 Regent Park North project was a bold initiative demonstrating its concern for lower income residents. For a long time the project, which marked the beginning of large scale, public housing projects, was viewed as a social housing model. The City reassumed the traditional 'regulator' role with the introduction of the 1949 public housing program. It was not until the 1970's that it once again rose to the forefront of local housing intervention.

At the base of Toronto's return to active housing involvement were the housing and urban development conditions in the city during the late 1960's-early 1970's period. The stability, viability and character of older, inner city neighbourhoods, if not their very existence, were threatened by urban renewal schemes, expressway plans and high density developments. By the late 1960's most neighbourhoods had strong residents' groups opposing renewal schemes. The rising demand for rental housing resulted in the demolition of older homes only to be replaced with high density, high rental apartment blocks catering to small households. Other

inner city neighbourhoods were losing their supply of moderately priced housing through the 'whitepainting' efforts of middle and upper income households, resulting in the displacement of lower income households.

Public opposition to these conditions resulting from City Hall's pro-growth mentality culminated in the formation of a middle and low income group coalition intent on changing this model of urban development. Winds of reform were first noticed in 1969 with the election of at least six reform-minded councillors.¹⁷ The election of a reform Council headed by Mayor David Crombie in 1972, under a platform of neighbourhood protection and broadened housing opportunities, launched Toronto into an active housing role. The reform Council of 1972-1976 produced a succession of studies, policies and programs which remained in effect until the end of the decade. While the priority awarded to housing issues played a large part in the City's entry into the housing business, recent federal and provincial actions were also very influential.¹⁸

A late 1973 report entitled LIVINGROOM: AN APPROACH TO HOME BANKING AND LAND BANKING FOR THE CITY OF TORONTO was the first concrete sign of Council's new attitude. It received municipal and provincial approval as the City's official housing policy and remained the foundation for housing policy into the 1980's. It recommended that the City assume the co-ordinator role for all housing programs implemented

within the City. Other government levels were asked to agree with the outlined housing program which included the following goals: the provision of decent, affordable housing to all residents; the fair distribution of the housing supply primarily to meet the needs of selected income groups; the preservation and improvement of existing housing and neighbourhoods; municipal co-ordination of all housing development; the integration of low income housing within existing neighbourhoods; and the development of the capacity of community based non-profit corporations to become housing producers.¹⁹

One of the means through which these goals were to be achieved was the creation of a MNP corporation.²⁰ In July 1974, two months after formation of the Housing Department and passage of provincial enabling legislation, the City of Toronto Non-Profit Housing Corporation (Cityhome) was created as the vehicle to help achieve the City's assisted housing targets. Although Cityhome was to be solely owned and controlled by the City, provincial regulations limiting its ability to incur mortgage debts required it to operate at arms-length from the City. Its activities would largely be carried out by Housing Department staff. Its purpose was to help achieve the Department's goal for its entire non-profit housing program - the provision of affordable, integrated (income and household type), rental housing for low and moderate income households through the development of new hous-

ing and the 'acq/rehab' of existing housing.²¹ It was to be responsible for the development and management of rental housing available to an assortment of needy groups including families, seniors, single parent families, the handicapped and 'roomers'.

In pursuit of the above goal, Cityhome's activities consisted of two major thrusts - the 'acq/rehab' of existing housing and new construction. Early efforts were concentrated on the 'acq/rehab' component as it was the most rapid means of delivering housing, unlike the new construction program which required a longer start-up period. The 'acq/rehab' component supported the City's goal of preserving and improving older neighbourhoods and their affordable housing stock. To achieve this goal Cityhome purchased small, older apartment blocks and single family homes on scattered sites, improved them with RRAP funds and leased them to lower income residents. The acquisition of scattered sites was intended to produce well-balanced neighbourhoods through integrating target households into residential areas. It was hoped that the acquisition of older, unimproved apartment blocks would prevent large rent increases by landlords upon renovation. The acquisition of buildings in areas experiencing 'whitepainting' was intended to prevent total displacement of lower income residents.

By 1977 the 'acq/rehab' component accounted for approximately one thousand units, however, financial constraints

led to the latter's de-emphasis beginning in 1978. As of December 1982, 1074 'acq/rehab' units were included in Cityhome's portfolio.²²

New construction, Cityhome's second major thrust, began to be emphasized after 1978/1979. Since it was initially recognized that high construction costs and interest rates would prohibit this component from adequately serving households in the lowest income quintile, it was primarily intended to serve moderate income groups. The 'acq/rehab' component was viewed more capable of serving lower income groups. By December 1982 Cityhome had a portfolio of 2746 new units,²³ however, growing financial constraints in the 1980's began to cast an uncertain future for this component.

In line with the City's integration policy and as a prerequisite for provincial assistance, pre-1978 projects were required to provide at least 25 percent of their units for rent supplemented households; the figure often climbed to 50 percent for projects located in lower income neighbourhoods. Under the 1978 non-profit program the Province instituted a 25 percent maximum RGI limit for family units (50 percent for seniors) arguing that a high proportion of subsidized units increased the potential for social problems and generated community opposition.

Cityhome projects were developed on land obtained through the City's land assembly/banking program established under

the federal Municipal Land Assembly Program. Priority was given to smaller, scattered sites. Assembled land included City-owned properties, sites bought or expropriated on the open market and parking authority sites. Sensitive, moderate scale, project development on scattered sites in existing neighbourhoods was meant to avoid the serious social problems and community opposition characteristic of earlier public housing projects, integrate different income and household types into neighbourhoods, and maintain the character and integrity of older neighbourhoods. Site planning principals were applied to projects, many of which consisted of low-rise housing forms at moderate densities with adequate privacy and amenity space. With the exception of the St. Lawrence project²⁴ - its most ambitious venture to date - Cityhome has emphasized small scale development.

The need for public input was reflected in Cityhome policies incorporating citizen participation at the tenant and community levels. Included was a policy enabling tenants to eventually take over projects. Tenant cooperatives could eventually lease or purchase a project upon evidence of financial and administrative capability. Cityhome also saw this as a way to keep its portfolio at a manageable level and prevent bureaucratization. Community residents were given opportunities to voice their concerns and participate in initial project planning.

Cityhome's activities have been supported by three levels of government. Municipal assistance has consisted of: a revolving fund for purchasing development sites (Cityhome must later repay the City upon receipt of a mortgage); a preliminary development account for architects' consulting fees and other design and planning expenses (also repaid by Cityhome); funds to cover the operating deficits incurred in managing the stock of rooming house and hostel units; and the provision of Housing Department staff. Federal assistance has been provided through the old and new non-profit programs. Provincial assistance available to all Ontario municipalities has consisted of: grants and loans for the development of the first project; 90 percent capital grants for incorporating solar energy systems in projects; and, if required, a rent reduction grant of up to 100 percent of the federal grant to meet operating losses for S.56.1 units.²⁵ Since the province assumed administrative control of the MNP component in 1978 it has been responsible for allocating units to individual municipalities, reviewing and approving all aspects of project plans according to CMHC standards and guidelines, and determining RGI eligibility criteria and LEM rent levels.

3.4.2 City of Ottawa

The City of Ottawa's housing initiatives, though not as extensive as Toronto's, have long demonstrated its concern

for affordable housing. Its direct involvement dates back to 1919 when the Ottawa Housing Commission was created to build post-war housing. During the 1930's the City was involved with a home ownership assistance scheme and administered a rent assistance program for low income residents. Throughout the 1930's, World War II and post-war years it operated a wide range of temporary shelters for single men and families of veterans. In the post-war period it contributed 7.5 percent of both the capital and operating costs of federal-provincial public housing projects. It was not until the 1950's when it was faced with the closure of post-war emergency shelters, a decline in housing production and an ongoing shortage of affordable housing, that the City once again became directly involved in affordable rental housing production.

In 1952 and 1953 it formed two limited dividend companies under NHA provisions. The Ottawa Lowren Housing Company built family and seniors rental housing for English speaking residents while Le Bon Logis d'Ottawa catered to French speaking residents. In following years the City also provided financial assistance and concessions to three other limited dividend companies. By 1962 Ottawa's limited dividend companies and a federal-provincial full recovery project had provided more low cost units than Toronto's Regent Park project with a City commitment of over \$1,000,000.²⁶

In 1970 the five companies were amalgamated, creating the City of Ottawa Housing Company (COHC). Its clients were tenants unable to afford market rents and ineligible for OHC's RGI units. Due to increasing annual deficits and introduction of the 1973 non-profit provisions, the COHC was converted into the City of Ottawa Non-Profit Housing Corporation (CONPHC), also known as CityLiving, in 1976. The financial assistance available under Section 15.1 supported the City's desire to provide affordable housing. The availability of RRAP loans and grants was seen as a means to inject new life into the deteriorating limited dividend stock.

In 1978 the CONPHC was established as a separate civic department after initially operating under the Physical Environment Department. It had the following goals:

1. To maximize the supply of good quality, affordable, rental housing in Ottawa for low and moderate income households and those with special needs;
2. To ensure efficiency in the operation of the Corporation and maintain high standards in property management and maintenance;
3. To provide a housing program that is responsive to the needs of the tenants of the Corporation and the community;
4. To develop policies and procedures that will support the above goals and to negotiate with senior levels of government for social housing programs and for the improved operation of existing programs; and,

5. To assist and encourage the development of private non-profit, cooperative and special needs housing in Ottawa.²⁷

Unlike the other MNP corporations the CONPHC began operation with a portfolio of over 1500 formerly limited dividend units - 819 family units in single, double and row housing forms, and 705 seniors units mainly in apartments.²⁸ By the late 1970's major renovations had begun on the family units through RRAP funding and matching CONPHC assistance. An internal rent supplement program was made available to those families which had resided in the units prior to 1976 and were unable to afford the 1976 rent increases necessitated by renovation. By 1983 all seniors units were eligible for provincial rent supplement.

In addition to managing the limited dividend stock the CONPHC developed 'acq/rehab' and new construction programs to produce housing for families, senior citizens and special needs groups. Under S.15.1 development activity was balanced between the two programs, whereas financial and program constraints under S.56.1 reduced 'acq/rehab' activity to almost nothing. Nevertheless, the acquisition program did increase the total portfolio as the CONPHC acquired units not in need of immediate rehabilitation.

CONPHC projects, as well as those by private and cooperative groups, were developed on land acquired by the City

through the federal Municipal Land Assembly Program in the form of larger parcels in developing subdivisions and scattered sites in existing neighbourhoods. With the program's demise in 1978 the City continued to acquire land from public, private and institutional sources, subsequently selling it to the CONPHC on a cost recovery basis or leasing it to non-profit groups. Land acquisition was of two types: undeveloped land to accommodate housing construction for families; and, existing improved properties for rehabilitation and/or construction to produce units for a broad spectrum of low and moderate income tenants and to retain in the market those units threatened by demolition or redevelopment.

The CONPHC developed policies other than those for housing production. Tenant participation was encouraged by providing opportunities for input into policy development and project management. The formation of tenants' associations was encouraged through the provision of operating grants. Community residents were given opportunities to voice any concerns about projects; this reflected its goal to respond to community needs and integrate projects within the community. Other third sector groups were provided with organizational and technical assistance, and land leases or transfers.

Similar to Toronto's Cityhome, the CONPHC received support from three government levels. Federal assistance was available under the S.15.1 and S.56.1 programs while provin-

cial assistance paralleled that received by Cityhome under provincial guidelines. Municipal assistance consisted of a supply of development sites, working capital, special grants and interim financing.

3.4.3 City of Winnipeg

In contrast to other major cities, Winnipeg's housing initiatives over the years have been sporadic and often solely a result of senior level programs where the senior governments provided all or the vast majority of funding. While it has participated in programs such as public housing (S.40), urban renewal, the Neighbourhood Improvement Program (NIP) and RRAP, it has traditionally chosen not to adopt an active housing role. It has confined its activities to the development and enforcement of by-laws and building standards, the provision of hard services and subdivision planning. The urban reform activity experienced by Toronto and Vancouver did not achieve public prominence in Winnipeg to the same degree, partially due to the lack of controversial, high-profile, housing and urban development issues which often result in some form of citizen reaction. Consequently, the City did not encounter a great deal of public pressure to adopt a more interventionist role.

Irrespective of low public demand for municipal housing action, by the mid-1970's socially oriented organizations and the Environmental Planning Department began to express

growing concern over the deteriorated state of a large portion of inner city housing, the economic, social and physical problems of declining, older neighbourhoods and the shortage of affordable housing. Almost one-quarter of the inner city housing stock was considered to be in poor condition. Even though over forty-nine hundred new units were built in the inner city between 1972 and 1978, demolition had claimed two thousand units, further reducing the low cost rental housing supply which was not being adequately replaced by public and private construction.²⁹ In response to this situation a significant amount of time was spent by the Department during the late 1970's developing housing and housing related policies and programs.

One of the means considered to address the need for inner city neighbourhood stabilization/revitalization and the affordability problem was a housing corporation. It would allow the City to maximize use of subsidies under federal housing programs; promote neighbourhood stability through increased rehabilitation activity; provide the City with a direct lever to improve specific neighbourhoods; provide affordable housing on a more cost effective basis than public sector redevelopment; and demonstrate municipal housing responsibility.³⁰ The concept was further supported by the successful activities of corporations in other major cities.

On this basis a civic committee recommended in 1977 the formation of the Winnipeg Housing Rehabilitation Corporation

(WHRC) to undertake a proposed five year 'acq/rehab' program of almost four hundred houses for limited income residents on a sale, rental and/or lease-purchase basis. The rental component would be partially funded through the S.15.1 program and RRAP, with the sales component supported by a \$1,000,000 revolving fund from the provincial government. Council approved the recommendation on the basis that the WHRC would rely primarily on federal and provincial funding and that the City's contribution would not exceed \$100,000 over five years - Council's cost conscious mood was evident.

New political developments entered the scene just prior to the WHRC commencing operation. Revisions to S.15.1 altered the financial context of proposed WHRC activities. Upon reviewing the \$1,000,000 funding commitment the newly elected provincial government suggested the City consider establishing its own revolving capital fund. Based on these developments, support for the WHRC began to weaken on Council.

In December 1978 the City adopted its 'Guidelines for Housing Involvement' which prescribed a support housing role with no involvement in new housing construction or rehabilitation. As a result, the WHRC was terminated due to questionable economics of its intended operations and probable inability to provide a significant contribution to the housing stock.³¹ WHRC opponents put forth the following arguments: housing provision was a responsibility of the senior

governments and private sector; as the City's primary mandate was to provide basic services, which was becoming increasingly difficult in times of restraint, a limited property tax base and rising costs for services, funding for new programs was unjustified; in its attempt to provide resale prices affordable to low income families the rehabilitation/sales component would be unable to cover the costs; and, based on previous experience the possibility existed that senior government program funding would expire, leaving the City with a large financial burden.³²

A number of factors, including persistent pressure from WHRC supporters, resulted in Council's decision to reinstate the WHRC one year later. The shortage of rental housing for low income households remained unchanged. Municipalities across Canada were undertaking similar housing initiatives. The S.56.1 program offered attractive financial assistance. The City recognized the need to supplement the NIP and that NIP areas contained housing suitable for rehabilitation which upon improvement would increase the tax base. Council's decision to reinstate the WHRC was far from unanimous as the mayor was required to use his tie-breaking vote.³³

In 1980 the WHRC began operation. Its mandate was "the acquisition, improvement and rehabilitation of existing buildings for, and the conversion thereof to, housing accommodation of all kinds for sale or rent to persons of low or modest income...."³⁴ Its operations were guided by the following goals:

1. To promote homeownership among lower income families and to increase the availability of adequate, affordable, rental shelter for lower income families;
2. To assist in the stabilization of neighbourhoods;
3. To promote the availability of information regarding shelter assistance programs from all levels of government;
4. To operate in such a manner as to encourage the private sector to be active in housing types of concern to the corporation...; and,
5. To collaborate with other bodies active in the housing field, in both the private and public sectors.³⁵

General operating guidelines established by the City upon the WHRC's formation directed it to avoid pursuing ventures which would compete with the private sector and those which would require an annual municipal subsidy, and to develop a program balanced between rental and sales units.³⁶ Geographic foci were not precisely defined in the mandate, but it was decided to limit activities to the City's 'redevelopment', 'major improvement', 'rehabilitation' and 'conservation' neighbourhoods, most of which were in the inner city. Existing staff from the Environmental Planning Department were assigned Corporation duties; a manager was appointed in 1981 followed by the addition of limited staff.

Following the development of basic policies, assessment of potential acquisitions and negotiations with the City for

property acquisitions, limited renovation activity began in late 1981 upon the transfer of City-owned houses. It was decided that dwelling improvement would be based on 'renovation' rather than 'rehabilitation' standards.³⁷ The renovation program was designed to upgrade structures to meet federal and municipal program/code standards, improve energy efficiency and extend the buildings' lifespan.

During the 1982-1984 period the WHRC's mandate and activities were modified because of housing and market conditions, guidelines of the MNP Program and introduction of the tri-level Core Area Initiative (CAI) designed to revitalize the inner city. Its mandate was broadened to include new construction which enabled it to complement its renovation activity, generate extra revenue, supplant extremely deteriorated or economically unviable structures with new projects and avoid many of the problems associated with renovation arising from CMHC's building standards and cost restrictions. WHRC activity, which initially consisted of renovating older, single family dwellings, began to emphasize the renovation and construction of multiple family units, followed by single-detached, duplex and triplex renovations and non-residential building conversions. The sales component, while not totally eliminated, was de-emphasized after the sale of its first house produced a substantial loss partially a result of depressed market conditions. Finally, the receipt of CAI funding directed its activities to the core area.

The WHRC has been working toward three goals since 1984 as a result of its revised mandate:

1. To increase the supply of clean, safe, efficient housing in the inner city for individuals and families with lower or modest incomes;
2. To upgrade the existing housing stock by adding to the lifespan of older, residential buildings in the inner city through substantial renovations; and,
3. To help stabilize inner city neighbourhoods through improvements to the housing stock.³⁸

A lack of financial resources prohibited the establishment of a land assembly/banking program. Development sites have primarily consisted of City-owned land transfers at negotiated terms and properties held by the former tri-level urban renewal partnership. Renovation projects have almost exclusively consisted of vacant buildings acquired from the City and private sector.

The facilitation of private non-profit and cooperative groups was not specifically singled out in the WHRC's statement of goals, nevertheless, general support was included in the City's 'Guidelines for Housing Involvement' in the form of long term leases of City-owned land at reasonable rates. Provisions for tenant and community participation were not developed.

The WHRC has received funding from four sources. Its development programs have been federally supported under the S.56.1 program. Provincial assistance totalling \$1,000,000 was awarded for a five year period beginning in 1980 - \$900,000 in an equity fund and \$20,000 per year for operating costs. The equity fund has been used for equity contributions in projects, to provide interim project financing (ie. up to the receipt of mortgage funds, at which point the fund is replenished) and to make up the residual between a project's total capital cost and other sources of capital revenue. Family and elderly renters whose rents exceed 25 percent of their income have received assistance under provincial shelter allowance programs. In 1983 the WHRC received a \$500,000 CAI allocation for the renovation of single and multiple family units, new apartment construction and feasibility studies. The City's contribution has consisted of annual \$20,000 operating grants over a five year period, which increased to \$30,000 annually after 1984.

3.4.4 City of Vancouver

Similar to the Toronto scenario during the late 1960's-early 1970's, strong urban growth pressures in the City of Vancouver, manifested by extensive core area development, a plan to construct an expressway through a lower income neighbourhood and an extensive urban renewal scheme in the same area, produced united citizen opposition. The

improving organizational skills and growing public support of the opposition forces developed into a full-fledged urban reform movement represented by The Electors Action Movement (TEAM). While this coalition of professional, middle class citizens was interested in changing certain municipal policies, it advocated the preservation of features which made the city a pleasant living environment.³⁹

Between 1973 and 1976 the TEAM-controlled Council began to develop a much needed housing policy. Prior to 1973, with the exception of occasional requests for public housing, the City relied on the private sector and non-profit housing organizations to supply housing. Recognizing the need for modestly priced housing, it initiated a number of housing actions. It participated fully in NIP and RRAP. A Department of Housing was created. Private non-profit and cooperative groups were assisted through writedowns on sale or lease of municipal land. It initiated two large, mixed income housing projects - False Creek and Champlain Heights. It also created a MNP corporation.

The formation of the Vancouver City Non-Profit Housing Corporation (VHC) in late 1974 emanated from concern over conditions in the Skid Row area of downtown. A second civic committee emerged from the original committee formed to improve Skid Row housing conditions. It improved downtown health and safety standards, made City-wide searches for potential housing sites, expedited non-market housing develop-

ment and advocated more direct municipal action in affordable housing provision. The latter led to the VHC's formation. The VHC was to provide rental accommodation for the downtown rooming, hostel and lodging house population, modest income families, senior citizens and other special needs groups. It was closely linked to the new Housing Department as its Director was also the Director of Housing. VHC and Department staff consisted solely of existing staff from other departments delegated additional responsibilities.

The VHC did not survive long enough to fully execute any type of comprehensive housing program, due to factors which will be discussed in the next chapter, however, some initial program implementation did occur. Under the new construction component priority was given to development on City-owned properties usually located in single family neighbourhoods. Consultation with community groups occurred over the nature of proposed schemes. Upon realizing the length of time consumed by this process it began to examine sites already zoned for multiple family development. Inadequate staffing and front-end funding necessitated use of the proposal call method where private builders with land were invited to submit proposals for projects which would be acquired by the VHC upon completion.

The municipal initiatives which transpired during the 1973-1976 period achieved varying degrees of success with most benefitting middle income groups. The False Creek and

Champlain Heights projects produced mainly middle class housing. Third sector activity flourished but largely to the advantage of middle and lower-middle income groups. The most prominent failure was the VHC which collapsed after one full year of operation.

The VHC's demise in mid-1976 marked the beginning of a period during which the voice of urban reform was virtually unheard. It was not until 1979, with the rapid escalation of shelter costs caused by inflation and high in-migration, that a City report was released citing major problems; these included family out-migration to the suburbs, the loss of low and moderate income housing through demolitions and 'whitepainting', widespread affordability problems and poorly targeted housing subsidies.⁴⁰ To address these problems the City developed a number of strategies, none of which included a MNP corporation, designed to increase the supply of affordable housing for high priority groups and encourage a mix of income and household types.

The City's major and most successful strategy has been the encouragement and facilitation of private non-profit and cooperative housing development through the provision of grants or short term loans, the expedition of projects via the development permit process and the sale or lease of City-owned land at or below market prices through its social housing leasehold program introduced in 1976. As of 1982 its housing policies and programs since the mid-1970's had

provided land or other financial assistance for over seven thousand non-market units, and in recent years it has annually assisted over 90 percent of all non-market housing constructed in Vancouver.⁴¹ While the City has decided to attack the affordable housing problem by means other than a MNP corporation, it has seen some MNP housing production by a regional authority - the Greater Vancouver Housing Corporation (GVHC) - to which it has allocated land for housing development.⁴²

3.5 CHAPTER 3 FOOTNOTES

1. Kaplan, REFORM, PLANNING AND CITY POLITICS, p.656.
2. Susan Fish, "Winning the Battle and Losing the War in the Fight to Improve Municipal Policy Making," POLITICS AND GOVERNMENT OF URBAN CANADA, 4th ed. ed. L.D.Feldman (Toronto: Methuen, 1981), p.93.
3. Rose, CANADIAN HOUSING POLICIES, 1935-1980, p.48.
4. Canadian Council on Social Development, A REVIEW OF CANADIAN SOCIAL HOUSING POLICY (Ottawa: CCSD, 1977), p.4.
5. Privately sponsored non-profit housing is usually developed by charitable institutions, service clubs, community groups and church organizations which own all the shares or capital invested in the projects. Continuing cooperatives are housing projects whose members do not receive any financial gain from the project.
6. These provisions actually originated in the 1938 NHA, but due to the outbreak of war and the lack of complementary provincial legislation no units were produced.
7. Murray Thompson and Roy McCulloch, A REPORT ON CLIENTS LIVING IN NON-PROFIT AND COOPERATIVE HOUSING IN CANADA, 1977 (Ottawa: Central Mortgage and Housing Corporation, 1978), p.2.

8. The limited dividend program was reinstated with modifications in 1969. The limited dividend (S.15) and non-profit (S.16A) programs were once again merged under Section 15. The limited dividend provisions remained the most popular form of direct assistance for private rental housing construction up to 1974 when it was replaced by the Assisted Rental Program.
9. CCSD, A REVIEW OF CANADIAN SOCIAL HOUSING POLICY, pp.117-118.
10. Other major programs included the Neighbourhood Improvement Program (NIP), Residential Rehabilitation Assistance Program (RRAP), Municipal Land Assembly Program, Site Clearance Assistance Program and Assisted Home Ownership Program.
11. In Ontario subsidies were split on a 50-42.5-7.5 percent basis.
12. Usually, rent supplement units were not to exceed 25 percent of a project's total units, although this guideline was applied with flexibility from province to province. The maximum limit could be raised if a project consisted of eighty units or less, was located in a low income neighbourhood or was intended solely for senior citizens.
13. CMHC, SECTION 56.1 PROGRAM EVALUATION, p.318.
14. Ibid., p.2.
15. Ibid., pp.53-55.

16. Under the Start-Up Program (S.37.1) a maximum of \$75,000 was available to assist non-profit groups from the point of incorporation through to project development. Resource groups providing technical and professional services to non-profit bodies could receive funding under the Community Resource Organization Program to continue their activities and enable them to form new non-profit housing organizations. The RRAP provided partially forgivable loans to non-profit groups wishing to rehabilitate substandard housing for the benefit of low and moderate income households.
17. Albert Rose, GOVERNING METROPOLITAN TORONTO: A SOCIAL AND POLITICAL ANALYSIS, 1953-1971 (Los Angeles: University of California Press, 1972), pp.172-173.
18. The housing programs announced in 1973 reflected growing federal interest in housing redistribution and de-centralization of program administration to local governments. Provincially, as part of a widespread re-examination of provincial housing policies during the early 1970's, Ontario created the Advisory Task Force on Housing Policy in 1972. Among its recommendations were greater support for the voluntary non-profit housing sector and the delegation of wider housing responsibilities to willing and able municipalities upon production of an official housing policy. In response, the Ontario Ministry of Housing was

created in 1973. It approved the latter recommendation on the basis that local governments would carry out their responsibilities more efficiently as they were more aware of their citizens' housing needs. The social and economic problems experienced by the OHC in its public housing program also influenced the provincial decision.

19. Housing Work Group, LIVINGROOM: AN APPROACH TO HOME BANKING AND LAND BANKING FOR THE CITY OF TORONTO (Toronto: 1973), pp.i-ii.
20. The other means were: an annual target achievement of four thousand new housing units with half consisting of assisted units for low and moderate income households produced through public and private non-profit development, senior government public housing and the rent supplement program; acquisition and rehabilitation of existing housing; implementation of a land assembly and banking program; facilitation of private non-profit and cooperative housing development; and creation of a Housing Department responsible for planning and implementing the City's housing policies and programs.
21. Housing Work Group, LIVINGROOM, pp.63-64.
22. City of Toronto Housing Department, SHIFTING FOUNDATIONS: ADDRESSING SHELTER NEEDS AND RESPONSIBILITIES IN TORONTO (Toronto: Housing Department, 1982), p.36.

23. Ibid.
24. The St. Lawrence project was initiated a few years after Cityhome's formation when it was realized that the City's housing targets would not be reached solely through the scattered site approach. With the assistance of Land Assembly funds forty-four acres of primarily underutilized, industrial land in central Toronto was acquired for phase development of approximately thirty-five hundred mixed income units by Cityhome and a host of private non-profit developers.
25. Under the S.15.1 program the province provided a rent reduction grant to be paid over a fifteen year period equal to 10 percent of the capital costs provided that a minimum of 21-25 percent of the units were made available on a RGI basis under the federal-provincial rent supplement program.
26. Doyle, "Municipal Initiatives in Housing," p.48.
27. City of Ottawa Non-Profit Housing Corporation, 1984 ANNUAL REPORT (Ottawa: CONPHC, 1984), p.2.
28. Ibid., p.6.
29. Christene McKee, et al, HOUSING: INNER CITY TYPE OLDER AREAS (Winnipeg: Institute of Urban Studies, 1979),pp.8-9; and, Social Planning Council of Winnipeg, HOUSING CONDITIONS IN WINNIPEG: THE IDENTIFICATION OF HOUSING PROBLEMS AND HIGH NEED GROUPS (Winnipeg: Social Planning Council, 1979), p.97.

30. Institute of Urban Studies, EVALUATION OF THE WINNIPEG HOUSING REHABILITATION CORPORATION (Winnipeg: IUS, 1985), p.12.
31. City of Winnipeg, City Council, "Minutes," No.5, December 20, 1978, 429-432.
32. IUS, EVALUATION OF THE WHRC, pp.26-27.
33. City of Winnipeg, City Council, "Minutes," No.3, December 5, 1979, 289-290 and No.4, December 19, 1979, 373.
34. Winnipeg Housing Rehabilitation Corporation, "Articles of Incorporation," filed with the Corporations Branch, Province of Manitoba, on January 27, 1978.
35. IUS, EVALUATION OF THE WHRC, p.27.
36. Winnipeg Housing Rehabilitation Corporation, "Annual Report to the Committee on Environment," (Winnipeg: 1982), p.8.
37. Rehabilitation is defined as the upgrading of a building to minimum municipal property standards for occupant health and safety reasons. It usually focuses on improvements to structural soundness and mechanical/electrical systems. Renovation usually involves building improvement to standards beyond minimum municipal property standards.
38. IUS, EVALUATION OF THE WHRC, p.27.
39. Paul Tennant, "Vancouver's Civic Politics, 1929-1980," POLITICS AND GOVERNMENT OF URBAN CANADA, 4th ed., ed. L.D.Feldman (Toronto: Methuen, 1981), p.137.

40. Derek Murphy, "Municipal Policy Development for Low Income Housing in the Seventies," URBAN DESIGN PERSPECTIVES: 1983 CONFERENCE PROCEEDINGS OF THE CANADIAN ASSOCIATION OF PLANNING STUDENTS (Montreal: McGill University, 1983), p.180.
41. Ann McAfee, WHO LIVES IN NON-MARKET HOUSING?: AN EVALUATION OF THE CITY OF VANCOUVER HOUSING PROGRAM (Vancouver: City of Vancouver Planning Department, 1983), p.11-2.
42. The GVHC, a subsidiary of the Greater Vancouver Regional District Housing Department, was incorporated in 1974 to develop low and moderate income family housing under non-profit provisions throughout the region, including the City of Vancouver. In addition to family housing it has developed facilities for individuals with drug related problems, 'flophouse' type hotels and handicapped housing. By late 1984 it operated over three thousand units.

Chapter 4

THE PROBLEMS AND CONSTRAINTS FACED BY MUNICIPAL NON-PROFIT HOUSING CORPORATIONS

4.1 INTRODUCTION

The purpose of this chapter is to examine some of the major problems and constraints encountered by MNP corporations during their formative years and during the present. Such an examination is necessary as each corporation has not necessarily experienced identical problems and constraints, thus, each has evolved in a slightly different manner in response to local conditions and circumstances. Sections 4.2 to 4.5 will look at the corporations in Toronto, Ottawa, Winnipeg and Vancouver respectively. The final section will outline the lesser problems plaguing the corporations in these and other centres.

4.2 CITYHOME (TORONTO)

Cityhome's problems can be divided into those which were recognized during its formative years and continue to exist to varying degrees, and those which became more prominent in the 1980's. Included in the first category are: senior government program guidelines and administration; financial and internal administrative difficulties; and problems with the 'acq/rehab' component.

Senior government program guidelines and administrative procedures were recognized early as constraints. Cityhome's ability to plan its annual development program was affected by the virtual unilateral formulation of guidelines, budgets and unit allocations by CMHC. Its projects were subject to extensive review procedures, development standards inappropriate for downtown sites and other rigidly enforced guidelines. Its extensive rehabilitation activity posed problems for a federal agency more familiar with new construction. Intergovernmental relations were often strained since both government levels had their own program, administrative and political interests.

The transfer of administrative control of the MNP Program to the Province in 1978 has only alleviated the problem to a small degree as the Province has continued to rigidly enforce federal program guidelines. The annual budget and unit allocation process has been characterized by notification delays preventing Cityhome from engaging in an effective, co-ordinated housing planning process essential to its programs' success. Reduced federal program funding has also affected its production potential in recent years.

Financial and internal administrative difficulties were a second early problem. Lax accounting practices and the lack of interim financing to cover project deficits and unexpected expenses were largely responsible for a controversial \$1,500,000 deficit accumulated by the end of 1979. The

Housing Department, thus Cityhome, underwent a major reorganization with elimination of the deficit a top priority. The deficit was erased with a 21 percent general rent increase (held down by a City loan and profits from the sale of three houses), the remaining house sale profits and a \$1,400,000 loan.¹ To increase its operational efficiency a major reorganization of departmental structure, administration and procedures was completed in 1981.

Another early problem was the combination of financial and other difficulties associated with the 'acq/rehab' component which led to its de-emphasis after 1978. Federal and Provincial program guidelines, geared to new construction, did not have the flexibility to deal with the acquisition of existing buildings. Housing standards for improved projects were upgraded by CMHC resulting in higher production costs. Unexpected repair costs frequently plagued these projects, raising mortgage requirements above permitted levels. Growing demand for older housing made it more expensive for Cityhome to acquire houses for rehabilitation. Finally, unlike new construction, the 'acq/rehab' component was not increasing the housing supply.²

The 'acq/rehab' component was also de-emphasized in favour of new construction because of a conflict between the City's desire to stem extensive neighbourhood 'whitepainting' and its goal of supplying low and moderate income housing. Neighbourhoods experiencing Cityhome rehabilitation

activity had in fact seen an increase in 'whitepainting'. By improving the quality of existing housing Cityhome made these older neighbourhoods more vulnerable to middle and upper income 'whitepainting' efforts. The result was higher house prices and the dislocation of lower income households.³ 'Acq/rehab' projects also caused some resident displacement upon subsequent rent increases.

The Ontario government's concern over the need to increase the rental housing supply and avoid the adverse effects upon tenants that occasionally accompany acquisition activity have resulted in guidelines restricting this activity. It has deemed ineligible the acquisition of existing abandoned or occupied buildings not requiring at least moderate repair. Only vacant or occupied buildings in poor condition, apartments threatened with demolition or conversion and non-residential structures to be converted into apartments are eligible for 'acq/rehab' activity. Cityhome has understood the basis for this position but believes that 'acq/rehab' activity should not be so restricted as it is a useful tool for neighbourhood stabilization and can be less expensive than new construction. It has been suggested that increasing financial constraints on the new construction component may make 'acq/rehab' the only viable alternative.⁴

Problems which have been more recently identified as major limitations to Cityhome's effective operation are the difficulties in finding affordable sites, the RGI limit and

eligibility criteria, the LEM rent structure and community opposition.

Its greatest problem has been the difficulty in finding affordable development sites. The many factors contributing to this problem, which include market conditions such as high land costs, high interest rates and land scarcity, may each be considered a problem in its own right. High land costs have made it extremely hard to develop projects within CMHC's MUP limits. Without the density bonuses offered under the Central Area Plan for the inclusion of assisted housing, Cityhome would be unable to develop projects in the core. High interest rates have increased land-holding costs which previously were held down through extensive land banking activity; such activity has become more costly with cancellation of the federal Land Assembly Program and higher holding costs. With vacant land being a scarce commodity in a developed city like Toronto, Cityhome has had to rely on fortunate circumstances to obtain affordable, well-located sites.

The absence of major land assembly assistance and the MUP limits have contributed to Cityhome's inability to overcome these market conditions. Its ability to procure new sites has been limited by the lack of a subsidized land assembly/banking program, even though the City has retained a modest assembly program supported by City and recycled land assembly funds. Cityhome has persistently called for the rein-

roduction of a similar program although recognizing that explicit subsidies would be required.⁵ The CMHC-determined MUP limits have limited its ability to cope with the high costs of purchasing and holding land. Cityhome and other third sector developers have experienced difficulties in developing core projects that fall within MUP limits established for different building forms and unit sizes. MUP's have been criticized for often falling below actual project costs and, because they are based on average modest housing costs, for limiting opportunities for innovation or capital investments intended to hold down operating costs. The main criticism is their failure to adjust to high priced, central city locations where Cityhome activity has been concentrated.

Cityhome has partly blamed inappropriate CMHC site planning guidelines for its inability to build projects within the MUP limits. This problem is largely confined to the City of Toronto where unusual site conditions and high densities make it almost impossible to meet all the guidelines which seem more appropriate for suburban, rather than inner city, locations. CMHC's on-site service requirements are frequently unnecessary as many of these facilities already exist in Toronto's neighbourhoods. In its attempt to meet these guidelines Cityhome must expend more time and money, resulting in increased project costs and possibly fewer family units.⁶

The RGI limit has affected Cityhome's ability to serve low and moderate income groups. Under the old non-profit program almost 45 percent of its units were available on a RGI basis, whereas under the new program the Province has set the maximum at 25 percent, arguing that a higher level would create social problems and more community opposition. Cityhome has claimed the Province's action to be unsubstantiated since many Cityhome and cooperative projects containing higher RGI levels under the old program enjoy harmonious relations among tenants and with surrounding residents.⁷ The limit may also deny RGI housing to those market residents in existing MNP projects who become unable to afford the market rent due to a reduction in personal income. While supporting integration, Cityhome has advocated the reinstatement of a flexible RGI quota system such as that under the old program; under this system RGI levels were based on individual project circumstances such as tenant composition and the neighbourhood's preferences.⁸

Cityhome's ability to serve needy groups has also been constrained by RGI eligibility criteria which disallow non-senior singles and childless couples from obtaining RGI accommodation. Eligible groups consist of senior citizens, families and those with a disability affecting employment. Under the new program these criteria apply only to MNP projects and cooperatives receiving provincial assistance. Apart from creating management problems they do not allow Cityhome to serve this significant portion of the popula-

tion. These ineligible groups are faced with serious income problems, high priced market units and a diminishing supply of rooming house units. More singles are facing income problems than larger households and small apartment rents are disproportionately higher than for larger units.⁹

A third problem has been the program's LEM rent structure. Moderate income households have found it increasingly difficult to afford the local LEM rents which apply to 75 percent of Cityhome's post-1978 units. The Province's procedure for setting LEM rents excludes those older buildings under rent controls. Consequently, market rents for its downtown projects are based on the rents charged for new, privately built apartments in the central city. This situation is compounded by the fact that over two-thirds of its portfolio is located in the central area. Cityhome has noticed a trend whereby the tenant profiles of its newer, downtown projects have begun to show signs of increasing polarization with low income tenants receiving RGI assistance at one end, higher income tenants capable of paying market rents at the other end and no one else in between. Without additional assistance to ensure that its projects fulfill their social housing function of serving targeted groups, the tenant profile will become even more polarized possibly forcing it to implement costly, stringent occupancy controls.¹⁰

A fourth problem has been resident opposition to projects resulting in expensive delays and even cancellations. Resident opposition has remained a strong political force in Toronto due to the small electoral wards which enable residents' groups to have effective influence over councillors, and the groups' understanding of the decision making process and how to affect it. This is a remnant of the experience gained during the City's reform period.¹¹ Public meetings dealing with zoning amendments for Cityhome's infill projects have been the most effective forums for opposition. Even upon project approval residents still have the option of objecting to the Ontario Municipal Board (OMB), thus forcing a hearing. OMB objections have not resulted in any project cancellations, nevertheless, some delays have inflated holding costs making construction unfeasible.

The primary reasons for resident opposition have been the higher density of Cityhome projects, relative to the surrounding neighbourhood, and their assisted housing components, although the latter is not publicized. Opponents have argued that overcrowding, traffic/parking problems and overtaxing of community services would result from the projects' higher densities, yet most projects have not been large or dense enough to create these problems. To counter the argument that surrounding properties would be devalued, it has been argued that Cityhome's small scale emphasis and the 25 percent RGI limit would prevent this occurrence, and

that in all probability its infill developments would enhance property values.¹²

While residents' groups have stated that density related problems and property devaluation are the basis for their opposition, these reasons are usually unsubstantiated and act as a cover for underlying fears. In interviews conducted with resident group representatives previously involved in opposing Cityhome projects, it was discovered that their real fears were the social problems that could arise from the introduction of low income people into the area. It would appear that the general public has falsely equated Cityhome's projects with the traditional form of public housing and the social and environmental problems which accompanied it.¹³

4.3 THE CONPHC (OTTAWA)

Being subject to the same provincially administered program as Cityhome, the CONPHC has experienced similar problems and constraints though not to the same degree because of different market conditions, level of municipal support and extent of development activity. As a result, the following major problems will not be discussed in great detail: the RGI limit and eligibility criteria, LEM rent structure and MUP limits of the MNP Program; the increasing shortage of developable land; difficulties with the 'acq/rehab' component; community opposition; and annual unit allocations.

The CONPHC has criticized specific aspects of the program for affecting its ability to effectively fulfill its mandate. Its ability to provide affordable housing to a large number of low income households has been undermined by the 25 percent RGI limit. The large demand for RGI assistance is demonstrated by the fact that two-thirds of its waiting list applicants are eligible for RGI housing.¹⁴ The eligibility criteria restricting assistance to families, seniors and the disabled have prevented it from serving other needy low income groups. The LEM rent structure has made it difficult to reach those households at the bottom of the moderate income scale which cannot afford LEM rents and are a low priority for the RGI units; tenant polarization in projects has become a growing problem. Occasional hardship has been sustained in finding enough tenants for the LEM units. Although MUP limits have not posed the same degree of difficulty as in Toronto, they have been criticized for being unrealistic and almost impossible to change, failing to take into account the construction season, providing no allowances for special features and being Toronto based.¹⁵ The CONPHC has also criticized CMHC's design criteria and site planning standards for being inappropriate.¹⁶

The increasing shortage of developable inner city land has been another problem. Since the withdrawal of federal assistance the CONPHC has relied on self-chosen, City-purchased sites (the cost of which must be later paid to the

City), however, high land costs and the limited availability of vacant sites have made inner city development a growing problem. The redevelopment of expensive existing properties may have to account for a larger share of new inner city housing development as the land supply diminishes, yet this will be virtually impossible without senior government assistance. Faced with this scenario the CONPHC may be required to significantly increase its activity in suburban municipalities even though housing need is most critical in the inner city.

Unfavourable senior government guidelines have forced the CONPHC to de-emphasize its 'acq/rehab' component since the late 1970's. Federal guidelines are inflexible and geared to new construction, which make 'acq/rehab' activity more difficult to undertake. Although the Province supports inner city revitalization and housing rehabilitation, its stringent regulations and lengthy review and approval procedures, which are too long in today's competitive market, have acted as barriers. The acquisition process has also become more difficult as a result of the ambiguity regarding cost estimation for rehabilitation and the requirement that fixed prices be obtained by tender before finalizing a purchase. Recognizing that this component can help achieve a number of its goals, the CONPHC has stated that the acquisition of existing rental housing should be a more widely permitted activity.¹⁷

A problem which has occurred more frequently with the increase in development activity is community opposition. It is often based on the same arguments levied against 100 per cent public housing as the majority of the public perceives there to be little or no difference between the latter type and non-profit housing. It stems partially from the City's commitment to community participation. The result has been lengthy, costly delays for many projects.

Senior government unit allocations under the program, which have failed to keep pace with non-profit housing demand, have recently become a problem. After more than a few years of development experience the number of units capable of being produced by the CONPHC has far exceeded its annual allocations. In response it has begun to explore other options for developing social housing, such as the acquisition and construction of rooming houses with funding from other government housing programs.

4.4 THE WHRC (WINNIPEG)

An extensive list of major WHRC problems cannot be compiled since it only began operation in 1980 with significant activity not occurring until 1982, however, if the period prior to its 1980 re-establishment is considered, its major problem has been the lack of Council support. Council support was divided between those who supported a greater municipal role in housing or viewed the WHRC as a means of re-

lieving the city of deteriorating properties, and those who believed the municipality should not directly intervene in housing or that the initiative was not economically feasible. Its tenuous support was shown by its 1978 decision to eliminate the WHRC, its later decision to revive the Corporation only by a tie-breaking vote and its subsequent commitment of limited funding. Upon the WHRC's re-establishment Council adopted a passive role towards its operation. Policies were not actively pursued to expedite the WHRC's program, such as development of a policy on municipal property transfers to the Corporation.¹⁸ Council's inability to form a consensus on the housing role that it should assume and its inadequate financial and moral support have undoubtedly limited the WHRC's production capabilities.

Difficulties with the acquisition/renovation component was an early recognized problem. Renovation activity was occasionally affected by various program constraints: rigid CMHC building and site standards; a CMHC guideline prohibiting the renovation of a building if the costs exceeded 85 percent of the local MUP limit; CMHC's preference for new construction; CMHC's refusal up until 1985 to provide funding for non-family units in the inner city; and, CMHC's reluctance to support projects creating tenant displacement in tight rental markets. Furthermore, non-residential building conversions have been affected by the lack of adequate CMHC building code equivalencies, CMHC loan insurance of only 90 percent and their ineligibility for RRAP funding.

Housing acquisitions on the private market were affected by high selling prices and the unavailability of structurally sound, vacant houses in targeted areas, while those from the public sector were affected by policy indecision, price and lengthy decision making processes.¹⁹ The gap between the economic and market values of renovated properties and limitations to inner city home ownership were other problems. Faced with these problems and the desire to minimize risk in its activities, the WHRC has concentrated on multiple unit renovation and new construction at the expense of single family housing renovation.

A final major problem has been the lack of financial resources. At the most basic level this has meant the existence of a minimum staff. In broader terms limited public funds for reducing capital costs have shifted its activity from single to multiple unit renovations. For all intents and purposes, its sales program has been abandoned; its resurrection is dependent on improved market conditions and/or additional subsidies for the WHRC and/or potential home buyers. Land acquisitions have been dependent on the decisions of the public and private sectors.

Since its formation the WHRC has relied heavily on government funding. The provincial and municipal operating grants have remained important in absolute terms, yet they have comprised a shrinking share of the operating revenues since 1981. Increasing revenues from rental income, project

management recoveries and CMHC rental subsidies have not kept pace with expenditures forced to rise by mortgage financing costs. Development activity has been supported by capital funding from private sector mortgages, the provincial government, forgivable RRAP loans under S.56.1 and the tri-level CAI. Without CAI funding the level of WHRC activity would have been significantly lower. Its financial stability has been affected by RRAP funding reductions, elimination of Canadian Home Insulation Grants and the impending expiry of the five year provincial and municipal funding agreement.

4.5 THE VHC (VANCOUVER)

The City of Vancouver's attempt at providing modestly priced housing was unsuccessful as the VHC dissolved after one year of operation. The major reasons for its dissolution were the lack of Council support and an agreed upon master housing policy, its inability to meet government guidelines and community opposition.

Even though members of the citizen reform movement had been elected to Council the VHC was created without strong Council commitment to civic responsibility for housing provision. Council was not prepared to provide front-end financial support, upgrade services in areas designated for VHC development or support the VHC by lobbying senior governments for funds. VHC activities and responsibilities

created conflicts within Council, between civic departments and between the City and senior governments. Council often criticized the VHC's lack of immediate results as the majority of councillors failed to understand the responsibilities associated with the VHC's comprehensive producer role and the length of time required for implementation.²⁰

The VHC was affected by the City's lack of an agreed upon master housing policy containing overall goals, targets, specific policies and implementation procedures. Varying levels of understanding and commitment to the VHC resulted from the lack of an agreement on whether multiple family housing should be developed on land in lower priced, low density, suburban areas as well as the lack of guidelines identifying what constituted acceptable higher density housing.²¹

The VHC's second major problem was its difficulty in attempting to construct housing which met CMHC financial guidelines in an expensive housing market and conformed to CMHC, provincial and City family housing guidelines. High land costs and the dearth of suitable sites made it almost impossible to produce assisted housing within CMHC cost guidelines. Large subsidies would have been required to enable low income households to reside in new units at reasonable density levels. To prevent unit costs from exceeding program guidelines for family housing the VHC began to consider housing families in medium to high rise buildings at

densities up to sixty-five units per acre. This created much concern over the social costs associated with such an action.²²

Community opposition comprised a third major problem. Difficulties associated with inner city site acquisition led the VHC to secure less expensive sites in single family suburban areas, thus creating strong opposition to its proposed projects. This opposition was part of a general public resistance to higher density housing proposals introduced by private developers and non-profit groups based on their potential to adversely affect community livability. More specifically, projects with assisted housing components were opposed for their perceived effect on property values, community infrastructure and schools; their lower design and amenity standards; and the perceived difference between low income tenant values and those of the existing community. Local residents' groups were often victorious in opposing VHC rezoning proposals. The lack of a master housing policy was partly responsible for their frequent success at the expense of the broader civic interest.

4.6 OTHER PROBLEMS AND CONSTRAINTS

Apart from the major problems, the MNP corporations in Toronto, Ottawa, Winnipeg and other municipalities have experienced other lesser problems which have affected their activities to varying degrees. As implementation of the MNP

Program varies among provinces, the degree to which individual corporations are affected by the following problems depends on their level of activity and the province in which they are located: difficulties with provincial administration of the program; inadequate front-end and interim financing; minimal local consultation and control; difficulties in administering the old and new programs; tenant-related problems; and, lack of organizational models.

Federal disentanglement has resulted in one federal program administered in a variety of ways across the country. Municipal discontent with provincial administration has been most pronounced in Ontario where there exists a well developed MNP component. The Province's approval and administrative process has been criticized for being withdrawn, cumbersome, bureaucratic, unrealistic in terms of price guidelines and too rigid in its application of CMHC guidelines. Provincial guidelines requiring MNP projects to undergo environmental assessment reviews have been criticized for extending this process as well as raising costs. Guidelines requiring municipalities to undertake 'best-buy analyses', intended to provide evidence that each project is the most effective way to serve the neighbourhood, have been called unnecessary and costly.

Some corporations have found the lack of front-end (working capital) and interim financing to be a problem. The severity of this problem differs among corporations as provin-

cial and municipal aid varies from no assistance to significant contributions toward administrative, land, capital and subsidy costs. Working capital is necessary to cover unexpected capital expenses. Some municipalities, especially smaller ones, have been unable to provide adequate front-end financing for capital expenditures and land acquisition while others have simply been unwilling. Some cities have assumed significant risks by providing forms of front-end assistance; these risks have often acted as a deterrent for those wishing to create a MNP corporation. Many corporations have had their plans for purchasing inner city land thwarted because they lacked readily available, adequate front-end funds.

Interim financing is needed to cover unexpected operating losses or costs incurred before receipt of mortgage funds (eg. advance fees to contractors and expenses for site preparation prior to construction). Some corporations have received advance funds from Council or have had to borrow interim funds from private lenders at high interest rates. Ontario's Interest-Free Loans and Grants Program, which provides start-up assistance to corporations, has created a greater opportunity to establish a reserve fund, however, the assistance is only available to municipalities developing their first non-profit project.

Other minor financial problems have been experienced. A modernization and improvement reserve fund has been advocat-

ed by those corporations which have experienced major repair costs for projects acquired under the S.15.1 program. The fees received for project administration have been criticized for being too low to enable sufficient recovery of costs since some corporations are billed by local governments for services provided (eg. legal, property repair, maintenance). Some corporations have also been constrained by the lack of rental subsidies for clients of rooming house/hostel units and insufficient funds for non-residential building conversions.

Minimal local consultation and control has been another criticism. Besides having to contend with frequent program revisions, corporations have criticized the lack of municipal consultation in federal-provincial negotiations on program development and revision. It is felt that municipal concerns and needs have been inadequately addressed by senior level decisions. The control of such basic elements as the setting of LEM rents does not rest with the corporations, thus illustrating the low level of local control. Long term planning has not been possible without control over program basics.²³

Many corporations have had some difficulty managing portfolios consisting of units subject to S.15.1 guidelines and those under S.56.1 guidelines. In some cases inequitable rent levels have become evident because rents under the old program are calculated on a cost recovery basis. The mar-

ketability of S.15.1 units may become increasingly troublesome as the public recognizes that rents for these units may exceed comparable units under S.56.1. Old program units will also likely require major improvements in the near future since inadequate funding for capital maintenance expenditures under S.15.1 resulted in the use of cheaper building materials.²⁴

Tenant-related problems have become another concern. One such problem is 'highgrading', which refers to the situation whereby households continue to reside in non-profit housing even after their income has risen to a level enabling them to obtain market accommodation. It is usually a concern in high amenity locations and in areas with a low vacancy rate.²⁵ Another problem has been the difficulty in attracting tenants for the LEM units in projects built in low income neighbourhoods, especially if housing is readily available in other locations. In these situations corporations have had to implement extensive marketing programs to fill the LEM rental units.

A final lesser problem for most corporations has been the absence of a clear organizational model. Prior to forming MNP corporations most municipalities scrutinized the organizational structures of successful corporations in other cities, yet many have evolved according to local conditions. Some have developed into lean organizations with a minimum complement of staff and strict financial controls, whereas

others which have become responsible for most aspects of development have maintained a large staff. The lack of an organizational model has partially been responsible for the financial and organizational difficulties encountered by some corporations.

4.7 CHAPTER 4 FOOTNOTES

1. City of Toronto Housing Department, BUILDING CHALLENGES: CONFRONTING TORONTO'S RENTAL CRISIS (Toronto: Housing Department, 1981), pp.34-35.
2. Sawatsky, THE CITY OF TORONTO NON-PROFIT HOUSING CORPORATION, pp.18-19.
3. City of Toronto Housing Department, HOUSING POLICY REVIEW 1976 (Toronto: Housing Department, 1976), p.116.
4. Sawatsky, THE CITY OF TORONTO NON-PROFIT HOUSING CORPORATION, p.19.
5. City of Toronto Housing Department, BUILDING CHALLENGES, p.49.
6. Ibid., p.43.
7. Ibid., p.39.
8. Although such concessions were permitted under the S.15.1 program they were essentially limited to Toronto.
9. City of Toronto Housing Department, BUILDING CHALLENGES, p.40.
10. Idem, SHIFTING FOUNDATIONS, p.47.
11. Sawatsky, THE CITY OF TORONTO NON-PROFIT HOUSING CORPORATION, p.37.
12. Ibid., pp.38-39.
13. Ibid., pp.39-40.

14. Woods Gordon Management Consultants, EVALUATIVE STUDY OF NON-PROFIT AND COOPERATIVE HOUSING IN ONTARIO (Toronto: Ontario Ministry of Municipal Affairs and Housing/Canada Mortgage and Housing Corporation, 1981), Appendix E (Ottawa section), p.2.
15. Ibid., p.4.
16. Ibid., pp.1-5.
17. Alderman Marlene Catterall, a speech given at the 1984 Ontario Municipal Non-Profit Housing Conference (October 16, 1984).
18. IUS, EVALUATION OF THE WHRC, p.31.
19. Ibid., pp.104-105.
20. Ann McAfee, "The Vancouver City Non-Profit Housing Experience," HOUSING AND PEOPLE, 7, 1 (Spring, 1976), pp.21-22.
21. Ibid.
22. Ibid., p.22.
23. Woods Gordon Management Consultants, EVALUATIVE STUDY OF NON-PROFIT AND COOPERATIVE HOUSING IN ONTARIO, Appendix E (Ottawa section), p.3.
24. Ibid.
25. "Summary of proceedings of the 1981 National Municipal Non-Profit Housing Conference," Vancouver, September 27-30, 1981, p.3.

Chapter 5

A PERFORMANCE EVALUATION OF THE TORONTO, OTTAWA AND WINNIPEG HOUSING CORPORATIONS

5.1 INTRODUCTION

With the housing corporations' backgrounds, problems and constraints discussed in the two preceding chapters it is now appropriate to conduct performance evaluations on the three operating corporations in the Cities of Toronto, Ottawa and Winnipeg, thus, the purpose of this chapter. The following performance measures will be used for evaluating the overall activities of all three corporations:

1. Volume and Extent of Operation
2. Income Groups Served
3. Household Types Served
4. Affordability
5. Community Reaction

Two reasons support the selection of the first four criteria. As the evaluations should be based on the stated goals/objectives of the MNP corporations, utilization of the four criteria is justified in that each criterion is reflected in the goals/objectives of all three corporations. Application of the four criteria to each corporation also

provides a degree of consistency and enables one to undertake broad comparisons, keeping in mind the varying conditions affecting each corporation. Secondly, the four criteria, because of their basic nature, are commonly used for housing program/agency evaluations.

In evaluating the performance of a MNP corporation it is important to examine housing production in terms of quantity and methods used. An inquiry into volume will determine whether the corporation has been reaching its production targets, the number of people that have benefitted, its level of activity and, if possible, its place in the housing production market and the proportion of needy households being served. In this evaluation 'Volume' refers only to the actual number of units that have been produced by a corporation, as in most cases its unit production is only a small proportion of total private and public rental construction in that city. An inquiry into the types of development activity will determine a corporation's diversity, its current emphasis, whether and how its emphasis has changed during the years, and the reasons behind any such change.

A second basic evaluation criterion used is 'Income Groups Served'. Low and moderate income households have been the targeted income group of MNP corporations. This criterion is necessary as it indicates which income groups have actually benefitted from a corporation's activities. In determining a corporation's degree of success it is im-

perative that it be primarily serving the income groups it was intended to benefit. A significant departure from this objective would signify failure in satisfactorily carrying out its mandate.

Another basic criterion used is 'Household Types Served'. Lower income families, senior citizens and special needs groups, such as the disabled and single parent families, have been the targeted household types. This essential criterion reveals the types of households that have been served by a corporation and whether they are the types the corporation intended to focus upon. If a corporation has not been serving its originally targeted household types or other special needs groups, this would indicate its lack of success in fulfilling one part of its mandate.

The final basic criterion used in this evaluation is 'Affordability'. Depending on household type and local market rents, affordability would be a problem for those households paying in excess of 25-30 percent of gross income for accommodation. The criterion is important as it determines whether the units produced have been financially accessible to the corporation's targeted income groups. If a corporation has been catering to households with higher incomes, affordability would not be a significant problem for existing tenants. In contrast, it would be a problem for those lower income households which have and have not obtained accommodation in the corporation's projects.

Current housing problems can explain why the first four basic criteria have been either explicitly or implicitly included as desirable objectives by the three MNP corporations or their local governments. Although an implicit objective, the number of units produced is important to the corporations in order to address the problem of a diminishing, affordable, rental housing stock created by demolitions and 'whitepainting', to name two factors. In regard to extent of activity, some municipalities may have decided to emphasize housing rehabilitation because of a large supply of deteriorating, inner city housing. The emphasis on low and moderate income households is required to address their high degree of housing need owing to the shortage of quality, lower priced housing for inner city renters. The objective of targeting lower income families, seniors and others with special needs is necessary as these groups display a high level of need due to economic or other disadvantages. Finally, low cost housing production is necessary to assist the large number of people paying high shelter costs as a result of inadequate personal incomes and/or the unavailability of inexpensive housing.

The 'Community Reaction' criterion is also applied to all three corporations. Although it is not a basic criterion for housing evaluations, it is useful to ascertain the community's general attitude towards a corporation's housing development activities. The degree of public support for a

corporation's activities may ultimately determine whether City Council revises the corporation's present mandate, reduces or increases funding, or even terminates its operations.

In addition to the five above criteria, the corporations are evaluated on performance measures not applicable to all three due to differing goal/objective statements. It is felt that some of the major housing needs of residents in these cities are adequately reflected in these statements, thus enabling the derivation of these performance measures for evaluation purposes.

5.2 CITYHOME (TORONTO)

5.2.1 Volume and Extent of Operation

When initially developing its housing program the City of Toronto preferred to see housing production undertaken by private non-profit and cooperative groups on City-assembled land, rather than by Cityhome, in order to avoid becoming a major landlord. Since then Cityhome has become an important producer of affordable rental housing in the City of Toronto (Table 1). It is important to note that Cityhome's share of the total number of units produced in the early 1980's may be higher than normal, as these were economically depressed years characterized by high interest rates which discouraged private rental construction.

Cityhome's contribution to the City's rental supply has been significant. By the end of 1982 its portfolio consisted of over thirty-eight hundred units with over 70 percent of this total comprised of new units. It has directly facilitated the development of over fourteen hundred cooperative units through the transfer of projects in the planning stages to cooperative groups.¹ Despite its respectable level of production, along with that of other third sector groups, there remains a crisis in affordable rental housing characterized by low vacancy rates, rising rents, minimal additions to the affordable housing stock and a loss of

TABLE 1

Apartment Production in the City of Toronto, 1982

Type of Developer	Unit Starts	Unit Completions
Cityhome	504	670
Co-op/Private Non-Profit	624	600
Private Rental	304	153
Metro Housing Co.	186	---
Condominium	116	939
Total	1734	2362

Source: City of Toronto Housing Department, SHIFTING FOUNDATIONS, Table 5, p.20.

units through demolitions and condominium conversions.

Cityhome has already achieved the original targets set for it in the 1974 CORE AREA HOUSING STUDY. Fifty-four percent of the twenty thousand assisted-unit target for the 1976-1986 period was to be met through all third sector housing programs combined, yet within the first six years of the target period Cityhome alone had produced nearly four thousand units.² The remainder of the target was to be achieved through programs such as AHOP, public housing and private rent supplement. Since these programs have either been eliminated or cut back, all third sector groups have had to produce more housing than originally expected in order for the City to attempt to meet its assisted-unit targets.

Cityhome has attempted to fill the gap by setting annual targets usually over one thousand units, well above those foreseen in 1974. Although it has achieved the original target set in 1974, it has been unable to realize its annual targets established since then (Table 2) due to problems discussed in the previous chapter. Its inability to fill the gap was reflected in the City's failure to achieve its target of twenty thousand assisted units; only 13,875 assisted units had been approved by the end of 1985.³ The City's failure to achieve its assisted-unit target will mean that a large number of needy households will be unable to obtain affordable accommodation. The housing scenario may

be more serious than it appears on the surface since limited funding and the high degree of affordable housing need make it unrealistic for production targets to meet actual unit requirements.

External factors have been primarily responsible for Cityhome's inability to attain annual targets. Its housing program originally consisted of new construction and 'acq/rehab' components but various factors have resulted in the latter's de-emphasis. Even with greater emphasis on new construction, annual targets have not been met due to the lack of affordable development sites, negotiation and approval delays, and community opposition. Cityhome cannot be held responsible for any City failure in reaching its assisted housing targets as its level of production has exceeded original projections; these projections for Cityhome were taken into account in the setting of the City's assisted housing target. Under present development constraints it cannot be expected to fill the gap created by the termination or curtailment of earlier programs.

Even though Cityhome managed to bring on the market a respectable average of five hundred units per year during the early 1980's, there remained a substantial unmet need for affordable rental housing. Between 1981 and 1984 Cityhome's growing RGI waiting list averaged over forty-eight hundred households. By 1984 Cityhome was housing, on average, approximately 3 percent of waiting list households in new projects and 6 percent through turnover in existing projects

TABLE 2
Cityhome Annual Unit Targets and Approvals

Year	Unit Type	Annual Targets	Annual Approvals
1975	New	600	0
"	Acquired	300	584
1976	New	1200	355
"	Acquired	525	332
1977	New	929	10
"	Acquired	265	70
1978	New	958	882
"	Acquired	140	36
1979	New	924	365
"	Acquired	100	0
1980	New	1309	864
"	Acquired	0	0
1981	New	283	283
"	Acquired	8	8
1982	New	1667	539
"	Acquired	125	0
1983	New	1095	?
"	Acquired	0	?

Source: Derived from various City of Toronto Housing Department annual reports.

on an annual basis.⁴ The proportion of RGI waiting list households accommodated annually declined during the early 1980's as a result of an increase in the waiting list combined with constant production levels, and the Province's 25 percent limit on RGI units.

It is more difficult to determine what proportion of the City's low and moderate income households requiring affordable housing were served by Cityhome on an annual basis, as there is no reliable data on overall needs. Nevertheless, a 1984 report estimated there to be an 'active' need for 8,000-10,000 units (derived from existing waiting lists for social housing in Toronto), and an 'incipient' need for 30,000 or more units (the 'incipient' need being the number of units that could be filled by low income households in need of such housing if it was available).⁵ Based on the latter figure, Cityhome was annually serving about 1.6 percent of the City's needy households in new projects, with around 3 percent accommodated through turnovers.⁶ Cityhome's ability to serve only a small portion of needy households demonstrates the extent of affordable rental housing need and the need for more funding and unit allocations under the program. Although its annual unit contributions have not been sufficient to reduce the number of households requiring affordable housing to any large degree, Cityhome has provided a respectable number of much needed units considering various existing constraints.

The extent of Cityhome's development activity has contracted in one area but expanded in others. The 'acq/rehab' component has seen little activity in recent years. Virtually no units were completed in 1982. No official target was set for 1983 in view of the Province's position on acquisitions. The 'acq/rehab' component may receive greater attention in the near future as financial constraints facing the new construction component may make the former the only viable alternative. Cityhome officials also believe that property acquisitions should be pursued because many existing, undervalued, rental buildings will inevitably increase in value due to market pressure for the conversion of apartments to other tenure forms.⁷

On the other hand, Cityhome has increased some activities and diversified into other areas. New construction has become more prominent than originally intended. Since 1979 it has dominated Cityhome's activities as it is considered the most effective vehicle for producing the quantity of units required to meet a portion of the high demand. Cityhome has participated in the development of two major communities - the St. Lawrence and Frankel/Lambert neighbourhoods. It has purchased new projects on a turnkey basis⁸ from private developers since 1980; as of 1983 this method had added more than five hundred units to its portfolio.⁹ To take advantage of every possible resource with housing potential it has converted mansions into smaller living units and non-

residential buildings into residential use, including small office buildings in municipal ownership.

In addition, its activities have extended beyond the bounds of the MNP Program as it has become involved in a wide range of social housing and related areas. Due to the household types served, Cityhome has found it necessary to incorporate into its own development activities the policies and programs of the community services field, such as day-care and elderly/disabled services.

5.2.2 Income Groups Served

Since its formation Cityhome's major goal has been the provision of affordable, integrated (income group and household type), rental housing for low and moderate income households. Tenant income data show it is predominantly serving its target population; whereas in 1982 the city's median income was \$25,781, the Cityhome tenant median stood at \$12,900.¹⁰ Eighty-five percent of Cityhome tenants had incomes lower than the city-wide median, slightly less than the 1980 percentage.¹¹ Even when household size is taken into account the proportion of Cityhome tenants earning less than the city-wide median income is substantial (Table 3).

The fact that only 15 percent of Cityhome tenants have incomes greater than the city-wide median refutes criticism that there exists a large number of tenants with high in-

TABLE 3

Percentage of Cityhome Tenants Earning Less than Estimated
City Median Income by Household Size, 1982

Household Type	Number of Persons per Household				
	1	2	3/4	5/6	7plus
Market	50.9	61.4	65.4	80.4	71.4
RGI	98.9	100	99.6	100	100
All	71.0	74.1	80.6	92.5	90.9

Source: City of Toronto Housing Department, SHIFTING
FOUNDATIONS, Table 18, p.42.

comes paying a small share for their accommodation. It has been argued that tenants paying LEM rents may be receiving subsidized treatment because they are paying slightly less than average private market rents. A mis-use of funds has not been occurring as Cityhome's portfolio does not include a high proportion of middle and high income tenants. The existence of tenants with incomes higher than the city-wide median does not indicate a contradiction of Cityhome goals as income integration has been one of its primary goals.

The number of RGI units being made available is another indicator of whether Cityhome is serving its target population. In 1982 the proportion of RGI units in its portfolio stood at 42.6 percent - a decline of 10 percent from the

1976 level.¹² This decline can be attributed to the Province's 25 percent RGI limit imposed in 1978. Under the old program up to half of the units in many of its projects located in lower income neighbourhoods were rent supplemented, thus benefitting more lower income households requiring housing assistance. While the proportion of RGI units has decreased, Cityhome is supplying needed RGI units, but nowhere near the level of public need. At the end of 1982 its waiting list of RGI applicants stood at 4198 households (9890 people), an increase of 5 percent over the previous year.¹³

Cityhome has been able to serve its target population fairly well, but it will become increasingly difficult if the program's LEM rent structure remains unchanged. As noted earlier, income polarization has begun to appear in its new projects, especially in the downtown area, as moderate income groups are becoming unable to afford the high LEM rents of the central area. Nevertheless, its projects are still expected to serve the target income groups in the near future.¹⁴

5.2.3 Household Types Served

Cityhome was intended to serve primarily lower income families with children. In order to achieve household type integration, Cityhome has attempted to include within its portfolio a mixture of household types by providing units of

different sizes. Despite its gradual move over the years towards larger unit production owing to strong market demand from the above group, non-family units continue to dominate the portfolio reflecting the even stronger demand for smaller units (Table 4). Although the range of unit types is fairly diverse, with two or more bedroom units comprising less than 38 percent of all units, less than 29 percent are suitable for family accommodation (ie. units with two or more bedrooms that are within three stories of grade and have non-mechanical grade access) according to the Official Plan definition.¹⁵ Based on Council guidelines requiring new and acquired projects to contain a minimum of 30 and 50 percent family units respectively,¹⁶ Cityhome has failed to reach the level of family oriented unit production set by the City. It has not focused enough attention on producing units for its primary targeted household type.

In view of the unit type distribution it is not surprising that over 50 percent of Cityhome tenants are single people (those residing in the LEM units and those in the RGI units on the basis of age or disability), with family households (with dependent children) comprising approximately 30 percent.¹⁷ Non-senior singles and childless couples, while eligible to reside in the LEM units, but often unable to afford them, are ineligible for the RGI units. Consequently, Cityhome has been unable to serve a notable segment of the population with affordability problems. Even though a fur-

TABLE 4
Unit Mix in Cityhome Projects, 1982

Unit Type	Number of Units	% of Portfolio
Beds/Rooms	349	9.1
Studio/Bachelor	829	21.7
One Bedroom	1197	31.3
Two Bedroom	820	21.5
Three Bedroom	527	13.8
Four Bedroom	78	2.0
Five or More Bedrooms	20	0.5
Total Units	3820	99.9
Total RGI Units	1627	42.6

Source: City of Toronto Housing Department, SHIFTING FOUNDATIONS, Table 22, p.56.

ther increase in the proportion of small units may be justified by the fact that singles form the largest group in the portfolio and on the RGI waiting list, Cityhome hopes to put more emphasis on the production of two or more bedroom units.¹⁸

Low and moderate income households with special housing needs, such as senior citizens, the disabled, single parent families and traditional inner city 'roomers', comprise another target group. Cityhome's waiting list consists of low

income residents eligible for RGI assistance, which is basically limited to seniors, the disabled and families, on a first come, first served basis. Senior citizens, who comprise about 16 percent of the entire city population, are proportionately represented in Cityhome projects.¹⁹ The Provincial guideline calling for a 5 percent dedication of handicapped units appears to be providing disabled residents with adequate housing opportunities. While all new projects do not include these units a few projects exceed the 5 percent guideline. Cityhome's tenant profile reinforces the well documented affordability problems experienced by single parent families, particularly female-led households; the latter group accounts for almost 13 percent of all tenants.²⁰ The fact that female-led households comprise over 31 percent of the RGI waiting list demonstrates the magnitude of their affordability problems and the need for Cityhome to be more aware of their problems. Cityhome's integration policy and waiting list procedures have prevented this group from comprising a larger proportion of its tenant population.

Cityhome has also recognized the housing problems of very low income single people requiring rooming house or hostel accommodation. The majority of hostel users are young, unemployed, single males with no special problems, who, along with traditional 'roomers', are faced with rising rents and a diminishing supply of rooming houses. As this population

group is not eligible for RGI assistance under the federal program, Cityhome has assumed the responsibility of creating over three hundred rooming house and hostel units for these individuals.

5.2.4 Affordability

In an expensive city where housing affordability is a major concern, it is especially important to determine the affordability of Cityhome's rental units. One measure of affordability is a comparison of Cityhome's average rents with those in the open market. Table 5 shows that average private sector rents are considerably higher than average Cityhome rents. The favourable position of Cityhome rents is especially pronounced as the unit sizes increase. Such a difference is crucial to low income families requiring larger units. The lower rents of cooperative units are exaggerated as cooperative charges do not include utilities.

A second affordability measure is the range of rent-to-income ratios experienced by Cityhome tenants. The majority of tenants pay between 20 and 30 percent of their income for rental purposes,²¹ however, in a 1981 study it was found that 17 percent of all households were paying over 30 percent with an additional 16 percent paying between 25 and 30 percent.²² While the study found that affordability was not a problem for the majority of households, it was a problem for those in the lowest income classifications, particularly

TABLE 5

Comparison of Average Rents in New Housing in the City of Toronto, 1980

Unit Type	Private	Cityhome	Co-operative
Bachelor	\$307	\$259	\$230
One Bedroom	469	348	277
Two Bedroom	673	420	350
Three Bedroom	925	476	431
Four Bedroom	1200	517	485

Source: City of Toronto Housing Department, BUILDING CHALLENGES, Table 6, p.15.

the 27 percent of households in the \$0-\$5,000 income range which were paying more than 30 percent of their gross income for housing.

5.2.5 Community Reaction

Public reception has been generally positive notwithstanding opposition during the planning stages. Many projects have encountered early resident opposition based on explicit arguments such as an increase in density related problems and property devaluation. Hidden reasons have included the social problems accompanying low income residents, the projects' potential to become rundown and a general fear of any perceived threat to the neighbourhood.

Opposition has often dissipated after the projects' construction and occupancy. Residents' groups in a number of neighbourhoods which have accepted projects have in fact requested additional Cityhome projects on local sites which might otherwise be developed in a form opposed by local residents.²³ Although the provision of extensive opportunities for public participation has been partially responsible for the large degree of organized opposition, local input has contributed to the overall positive image of Cityhome projects.

Cityhome policies ensuring a minimum level of physical and social disruption to neighbourhoods have likely contributed to eventual public acceptance of its projects. To ensure that projects blend into their physical surroundings, a set of site planning principles have been adopted which emphasize street related housing and traditional housing forms. Its innovative and sensitive housing designs have gained it a respected reputation. With the exception of the St. Lawrence project, which was essentially the creation of a new, income integrated neighbourhood in central Toronto, small scale, infill housing has been emphasized over large scale, redevelopment projects.

5.2.6 Tenant Participation

Tenant participation in project management has always been encouraged by Cityhome. With Cityhome financial assistance, tenant management committees were initially formed in most projects to be responsible for items such as minor tenant disputes and decisions on minor repairs and small budget items. Upon learning that extensive tenant involvement usually occurred in response to major issues, a more defined policy was developed in 1978 which allowed participation at earlier stages of the project planning process and awarded well-organized committees responsibility for decisions on renovations, tenant selection/eviction, rent increases, maintenance and budgeting. The policy's aim was to enable well organized tenant groups to assume ownership of projects through outright purchase.

Cityhome has remained committed to tenant participation. In 1982 there were twelve active and three less active tenant associations. Many other associations now disbanded have also received financial support. The Association of City Tenants (ACT) has been allowed to attend Board meetings to express its concern over policies and issues affecting tenants. In a few cases tenants have organized their own independent cooperatives and collectively purchased these projects from Cityhome. Residents living in communities designated for Cityhome projects have been given opportunities to participate in the project planning process through

public meetings and citizens' committees which, although time consuming, have tended to increase public support for the projects and their responsiveness to community needs.

5.3 THE CONPHC (OTTAWA)

5.3.1 Volume and Extent of Operation

With 3059 units under management at the end of 1984 housing approximately eight thousand people,²⁴ the CONPHC has become a major landlord. Half of its portfolio (1524 units) is comprised of units acquired from its predecessor, the COHC, with the other half (1535 units) comprised of units newly built, 'acq/rehab' or just acquired under the S.15.1 and S.56.1 programs.

Annual production has been respectable, yet the CONPHC has been unable to reach its annual targets. During its early operating years production targets ranged from four hundred to over seven hundred units annually. Since 1979 annual targets have been lowered to an average of 448 units. The actual number of units added to its portfolio has averaged 184 units annually (Table 6). Reduced S.56.1 unit allocations and difficulties with the 'acq/rehab' component have been largely responsible for its inability to reach annual targets.

The CONPHC's original housing program included a new construction and an 'acq/rehab' component. Due to difficulties

TABLE 6
CONPHC Annual Unit Targets and Actual Unit Completions

Year	Annual Unit Targets	Actual Unit Completions
1979	400	?
1980	356	36
1981	447	156
1982	482	144
1983	435	296*
1984	565	289

* The takeover of Strathcona Heights (404 units) also occurred in 1983 but has not been included because of its special nature.

Source: Derived from various CONPHC documents.

with the latter, annual targets and actual production have focused almost wholly on new construction. Development activity between 1976 and 1978 under the old program was balanced between the two components. Since 1978 new construction has dominated with only six units produced under the 'acq/rehab' component.²⁵ The acquisition from CMHC of a 404 unit lower income housing development (Strathcona Heights) in 1983, as part of CMHC's withdrawal from direct housing management, cannot be included under the 'acq/rehab' component as it did not require rehabilitation prior to occupancy and its acquisition was made possible through special fund-

ing arrangements with CMHC. The CONPHC has continued to set annual 'acq/rehab' targets even though it has had little success in reaching them.

In addition to the Strathcona Heights acquisition, the CONPHC has acquired with the aid of a municipal equity grant a forty-six unit rooming house to accommodate non-elderly, low income, single persons. Plans have been finalized for the construction of a rooming house and the acquisition of another. It has also undertaken management of special needs facilities including supervised group homes and shared homes for persons with psychiatric disabilities.

Faced with reduced unit allocations and encouraged by the success of its first rooming house acquisition, the CONPHC decided in 1984 to pursue development options outside of the MNP Program. Out of a 1984 target of 205 new and acquired units, eighty-five units were realized - the construction of a fifty-five unit rooming house with CMHC funding under the Canada Rental Supply Program (which essentially offered second mortgages at favourable rates), a municipal equity contribution and private mortgage financing, and a 'turnkey' acquisition of a thirty unit rooming house financed through City contributions and private mortgage financing. While unable to reach its target, its decision to explore other development and financing alternatives will increase its ability to provide much needed lower priced housing.

5.3.2 Income Groups Served

Upon examination of the income distribution of CONPHC tenants (Table 7), it would appear that the CONPHC is doing an adequate job of serving low and moderate income groups (\$0-\$24,999) which comprise 68 percent of all households (as of 1984). Of all households those with low incomes (under \$10,000) represent over 24 percent, however, this group's proportional increase since 1981 is a reflection of the CONPHC's 1984 acceptance of the Province's new 35 percent RGI limit.²⁶ Moderate income households (\$10,000-\$25,000) represent over 42 percent of all households which is a notable decrease from the 1981 level of 69 percent. Those households in the lower classification (\$10,000-\$14,999) of the moderate income category are especially poorly served as they cannot afford LEM rents and are a low priority for RGI units. Meanwhile, the proportion of households with incomes in excess of \$25,000 has doubled since 1981 to 32 percent. The CONPHC is serving a decreasing proportion of moderate income households even though priority is given to this group for the LEM units. This is part of the trend being experienced by other corporations whereby this group is unable to afford the LEM rents established under the program.

Since the CONPHC was in operation two years prior to the imposition of the 25 percent RGI limit, at least one-quarter of its portfolio is comprised of RGI units. This proportion will increase with the higher RGI limit. The high demand

TABLE 7
Income of CONPHC Tenants

Income Category	Percent of CONPHC Tenants			
	1984	1983	1982	1981
\$0-\$4,999	1.2	2.7	2.0	5.0
\$5,000-\$9,999	23.3	10.8	17.0	8.0
\$10,000-\$14,999	6.4	5.3	7.0	15.0
\$15,000-\$19,999	13.5	22.9	28.0	28.0
\$20,000-\$24,999	22.8	29.2	28.0	26.0
\$25,000-\$29,999	18.7	16.5	16.0	9.0
\$30,000 and over	14.0	12.5	2.0	7.0

Source: CONPHC, 1984 ANNUAL REPORT, p.17.

for RGI units is borne out by the fact that 54 percent of the December 1984 waiting list was comprised of families requiring RGI units.²⁷ The second largest group was moderate income families hoping to obtain accommodation in the CONPHC's limited dividend stock, Strathcona Heights and the LEM rental units because they were a low priority for RGI housing and unable to afford units on the open market. The RGI limit increase will certainly enable the CONPHC to provide affordable housing to a larger number of these low and moderate income households.

5.3.3 Household Types Served

The CONPHC has lived up to its mandate of producing units for families, senior citizens and persons with special needs. Seventy-four percent of the 1984 portfolio was designed for family accommodation in the form of detached dwellings, row housing, townhouses and apartments.²⁸ Of the 1535 units either newly built, 'acq/rehab' or simply acquired under S.15.1 and S.56.1, over 90 percent have been directed at family households.

Senior citizen units accounted for 24 percent of the total portfolio. Non-profit development has accounted for only 5 percent of these units with the remainder consisting of acquired limited dividend stock. Substantial additions to the stock are not a major requirement considering the waiting list has normally included an average of 225 senior citizen applicants.²⁹

Special needs groups have also been well served. In response to a critical housing shortage for low income single people and the lack of government housing assistance for this group, the CONPHC has undertaken independent initiatives. Its first action was the allocation of eighty RGI units within its seniors portfolio to singles between fifty and fifty-nine years of age. With the City agreeing to provide an annual rent reduction subsidy for 10 percent of these units, the CONPHC has been able to provide assistance

to these individuals until they are eligible for provincial rent supplement. Single parent families are well served as they represent 26 percent of all households.³⁰ Although units for the disabled comprise under 2 percent of all units, they make up over 6 percent of the newly constructed units. Units are also provided to social service organizations for housing persons leaving psychiatric institutions, mentally handicapped young people and persons with multiple disabilities. Finally, in the planning of new projects its policy is to always consider the potential for accommodating a special needs group.

5.3.4 Affordability

The CONPHC is providing affordable housing for its target income group of low and moderate income households. Its rents are either comparable to or less than private sector rents depending on which segment of the portfolio is being considered (Table 8). The rental rates of units developed under the non-profit programs (half of the total portfolio) are comparable to private sector rents; average private sector rates tend to fall in the middle of CONPHC rental ranges for respective unit sizes. On the other hand, average private sector rents are significantly higher than rents for the senior citizens units (mainly limited dividend); they are much higher than rents for the limited dividend family units and those in the lower income family housing development of Strathcona Heights.

TABLE 8

Comparison of CONPHC and Private Market Rents, 1985

CONPHC Units	Range of Rental Rates (\$)				
	Bachelor	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm
Elderly	211-296	265-352	382-410	-	-
Family - Ltd. Dividend	-	-	-	321-334	347
Family - Strathcona (Apts).	-	-	219-245	251-276	-
Family - S.15.1/ S.56.1 (apts. and townhouses)	-	350-510	372-551	448-622	498-660
Private Market Units (Greater Ottawa)					
Average Apartment Rents	326	406	491	586	615

Source: Derived from information obtained from the CONPHC and from CMHC Rental Survey data, April 1985.

It was not possible to obtain a comprehensive profile of the rent-to-income ratios experienced by tenants at the time of writing, as the CONPHC was in the process of computerizing tenant files, however, officials have estimated that the majority of tenants are paying between 25 and 30 percent of their gross income on fully serviced rent. Its guideline of awarding top priority to those families able to afford these rents within a 25 to 30 percent ratio for the limited dividend and new family units would lend credibility to this estimate. Information collected from households residing in the new family units in 1982 indicated that 32 percent of households had a rent-to-income ratio of 20-24.9 percent and an equal amount were paying from 25-29.9 percent.³¹ In comparing this figure with the current figures estimated by CONPHC officials it would appear that unit affordability has decreased somewhat, partly due to high LEM rents.

5.3.5 Community Reaction

Community reaction to the CONPHC's development activities has been generally favourable, although projects have encountered a fair amount of initial resident opposition based largely on misconceptions as to the type of 'government' housing being produced. Opposition is often dispelled during public forums designed to encourage community participation, nevertheless, some delays have been lengthy and costly.

5.3.6 Tenant Participation

The CONPHC has followed through with its commitment to tenant participation by encouraging the formation of tenants' associations which have provided tenants with the opportunity to become involved in developing policies in such areas as rent, maintenance and general management. In 1984 a satisfactory number of twelve associations, representing 56 percent of total portfolio units, received funding to carry out their activities.³²

5.3.7 Third Sector Assistance

The CONPHC's goal of encouraging and assisting private non-profit and cooperative groups has not fallen into obscurity. Both existing and newly formed groups have received organizational and technical assistance for the preparation of housing proposals as well as City-owned land leases or transfers for project development. In 1983 five groups received organizational, project development and land acquisition assistance while four private non-profit/cooperative projects were completed on land acquired from the City.

Based on a 1984 review of the CONPHC's third sector assistance which found a sufficiently high level of expertise among Ottawa resource groups, it was decided that direct involvement in supporting new non-profit housing groups would be reduced while support through land banking and land leas-

es would be maintained. Furthermore, emphasis would be given to providing generous support and technical assistance to special needs groups (eg.group homes) interested in developing their own housing, as well as maximizing the use of existing and future CONPHC units for special needs groups.³³

5.4 THE WHRC (WINNIPEG)

5.4.1 Volume and Extent of Operation

In comparison with Cityhome and the CONPHC, WHRC development activity has been limited. The WHRC has been unable to achieve targets outlined in moderate term development plans. By October 1984 its portfolio consisted of eighty-five rental units housing over two hundred people, with twenty-six apartment units under renovation (McMillan Court) and the construction of seventy-two new apartment units and a non-residential building conversion in the planning stages.³⁴ Based on almost four years of active development activity, production has averaged approximately twenty-seven to thirty units annually. This figure is far below that of the seventy-nine annual units envisioned in the original 1977 proposal for the WHRC's formation, which outlined a five year program involving 395 houses, and the annual average of over one hundred units under a four year program proposed in 1981.

Its inability to achieve these targets can be attributed to the development programs being based on scenarios which

failed to materialize. Both program proposals foresaw an emphasis on houses, a higher level of production, a greater sales emphasis, more modest levels of renovation and a closer relationship between the City's and WHRC's housing activities.³⁵ Since 1982, when it resorted to developing one year development plans, it has failed to achieve modest annual targets; it was expected that the 1984 target would become the first to be reached. More basic reasons for its low production levels have been its short period of active development (since 1981), limited funding and the City's low level of support and commitment to direct housing production.

The WHRC's level of production would not have even reached the minimum level it has if it were not for the \$500,000 in funding provided under the tri-level CAI program. The City's share of \$167,000 represents the City's largest contribution to date. The funds were intended to assist the WHRC in increasing the supply of renovated houses in core area neighbourhoods, primarily for families, and the supply of apartments through renovation and new construction in the CAI-targeted area of North Portage, a physically deteriorated, multi-block area immediately north of the downtown's primary retail street. The funds were earmarked for the renovation of fifty single family and twenty-six apartment units, and the construction of thirty-nine apartment units for 1983/1984. While the apartment projects had pro-

ceeded by October 1984, only seventeen of the single family units had been renovated. When completed these projects will comprise a large portion of the portfolio.

The extent of development activity has changed considerably during its short period of operation. WHRC activity was initially planned to focus on increasing homeownership opportunities for lower income families in inner city neighbourhoods through the sale of renovated houses, a goal never stated by the Toronto or Ottawa corporations. Prevailing market conditions which resulted in a significant loss on its first house sale, its preference to minimize the risk in its activities and its desire to avoid program constraints resulted in the de-emphasis of the sales component. The component was eliminated from annual production plans after 1983. Future activity is dependent on substantial improvement in market conditions and the availability of subsidies for the WHRC and/or home buyers.³⁶

The WHRC has generally not strayed from its goal of upgrading the existing housing stock. Since the failure of the sales component, activity has concentrated exclusively on rental housing production mainly through renovation of multiple unit buildings. Renovation has accounted for forty-nine (mainly apartments) of its eighty-five units with new apartment units comprising the remainder. Its emphasis on multiple unit project renovations increases the projects' economic feasibility as capital costs can be spread over a

number of units. The above goal is also supported by recent developments: serious consideration towards the conversion of non-residential buildings; WHRC approval in principle to function as a turnkey rehabilitation agent under the Province's Buy and Renovate Program which offers residents incentives to purchase and renovate older houses; and possible WHRC involvement as a turnkey agent in converting non-residential buildings on behalf of housing cooperatives under a provincial program.

New construction is considered a final alternative only to be undertaken in exceptional circumstances. Upon completion of the seventy-two unit project the majority of its portfolio will consist of newly constructed units. Exceptional circumstances are responsible for these new projects.³⁷

5.4.2 Income Groups Served

Based on the annual income distribution of its households, it would appear that the WHRC is fulfilling its mandate of providing rental housing to lower and moderate income residents (Tables 9 and 10). Families and individuals with annual incomes in the \$12,000-\$22,000 range have been its target income group. Although the 1984 household income profile ranged from \$3600 to \$40,124, the median annual income was \$11,640.³⁸ The one or possibly two households with medium to high incomes were dual parent families with two

TABLE 9

Annual Household Income, Monthly Rentals and Shelter Ratios
of Tenants in WHRC's Non-56.1 Units, October 1984

Household Type/Size	Sample Size	Annual Income (\$)	Rents by Unit Type* (\$)				Shelter Ratios
			Bach.	1 Bdrm	2 Bdrm	3 Bdrm	
Single Person	3	8520-18000	194	229-260	-	-	.173-.322
Single Pensioner	1	5000	-	-	180	-	.432
<u>One Parent Families</u>							
- 1 Child	2	5400-6408	-	245	295	-	.459-.655
- 2 Children	1	17000	-	-	315	-	.222
<u>Two Parent Families</u>							
- 2 Children	3	9128-40124	-	-	325-328	350	.097-.460
- 3 Children	1	10000	-	-	-	250	.300
Total Sample	11						
Sample Universe	15						
* The rental rates exclude parking, heat, light, and other utilities where these are subject to separate charge.							

Source: IUS, EVALUATION OF THE WHRC, Table 13, p. 102.

TABLE 10

Annual Household Income, Monthly Rentals and Shelter Ratios
of Tenants in WHRC's 56.1 Units, October 1984

Household Type/Size	Sample Size	Annual Income (\$)	Rents by Unit Type* (\$)				Shelter Ratios
			Bach.	1 Bdrm	2 Bdrm	3 Bdrm	
Single Person	14	3600-20000 Med. 6200	165-212	214-291	-	-	.159-.647 Med .351
Single Pensioner	3	6570-12060	-	176-291	-	-	.240-.531
Two Adults	2	10800-13800	-	291	356	-	.309-.323
Couple	5	10200-21912 Med. 14640	-	212-291	345	-	.189-.249 Med .235
Pensioner Couple	1	13173	-	291	-	-	.265
<u>One Parent Families</u>							
- 1 Child	3	9600-16920	-	-	219-356	-	.252-.367
- 2 Children	6	7000-22620 Med. 11702	-	200	356	269-411	.237-.440 Med .329
- 4+ Children	1	12000	-	-	-	411	.411
<u>Two Parent Families</u>							
- 1 Child	9	9840-19200 Med. 15236	-	-	219-356	-	.187-.371 Med .257
- 2 Children	2	12984-19200	-	-	356	-	.222-.329
- 3 Children	1	5688	-	-	-	310	.654
- 4+ Children	3	17160-20400	-	-	-	350-433	.206-.287
Total Sample	50						
Sample Universe	68**						
* The rental rates exclude parking, heat, light, and other utilities where these are subject to separate charge.							
** The sample universe of 68 excludes two caretakers' units. Income data for another 18 tenancies were not available. Of these 18, nine were on some form of social assistance and five had mixed sources of income; information on sources of income was unavailable for four tenancies.							

Source: IUS, EVALUATION OF THE WHRC, Table 14, p. 103.

children residing in that portion of the portfolio (15 units) not under the S.56.1 subsidy program. The availability of S.56.1 subsidies has helped the WHRC serve its target income groups, however, any loss of funding from current sources would make it extremely difficult to reach lower income residents. The integration of income groups, while not a stated WHRC goal, is also evident.

5.4.3 Household Types Served

In keeping with its purpose of catering to needy inner city families, WHRC activity has concentrated on the production of family oriented units. By October 1984, 55 percent of its portfolio consisted of two and three bedroom units (Table 11); with completion of the McMillan Court project in mid-1985 this percentage will increase to 61 percent. All three government levels have encouraged this level of family oriented unit production, especially the CMHC which has been unwilling to provide funding for non-family units in the inner city; its position was expected to change in 1985. WHRC projects supported by CAI funding have enhanced this family unit bias as a large majority of the units are directed at family households.

With the dominance of family oriented units it is not surprising that families, both one and two parent, represent 51 percent of all households. Most WHRC families do not have more than two children and almost 69 percent reside in

Table 11
 Number of WHRC Rental Units Occupied by Household
 Type and Size, October 1984

Household Type/Size	Single Detached/ Duplex/Triplex			Bach	Apartment		
	1 Bdrm	2 Bdrm	3 Bdrm		1 Bdrm	2 Bdrm	3 Bdrm
Single Person	2	-	-	12	13	-	-
Single Pensioner	-	1	-	-	3	-	-
Two Adults	-	-	-	-	1	2	-
Couple	-	1	1	-	4	-	-
Pensioner Couple	-	-	-	-	1	-	-
<u>One Parent Families</u>							
- 1 Child	-	1	-	-	1	4	-
- 2 Children	-	1	2	-	1	3	3
- 4+ Children	-	-	-	-	-	-	1
<u>Two Parent Families</u>							
- 1 Child	-	-	-	-	-	11	-
- 2 Children	-	4	-	-	-	4	1
- 3 Children	-	-	2	-	-	-	-
- 4+ Children	-	-	1	-	-	-	3
Subtotal	2	8	6	12	24	24	8
Total = 84							
Data on household type and size were unavailable for one two-bedroom suite.							

Source: IUS, EVALUATION OF THE WHRC, Table 11, p. 100.

the non-apartment units (Table 11). Single adults comprise the next largest group at 37 percent of all households.

The WHRC's performance in providing housing for special needs groups is respectable. Non-senior singles and single parent families, identified as needy groups in the Cityhome evaluation, represent 32 and 20 percent of households respectively (Table 11). Senior citizens comprise only 6 percent of all households, however, seniors housing has been adequately provided by the Manitoba Housing and Renewal Corporation (MHRC) and private non-profit groups. Seven percent (6 units) of the portfolio has been designed for handicapped individuals. Official WHRC policy allows disabled persons to rent family units if a suitable support system is available if needed; unless units are specifically designed or intended for this purpose, no more than one unit per project is rented out to disabled persons. With this assortment of household types the WHRC can also claim to be achieving a reasonable level of household type integration.

5.4.4 Affordability

By the late 1970's housing affordability, notably in the rental market and among single parent families and young/elderly singles, was recognized as a severe problem for inner city households. The problem appears to have persisted well into the 1980's if the rental situation of WHRC tenants is any indication. Lower and moderate income households are being served yet they are experiencing some affordability

problems. WHRC rents (Table 12) are lower than average private market rents in Winnipeg.³⁹ Its renovated units are generally able to offer lower rents to tenants. Nonetheless, many households have rent-to-income ratios in excess of 25 percent (Tables 9 and 10). The problem is especially prevalent among single parent families and young/elderly singles. It should be noted that the shelter ratios overemphasize the affordability of the units for current tenants because the ratios have been calculated exclusive of utility costs which must be paid by the tenants.

Despite the subsidized rents under the S.56.1 program it would appear that a fair number of tenants require additional assistance to reduce their shelter ratios. The affordability problem may be slightly biased as only seventy of the total eighty-five units are under the program. As the WHRC is not subject to a provincial maximum limit of RGI tenants, roughly 90-95 percent of its tenants are paying RGI rents made possible through S.56.1 program subsidies. The Province's SAFFR (Shelter Allowance for Family Renters) and SAFER (Shelter Allowance for Elderly Renters) programs are open to WHRC tenants. An inquiry into the number of households with high shelter ratios benefitting from these programs has not been undertaken to date.

Table 12

Number of WHRC Rental Units by Range of Monthly
Rentals, October 1984

Rental Range (\$/Month)	Single Detached/ Duplex/Triplex			Apartment			
	1 Bdrm	2 Bdrm	3 Bdrm	Bach	1 Bdrm	2 Bdrm	3 Bdrm
150 - 174	-	-	-	4	-	-	-
175 - 199	-	1	-	7	1	-	-
200 - 224	1	-	-	1	4	2	-
225 - 249	1	1	-	-	4	1	-
250 - 274	-	-	2	-	4	-	1
275 - 299	-	1	2	-	10	-	-
300 - 324	-	-	1	-	-	1	-
325 - 349	-	4	-	-	-	-	-
350 - 374	-	1	-	-	-	19	2
375 - 399	-	-	-	-	-	-	-
400 - 424	-	-	1	-	-	-	4
425 - 449	-	-	-	-	-	-	1
450 - 474	-	-	-	-	-	-	-
475 - 499	-	-	-	-	-	1	-
Subtotal	2	8	6	12	23	24	8
Total = 83							
<p>The data include 64 units with S.56.1, subsidized rents, and 4 with market rents. Above rents are net of the applicable subsidy and exclude parking, utilities, heat, or lights.</p>							

Source: IUS, EVALUATION OF THE WHRC, Table 12, p. 101.

5.4.5 Community Reaction

Information on citizen reaction to its projects and overall development activity is unavailable, therefore, this section will discuss the reactions of various government levels and the private development sector to its activities.

Notwithstanding Council's divided support for direct municipal housing involvement and its minimal financial assistance, the City of Winnipeg has generally supported the WHRC's current form and level of activity. The City has been somewhat opposed to the development of new family oriented units in the downtown area as pressure would be exerted on existing services (eg. schools, recreational space). Provincially, the WHRC's entry into new construction is viewed as somewhat of an intrusion, however, its low level of production has lessened provincial concern.⁴⁰ Overall, the provincial government has considered WHRC activity to be complementary to the MHRC's housing programs.

As creator of the MNP Program, CMHC has naturally supported WHRC activity. Disagreements which have arisen include the extent of renovation undertaken, the criteria used to estimate the costs and benefits of renovation versus new construction, code equivalencies in renovation and CMHC's reluctance to support projects involving tenant displacement in Winnipeg's tight rental market. Though recognizing the City's reasons for its bias against downtown family housing,

CMHC has, up until 1985, been reluctant to fund non-family units. It has also expressed concern over the concentration of assisted seniors and family housing production in the downtown's North of Ellice area,⁴¹ a multi-block area in need of revitalization, immediately north of the North Portage sector, consisting primarily of multiple unit, residential buildings.

Public sector concern that private sector investment may be discouraged by the concentration of WHRC activity in the North of Ellice precinct, in conjunction with MHRC production, appears to be unsubstantiated as WHRC activity in this area has been viewed positively by the private sector.⁴² The good probability that major private sector investment would have continued to evade the area without any evidence of real public sector interest and initiative may explain this private sector reaction.

5.4.6 Neighbourhood Stabilization

One of the WHRC's goals has been to assist in the stabilization of older, inner city neighbourhoods through housing stock improvements restricted to the City's 'redevelopment', 'major improvement', 'rehabilitation' and 'conservation' neighbourhoods.⁴³ A close relationship was expected to develop between the WHRC and the City's Neighbourhood and Community Improvement Programs (NIP and CIP) whereby both parties would identify strategic properties for renovation in

NIP and CIP neighbourhoods. WHRC activity to date, which has focused on the inner city, has had little impact on neighbourhood stabilization due to its short period of operation and limited production. Its level of activity has had minimal impact on inner city neighbourhoods which continue to experience deterioration, closure and demolition of lower priced housing units, and rehabilitation activity far below the required level. The identification of key sites for potential renovation in NIP/CIP neighbourhoods has occurred to a limited extent.

In some neighbourhoods the WHRC has undertaken the development of two or more key sites to act as a catalyst for further improvement. The acquisition of vacant buildings for renovation, some of which would have otherwise been demolished, and new construction have also had a positive impact on the stability of specific neighbourhoods. Unfortunately, the degree to which it has been able to contribute to neighbourhood stabilization and revitalization has been negatively affected by its limited production and dispersal of development activity over too wide an area during its earlier years of operation.

Its potential for having a greater positive impact has increased since the 'downtown' was added to its list of target areas as part of its plans to focus activity in the CAI-targeted area of North Portage/North Ellice upon the receipt of CAI funding. Since then it has concentrated on the

'downtown' precinct of the core area which by mid-1985 will contain over half of its portfolio. North Ellice is one area which has seen the development of two or more strategically located projects in an effort to increase the area's stability and stimulate private sector investment. Without further concentration of its efforts in selected neighbourhoods and on key projects, it will continue to have a small impact on neighbourhood stabilization and revitalization.

5.5 PRECIS

Cityhome, which has become a significant rental housing producer within the City of Toronto, has been successful in producing affordable units for low and moderate income households, with most of its tenants not experiencing affordability problems. Many of its projects have achieved the integration of different income groups and tenant participation in project management. Initial community opposition to projects has often transpired into general acceptance as a result of Cityhome's sensitive design guidelines and citizen participation measures. However, Cityhome has been less fortunate in attaining its high annual targets and producing units for a greater diversity of household sizes.

The CONPHC, also a major landlord, has been able to reach its targeted group of low and moderate income households which comprise two-thirds of its entire tenant portfolio. Unit affordability is not a problem for a majority of its

tenants. Family and senior households, as well as special needs groups such as single parent families and the disabled, are well served by the CONPHC's entire portfolio, although non-profit production has focused on family units. The CONPHC has also been committed to tenant participation and third sector assistance. On the other hand, annual production targets have not been achieved and initial resident opposition has created costly delays in project development.

Unlike its more active and successful counterparts, the WHRC has only attained a moderate level of success at best, primarily due to its low level of production thus far. Inadequate municipal support and political commitment to municipal involvement in housing production and low funding levels have been the major factors preventing a higher level of development activity. While its units have been accessible to low and moderate income households, with rents either comparable or lower than those in the private market, affordability has been somewhat of a problem for a number of its tenants. WHRC activity has focused on family-oriented unit production. A reasonable proportion of single parent families and single adults indicates it is catering to different household types, however, the disabled and seniors were inadequately represented in the WHRC's tenant profile. In general, WHRC activity has been positively received by the public and private sectors. By late 1984 its impact on neighbourhood stabilization had been minimal.

The above are the evaluation results based on the selected criteria. It must be recognized however, that each MNP corporation's performance has been affected by divergent, local economic, housing market and political conditions. It is also likely that over a period of time each corporation awarded varying degrees of priority to its stated objectives, possibly due to constraints which were affecting its ability to achieve a specific objective or the influence of provincial program objectives, as most provinces have assumed administrative control of the MNP component of the S.56.1 program. Therefore, when comparing the corporations' performances (Table 13), it must be acknowledged that the different degrees of success attained by each corporation for one particular criterion may be a reflection of individual priorities for their housing programs and/or conditions not conducive to attaining a high level of success.

Table 13

Performance of MNP Corporations Based on
the Five Common Evaluation Criteria

Criterion	Cityhome (as of Dec 1982)	CONPHC (as of Dec 1984)	WHRC (as of Oct 1984)
1. Volume - number of produced/ acquired S.15.1/ S.56.1 units	3820	1535 Total portfolio - 3059	85
2. Income Groups Served	Household median income \$12,900	68% of all house- holds with low & moderate incomes (\$0-\$24999)	Household median income - \$11,640
3. Household Types Served - proportion of family households	30%	- 74% family- oriented units in total portfolio - 90% family- oriented units in the S.15.1/ S.56.1 sector	51%
4. Affordability - unit rents - tenants' rent-to- income status	- average rents considerably lower than average pri- vate market rents - good majority of tenants paying between 20- 30% of income for rent	- average rents of S.15.1/ S.56.1 units comparable to average private sector rents - majority of tenants paying between 25-30% of income for rent	- average rents either lower than or comparable to private market rents - units generally affordable yet many households with rent- to-income ratios over 25%

Table 13 (continued).

Performance of MNP Corporations Based on
the Five Common Evaluation Criteria

5. Community Reaction	- frequent initial resident opposition followed by long term acceptance	- significant degree of initial community opposition usually dispelled during later stages of project planning and development process	- citizen reaction estimated to be generally favourable; no major public or private sector opposition.
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5.6 CHAPTER 5 FOOTNOTES

1. City of Toronto Housing Department, VANISHING OPTIONS: THE IMPENDING RENTAL CRISIS IN TORONTO, Table 10 (Toronto: Housing Department, 1980), p.42.
2. City of Toronto Planning and Development Department, CONFRONTING THE CRISIS: A REVIEW OF CITY HOUSING POLICY, 1976-1981 (Toronto: Planning and Development Department, 1982), p.35.
3. City of Toronto Planning and Development Department, "HOUSING MONITOR '86: ANNUAL REPORT ON HOUSING TARGETS AND ACHIEVEMENTS," (Toronto: 1986), p.2.
4. Estimates obtained through correspondence with the City of Toronto Housing Department.
5. CITY OF TORONTO HOUSING REVIEW. A report prepared by Comay Planning Consultants for the City of Toronto, November 1984.
6. Estimates obtained through correspondence with the City of Toronto Housing Department.
7. Sawatsky, THE CITY OF TORONTO NON-PROFIT HOUSING CORPORATION, p.19.
8. In a 'turnkey' arrangement a private developer with a site provides the architectural and construction services while the Housing Department is responsible for supervision.
9. CITYHOME, a booklet prepared by the City of Toronto Non-Profit Housing Corporation, 1983.

10. City of Toronto Housing Department, SHIFTING FOUNDATIONS, p.39.
11. Ibid.
12. Ibid., Table 22, p.56.
13. Ibid., p.17.
14. Ibid., p.43.
15. Idem, BUILDING CHALLENGES, p.31.
16. Idem, NEW DIRECTIONS IN HOUSING, 1977 (Toronto: Housing Department, 1977), p.71.
17. Derived from SHIFTING FOUNDATIONS, Table 15, p.41, and BUILDING CHALLENGES, p.34.
18. Sawatsky, THE CITY OF TORONTO NON-PROFIT HOUSING CORPORATION, p.23.
19. City of Toronto Housing Department, BUILDING CHALLENGES, p.34.
20. Idem, SHIFTING FOUNDATIONS, Table 15, p.41.
21. Ibid., p.41.
22. Woods Gordon Management Consultants, EVALUATIVE STUDY OF NON-PROFIT AND COOPERATIVE HOUSING IN ONTARIO, Table 2.3.8.
23. Sawatsky, THE CITY OF TORONTO NON-PROFIT HOUSING CORPORATION, p.28.
24. Derived from a variety of CONPHC documents and fact sheets.
25. CONPHC, 1984 ANNUAL REPORT, pp.6-7.
26. In 1983 the Province of Ontario raised the RGI limit from 25 to 35 percent plus 5 percent for disabled

residents. MNP corporations wishing to take advantage of this increase were required to meet two mandatory conditions: the corporations were to use the OHC's point rating system for prioritizing applicants; and, a joint waiting list was to be established with the Local Housing Authority.

27. CONPHC, 1984 ANNUAL REPORT, p.10.
28. Ibid., p.16.
29. Ibid., p.10.
30. Ibid., p.17.
31. City of Ottawa Non-Profit Housing Corporation, "Background to the 1984 CONPHC Budget," (Ottawa: 1983), p.68.
32. CONPHC, 1984 ANNUAL REPORT, p.18.
33. Ibid., p.8.
34. IUS, EVALUATION OF THE WHRC, pp.34 and 90.
35. Ibid., p.52.
36. Ibid., pp.103-104.
37. Faced with delays in proceeding with a project conversion and the consequent loss of a portion of the S.56.1 allocation, it was decided to proceed with the seventy-two unit project. In another case a new project was built to replace an acquired apartment block found to be structurally unsound.
38. IUS, EVALUATION OF THE WHRC, p.92.
39. In April 1985 the Winnipeg CMHC Office determined the average market rents in Winnipeg to be as follows:

bachelor unit, \$260; one bedroom unit, \$357; two bedroom unit, \$443.

40. IUS, EVALUATION OF THE WHRC, pp.108 and 111.
41. Ibid., p.111.
42. Ibid., p.124.
43. Although most of these neighbourhoods are located in the inner city some, especially the 'conservation' types, are not.

Chapter 6

AN EXPANDED MUNICIPAL HOUSING ROLE THROUGH THE MUNICIPAL NON-PROFIT HOUSING PROGRAM

6.1 INTRODUCTION

In Chapter 5 performance evaluations were conducted on the MNP corporations of three cities which have responded to a federal incentive by creating corporations to directly intervene in the housing market. The purpose of this chapter is to discuss why and how municipalities should consider expanding their housing role through the MNP Program. Section 6.2 will attempt to develop a case for an expanded municipal housing role - the reasons supporting a larger role and the types of roles available will be presented. The MNP Program as a vehicle for greater municipal involvement will be discussed in Section 6.3; this section will expound the benefits of non-profit housing and the program, the advantages of a MNP corporation as a vehicle for increased municipal involvement and the pre-requisites for creating a successful corporation. The current state of municipal involvement in the MNP Program and the latter's present status will also be discussed.

6.2 STATING A CASE FOR GREATER MUNICIPAL HOUSING INVOLVEMENT

In Chapter 2 it was stated that a combination of factors had been responsible for the minimal housing role adopted by municipalities. These factors continue to affect municipal involvement in the 1980's.

Municipalities remain 'creatures' of the provinces. Their responsibilities are those that have been provincially delegated to them; entry into new jurisdictions must receive provincial legislative authority or general approval. They continue to struggle financially as revenues fail to keep pace with rising expenditures for necessary capital works, basic services and an expanding array of publicly demanded, social-type services. Since the early 1970's they have branched out somewhat from their traditional role of providing services and regulating development, yet within administrative, political and public circles there remain many who refuse to accept broader municipal excursions into the housing field. Municipal concern with low income housing problems is also negatively affected by local government bias towards physical planning issues rather than those of a social nature. On the whole, the public has become more sympathetic to the housing needs of less fortunate citizens and more receptive to municipal initiatives aimed at these groups, nevertheless, many people continue to oppose initiatives for financial, social and locational reasons. While these factors continue to act as constraints, some municipi-

palties have overcome them at least just enough to permit an expanded housing role.

One of the reasons supporting a larger municipal role is the appropriateness of a local response to local problems. Among the various levels, the local government, being closest to its electors and accountable to them, is often the most capable of determining the housing needs, problems and preferences of its residents. The vast majority of housing policies and programs have been federally developed for national application. Such universal application has often failed to take into account regional and local housing market variations and the specific needs of individual municipalities. By expanding their housing role through development of a general housing policy and program, co-ordination of policies from different government levels and administration of various government level programs, municipalities would be able to develop their own housing approach to address specific needs and issues without relying on generalized national programs. A more extensive role involving the facilitation and direct production of housing would enable them to address issues which have received little attention from national programs.

Greater involvement can best ensure the achievement of general or specific housing goals, and that the policies or programs of other government and private bodies do not conflict with these goals. A general consensus of local hous-

ing goals would enable a municipality to take advantage of existing programs supporting its goals. Municipal involvement assists goal achievement when private sector activity does not support local goals. Private sector activity may not support goals to ensure that low and moderate income households with children retain access to particular neighbourhoods due to the lower profits generated by such developments, particularly in inner city locations. To support its goal a municipality may decide to further regulate private sector development (eg. through strict enforcement of its Master Development Plan), encourage public or third sector activity or become directly involved in housing production.

A public and governmental change in perception of basic shelter (ie.housing) as a public 'right', rather than a 'commodity', provides further support for an expanded municipal role. This view has become more accepted since its declaration by the federal government in the late 1960's. Whether or not increased municipal involvement should occur continues to be based on values held by citizens and those in administrative and political circles. Those who consider basic shelter a 'commodity' question the need for public involvement other than to regulate the market. When basic shelter is deemed to be a public 'right' municipal involvement is justified if there exists a housing need in the community. As there exists substantial affordable housing need in many centres, greater municipal involvement would appear to be justified.

A final reason for greater involvement is the higher level of municipal competence. Opponents have often cited incompetence in opposing greater municipal involvement. Although most smaller municipalities continue to have a lower level of administrative and technical skills, during the last two decades the organizational structure of most larger cities has approached that of any government level. They have become more competent in housing program administration following years of experience in administering federal programs within their confines. Cities which have been able and willing to undertake greater responsibilities have been delegated more authority by their respective provincial governments. Many large and small cities have developed their own housing policies and programs, including direct housing production through MNP corporations. With the success achieved by major cities such as Toronto and Ottawa in housing program development and administration, the incompetence argument cannot rightfully be used by opponents or by larger cities which have yet to assume a larger role.

A municipality's housing role can generally fall into three categories - reactor, active facilitator or comprehensive producer¹ - although in some cases a municipality's role may consist of some responsibilities or characteristics from two or more categories. The traditional role has been that of reactor whereby the municipality simply responds to private and non-market housing proposals and acts as a land-

use regulator. It is suitable for those smaller municipalities structurally and financially incapable of comprehensive planning and faced with less demanding housing issues. In the author's view, this role is inappropriate for larger municipalities which are faced with an array of complex housing needs and issues. They must deal with a multitude of private and government housing developments which require planning, regulation and co-ordination if municipal goals are to be attained. Irrespective of its inadequacy, some larger municipalities continue to adhere to this role.

By assuming the active facilitator role a municipality undertakes to assist others in the design, construction and management of housing through a variety of means: clarifying housing policies; setting targets; providing grants and/or city-assembled land through sale or lease to third sector groups; rezoning land; approaching senior governments for funding on behalf of these groups; and, minimizing 'red tape'. The role recognizes the municipality's ability to develop a housing strategy through existing powers (eg. development control, by-law enforcement) and resources (eg. civic staff) without becoming involved in direct production and its related design and management duties. By facilitating private producers and the often resource deficient, third sector groups in their housing efforts, the municipality relies on them for attainment of its goals. The municipality is able to avoid the higher costs and risks associated with direct production.

Often due to its dissatisfaction with senior government actions and public pressure, a municipality may assume the role of comprehensive producer. It entails the acceptance of a wide range of responsibilities and entry into direct production via a housing corporation or agency. Duties would include: policy and target development; site acquisition; production of economic feasibility and social impact studies; user need assessment; funding negotiations for the development or rehabilitation of social housing; and project design, partial funding, supervision of construction and continuing management. It allows the municipality to co-ordinate activities arising from the variety of housing programs and private sector efforts so that they do not contradict its overall housing policy. Direct intervention allows it to address the needs of those groups which have received little attention from the private and government sectors. Furthermore, it can address broader social goals. As the role requires at least a fair level of financial expenditure, there must exist a strong political commitment towards the adopted role and a reasonable degree of citizen support.

6.3 THE MUNICIPAL NON-PROFIT PROGRAM AS A VEHICLE FOR MUNICIPAL HOUSING ACTION

6.3.1 Benefits of Non-Profit Housing and the Federal Program

Since 1973, the federal non-profit programs have provided many municipalities with the opportunity and incentive to

broaden their housing role by assuming responsibilities characteristic of the active facilitator and/or comprehensive producer roles. Prior to 1973 municipalities interested in expanding their role were discouraged by the financial and other resource requirements inherent in such a move. The federal program reduced many of the barriers to increased municipal involvement.

The many benefits of non-profit housing and of the federal program in particular make the latter a good vehicle for municipalities interested in expanding their housing role:

1. **Lack of Alternatives** - The S.56.1 program is the country's principal, continuing, social housing program and virtually the only way for local governments to ensure that affordable housing is provided for low and moderate income households and other special needs groups. The public housing programs have been either eliminated or utilized by a few provinces.
2. **Reduced Municipal Risk** - Prior to the program few municipalities would have been politically willing or able to justify to their electorate the expenditure of scarce revenues to facilitate or directly provide housing for lower income residents at a time when basic services were being reduced. Municipal operating and capital expenses have been minimized with the introduction of the federal program. A municipality does not have to make a permanent capital contribution that may affect its borrowing status.

3. **Unit Affordability** - Non-profit housing can offer accommodation which is more affordable to needy households. The profit motive is eliminated as the housing is owned by public or community organizations with no one individual able to derive any benefit or profit through re-financing, sale, increasing management charges or rent increases, consequently, tenants are able to enjoy stable rent levels. The MUP limits prevent the inclusion of luxury features which would increase unit costs. Non-profit housing can also serve those households ineligible for public housing yet unable to afford market rental housing.
4. **Valid Alternative to Other Housing Forms** - The S.56.1 program, with its aim of income group integration, allows municipalities to develop publically-owned housing without the stigma, ghettoization, social problems and resulting community opposition associated with the wholly subsidized, dense, public housing projects of earlier years. Non-profit projects incorporate sensitive and often innovative design approaches. They are built and maintained according to high CMHC building standards; preliminary funding and operating subsidies are withdrawn if standards are not maintained. While the Non-Profit Program requires a significant amount of overt subsidization, the total amount of subsidies provided for homeownership and private rental construction programs is far greater.

5. **Tenant and Taxpayer Benefits** - In addition to providing a good standard of affordable accommodation, non-profit housing provides tenants with a reasonable degree of mobility and opportunities for project management participation. The ease of resident mobility is slightly better than in private rental housing and much better than in homeownership where the owner must sell the house and decide how to reinvest the money. Faced with a tenant wishing to leave before lease expiry, a non-profit group would prefer to dissolve the lease and choose a new tenant from the waiting list rather than requiring a sublet.² Tenant participation objectives of many non-profit groups allow tenants greater control over project management and cost matters compared to no control in private rental projects. Non-profit groups can also encourage economies of scale, receive technical assistance at lower cost and be readily available for unexpected maintenance duties.³

Canadian taxpayers also benefit. In comparison with homeownership and private rental construction programs, the S.56.1 program is a more fair and effective way of ensuring that subsidies are directed to those sectors in society which require them.⁴ The general public gains equity in the stock produced by public non-profit housing corporations. It also ben-

efits from public and private non-profit activity which helps to alleviate the affordable housing shortage in cities and improves the cities' stock of lower income housing.

6. **Facilitates a Community Response** - The program encourages municipalities and community organizations to respond to identified local housing needs. Municipalities are therefore not totally reliant on private developers and senior government programs to serve local needs and support goals. Since private sector activities and government programs often do not support local goals or meet needs, municipal and community group housing activity can be designed to meet them.

6.3.2 Advantages of a Municipal Non-Profit Housing Corporation

A municipality may choose to participate in the S.56.1 program by becoming an active facilitator whereby non-profit housing would be produced by private non-profit and cooperative groups, by becoming a comprehensive producer or by undertaking duties associated with both roles. The comprehensive producer role would involve the formation of some form of public housing agency or a MNP corporation. The latter offers several advantages as a vehicle for direct housing intervention:

1. **Available Funding** - MNP corporations are eligible for S.56.1 financial assistance which includes start-up funds, CMHC loan insurance up to 100 percent of capital costs, federal contributions to offset on-going operating costs and RRAP funding. Provincial assistance varies among provinces.
2. **Tool for Addressing Municipal Problems, Goals and Needs** - A MNP corporation can be an effective tool for dealing with some housing problems. As part of its program an 'acq/rehab' component can address the problem of the deterioration, closure and demolition of aging residential buildings through activities designed to improve the existing housing stock, prevent the demolition of multiple unit buildings providing lower priced, rental housing and resurrect vacant buildings. Housing production by the corporation in association with good municipal physical planning may be able to overcome neighbourhood opposition to assisted rental housing. Problems of tenant dissatisfaction with their living environment can be dealt with through the implementation of tenant participation measures in projects.

It can act as a vehicle to achieve general and specific municipal housing goals, needs and broader social planning aims. The 'acq/rehab' and new construction components can ensure that low and moderate income families with children have access to particu-

lar neighbourhoods in the inner city. Direct production will ensure that decent, affordable, publicly-owned housing is made available for lower income households, senior citizens, the disabled, single parent families and other special needs groups not adequately served by the private sector. Where government programs or third sector activity have failed to address or been unable to meet the housing needs of specific groups, the corporation can focus its activity to fill this gap.

3. **Tool for Neighbourhood Stabilization/Revitalization -**
A MNP corporation can play an influential role in older neighbourhood stabilization and revitalization through development on city-owned or acquired land, cooperative assistance from various civic departments and concentration of its activities in selected neighbourhoods. With the combination of municipal planning authority and a MNP corporation, neighbourhoods could be improved by eliminating undesirable uses, obtaining unused developer land assemblies and making more productive use of underutilized land. By focusing on selected neighbourhoods it can have an effective impact on stabilizing those on the verge of transition. Instead of waiting for these neighbourhoods to attract public or private investment, which may never materialize, or occur in an unsuitable form or location, the corporation can initiate projects

that respond and conform to the needs and character of the local area. Apart from creating greater neighbourhood stability these improvements may boost private sector confidence in these areas. Such improvements may bring about an attitudinal change in private lenders reluctant to finance home improvements in some degenerating areas, resulting in increased investment in the neighbourhood.

4. **Demonstration of Municipal Initiative and Control** - A MNP corporation can be a highly visible display to residents, senior governments and the private development sector of concrete municipal action, leadership and concern for its citizens' welfare. A well-designed program, sufficient funding and Council commitment will enable it to have effective control in creating viable neighbourhood environments. Furthermore, it will be able to exercise greater control over the type, location and social composition of assisted rental developments in the city. A municipality's demonstration of its commitment to accept some responsibility for attending to its citizens' housing needs may encourage further support from senior governments as well as the private and third sectors.

6.3.3 General Pre-requisites for Establishing a Housing Corporation

The advantages of a MNP corporation may encourage municipalities to use this vehicle for direct housing intervention. Although a corporation can simply be initiated by a favourable City Council decision, a few general pre-requisites exist for its successful formation and operation. Without the following pre-requisites it may only exist on paper, be ineffective or dissolve quickly:

1. **Provincial Legislative Authority** - A municipality must obtain provincial legislative authority prior to undertaking new housing responsibilities associated with a MNP corporation. In most cases the province would be only too willing to oblige since pressure for provincial housing action would be alleviated. Authority delegation may be more difficult when municipal housing priorities diverge too greatly from those of the province.
2. **Availability of Senior Level Assistance** - For municipalities accepting comprehensive producer duties it is essential that senior government housing subsidies be available because of scarce local revenues, a limited tax base and the degree of the affordable housing shortage problem. It is unlikely that a proposal to establish a MNP corporation would receive public or Council approval without access to external fund-

ing. Even if approval was obtained the corporation would hardly be effective since lower income housing production would require financial resources far beyond municipal capabilities.

3. **Official Municipal Housing Policy and Political Commitment** - A municipality must have an official housing policy outlining goals, targets and policy implementation procedures in order to provide its MNP corporation with a stable foundation upon which to proceed with program development, implementation and funding negotiations. A major reason for the failure of the VHC was the inability of Council and civic departments to agree on its housing provision responsibilities.

Municipal political commitment is required in the following forms: strong majority support for the concept of municipal housing involvement and appreciation from Council and the administration of the commitment necessary for this role; a reasonable level of financial, administrative and technical assistance; willingness to lobby senior governments for funds in relation to need; willingness to provide funds for physical and social improvements required in neighbourhoods experiencing corporation activity; and, support of corporation activities in the face of potential citizen opposition.⁵ Vancouver City Coun-

cil's lack of front-end financial support and failure to understand the complex process of housing production by a MNP corporation contributed to the VHC's demise.

4. **Suitable Organizational Structure** - The organizational structure and types of activity of a new MNP corporation should not be duplicated from existing housing corporations or agencies. Its structure and responsibilities must reflect its own mandate, local housing conditions, existing private and public housing producers, the availability of land and other development constraints. Staffing, either internal, from existing departments or a combination of both, must be commensurate with the proposed activity level. The roles and responsibilities of existing departments and agencies must be clearly defined to avoid confusion and duplication.⁶

6.3.4 Current State of Municipal Involvement in the Program

Within the last ten years, primarily during the mid to late 1970's, the majority of large cities (100,000+), recognizing that the lack of affordable housing is one of the most critical issues facing the country's urban jurisdictions, have formed their own MNP corporations and operated them on a fairly successful basis. MNP corporations have been formed by various types and sizes of municipalities,

although none can match the level of Toronto's Cityhome in terms of success and type/degree of development activity. In addition to the studied cities they include Regional Municipalities (Peel), metropolitan governments (Greater Vancouver Regional District), large urban centres (Edmonton, Calgary, Halifax), moderate sized centres (Thunder Bay) and a number of smaller municipalities, particularly in Ontario.

Non-profit housing and participation in the program offer a variety of municipal benefits, yet many centres capable of forming MNP corporations have failed to take action. Small municipalities may be excused for inaction because they often do not have the need, expertise, structure or financial resources necessary for this form of intervention. Larger municipalities (20,000-100,000) with a housing affordability problem should be able to produce housing with available S.56.1 funding. Large municipalities (100,000+) with a similar problem which have not taken any positive action cannot be accused of ignoring any constitutional responsibilities, however, they can be accused of not accepting their moral and social responsibilities to their residents.⁷ Reasons for their inaction include inertia, subscription to the view that municipal housing intervention is unnecessary and/or unacceptable, a politically weak or conservative local government, intimidation over the prospect of operating a MNP corporation and Council's inability to justify the allocation of scarce municipal resources to a new venture.

As well as recognizing program benefits, participating municipalities realize that the S.56.1 program is virtually the only means of ensuring housing production for low and moderate income households. It has become the primary social housing program in some provinces where provincial withdrawal from public housing production has left social housing provision in the hands of municipalities and private non-profit groups. The private sector has been neither willing or able to produce housing for this sector of society. Between 1978 and 1982 the S.56.1 program accounted for over sixty-six thousand units; this total was comprised of MNP (11.9 percent), provincial non-profit (15.9 percent), private non-profit (51.5 percent), native non-profit (1.9 percent) and cooperatives (18.9 percent).⁸ On a national basis non-profit and cooperative housing represented 13 percent of new rental starts in 1980/81; in some metropolitan areas this sector accounted for over half of new rental starts.⁹ In 1984 the federal government contributed \$465,000,000 in subsidies and grants to the existing non-profit and cooperative housing portfolio of approximately seventy-nine thousand units.¹⁰

The above figures also illustrate the important roles played by both the private non-profit and cooperative sectors in the provision of affordable housing in Canada. Private non-profit units accounted for over half of the S.56.1 units committed from 1978-1982, compared to 28 percent for public non-profit units (MNP and Provincial Non-Profit) and

an impressive 19 percent for cooperative units. The private non-profit component has been most effective in serving the targeted income group as 68 percent of its households have been below the Canadian median income for renters, compared to 45 percent for public non-profit and almost 42 percent for cooperatives.¹¹ Provincial favouritism has existed towards certain S.56.1 components as the private non-profit component has accounted for nearly all units in Newfoundland, Prince Edward Island, New Brunswick and Manitoba, while public non-profit units have accounted for the highest proportion in Nova Scotia, Quebec, Saskatchewan, Alberta and the Yukon (provincial non-profit corporations existed in all of these provinces except Alberta), and the cooperative component has been utilized more in Nova Scotia, Ontario and British Columbia than any of the other provinces.¹² Improved non-profit and cooperative housing provisions introduced in the 1970's have encouraged substantial growth of the cooperative and public/private non-profit housing sectors.

Federal government 'disentanglement' beginning in 1978 has resulted in a federal program which varies among provinces and even municipalities depending on the senior government level administering the different components of the S.56.1 program and the contributions made by provincial and municipal governments. By mid-1985, partially out of concern that programs should respond to different geographical,

historical and economic environments across the country, the federal government was expected to transfer control of the various S.56.1 program components to the provinces.¹³ By 1984 all provinces and territories participated in the S.56.1 program. While nine provinces were experiencing activity under the MNP component, of which six were responsible for program delivery with the remainder under CMHC administration,¹⁴ only Ontario and Quebec had developed financial assistance programs available to all municipalities. Unlike the mandatory federal-provincial sharing of subsidy costs for public housing, provincial contributions are not compulsory under the program.

Municipal assistance varies from city to city. All municipalities provide some form of assistance toward administrative, land or operating costs, or a combination. The creation of a MNP corporation without at least some form of initial assistance would be inconceivable. Aside from financing site acquisitions and architects' fees, and providing administrative support for Cityhome, the City of Toronto faces non-recoverable costs of over \$1,000,000 annually.¹⁵ Excluding initial support, the Greater Vancouver and Peel corporations are self-supporting through rental revenues.

Municipalities participating in the MNP Program strongly support its existence even though they are aware of the constraints preventing them from serving a greater proportion of targeted income groups. Its continuation is threatened

by a federal evaluation report completed in 1983 which scrutinized the S.56.1 program. On the whole, the evaluation found it to be an inefficient social housing vehicle based on its marginal contribution to meeting the large need for social housing assistance. Negative observations included the following:

1. Only a small portion of social housing assistance need was being met annually as the program served only 1.3 percent of renter households with 'core housing need'. Only 33 percent of households benefiting from the program belonged to the 'core housing need' sector;
2. The program was not totally effective in directing assistance to low and moderate income groups since 47-69 percent (depending on the criterion used) of households belonged to these income groups;
3. While a mix of income groups was being served all projects did not necessarily include income mixing; 45 percent of projects lacked integration of assisted and unassisted households;
4. Except for some priority groups, such as the elderly, native and disabled, the program was not serving those most in need. Only 21 percent of households had low incomes and female-led households were under-represented compared to their 'core housing need';

5. One-third of assisted households and one-quarter of market rent households were paying more than 30 percent of gross income for shelter; and,
6. The S.56.1 program was not as cost effective in comparison with other social or market housing programs.¹⁶

On the positive side, the program was found to be effective in increasing the rental stock, providing modest, appropriate accommodation and social benefits, serving certain priority groups well and being consistent with rental market conditions.

The evaluation has been widely criticized by third sector groups and academics for its methodology. In stating that the program fails to support the government's social priority of serving the most needy, the report appears to overlook the program's primary objective which it acknowledged as being housing provision for low and moderate income households. If meeting the needs of those most in need was indeed the government's main objective for social housing programs, the original socially mixed housing programs would not have been introduced in the 1973 NHA as the senior governments would have continued to support the public housing programs.¹⁷

The MNP Program's strong municipal support is not necessarily contradicted by the federal report as its conclusions

were based on the evaluation of all S.56.1 components - private, provincial and urban native non-profit, cooperative, as well as municipal non-profit. These general conclusions may not illustrate the true level of success of the MNP component as it represents only 12 percent of all S.56.1 activity. A 1981 evaluation of non-profit and cooperative housing in Ontario indicated that MNP projects compared favourably with their private non-profit and cooperative counterparts. Although they experienced slightly higher development costs and required larger subsidies, only 15 percent of MNP households had incomes in excess of \$20,000 compared to 28 percent and 14 percent of cooperative and private non-profit households respectively, with the predominance of senior citizens in the latter category accounting for the slightly lower figure.¹⁸

6.4 CHAPTER 6 FOOTNOTES

1. McAfee, "The Vancouver City Non-Profit Housing Experience," p.23.
2. Rod Manchee and Glenn Drover, MUTUAL HOUSING: AN ALTERNATIVE TO HOMEOWNERSHIP (Ottawa: Canadian Centre for Policy Alternatives, 1981), p.13.
3. Ibid., p.12.
4. Ibid., p.14.
5. McAfee, "The Vancouver City Non-Profit Housing Experience," p.21.
6. Ibid., p.24.
7. Allan Sparrow, "Cities as Housing Developers," FCM FORUM, 7, 1 (December 1982), 8.
8. CMHC, SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION, p.29.
9. Ibid., p.320.
10. Canada Mortgage and Housing Corporation, ANNUAL REPORT (Ottawa: CMHC, 1984), p.22.
11. CMHC, SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION, Table 4.8, p.84.
12. Ibid., p.27
13. The new social housing policy manifested the federal government's desire for increased provincial housing expenditures and more efficient program delivery. The provincial governments would be encouraged to sign social housing agreements which would increase

their housing contributions by 25-50 percent. In return, they would be given control of the various S.56.1 programs. The new policy was intended to provide more effective targeting of assistance, primarily to families paying more than 30 percent of gross family income for decent housing, and greater flexibility in application.

14. Provincial delivery applied to the provinces of Prince Edward Island, Nova Scotia, Quebec, Ontario, Saskatchewan and Alberta. CMHC was responsible for administration of the private non-profit and cooperative components in all provinces.
15. "Summary of the proceedings of the 1981 National Municipal Non-Profit Housing Conference," p.2.
16. CMHC, SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION, pp.318-323.
17. D.Hulchanski and J.Patterson, "It is an evaluation?," PLAN CANADA, 24, 1 (June 1984), 29.
18. Woods Gordon Management Consultants, EVALUATIVE STUDY OF NON-PROFIT AND COOPERATIVE HOUSING IN ONTARIO, p.4.

Chapter 7

COMPREHENSIVE SUMMARY AND RECOMMENDATIONS

7.1 INTRODUCTION

The MNP component of the S.56.1 program offers municipalities an excellent opportunity to become more involved in housing. As stated in the previous chapter, it enables a local response to problems such as the lack of affordable housing and inner city neighbourhood decline. Unfortunately, a number of program constraints are affecting MNP corporation development activities. The main purpose of this chapter will be to provide recommendations (and their basis) for program improvements which will enable these corporations to carry out their mandates more effectively. Preceded by a comprehensive summary in Section 7.2, Section 7.3 will list these recommendations.

7.2 COMPREHENSIVE SUMMARY

Municipal interest in housing did not originate during the nation's urban reform movement from the late 1960's to the mid-1970's. Housing concern developed during the first urban reform period (1880-1920) resulting in the passage of local public health, fire and housing by-laws. A combination of factors, including jurisdictional, financial, belief

in the 'regulator and service provider' role, public opposition and an inadequate municipal administrative infrastructure, was inadequate municipal structure, was responsible for the limited and infrequent municipal housing actions during the following decades. Municipal initiatives have often been in response to critical housing and living conditions, public pressure and senior government programs.

The federal government has been the dominant housing actor. Its traditional role has been that of primary financier and developer of national housing policies and programs. Early federal initiatives were primarily in response to the need for economic stimulation during post-war reconstruction years for it maintained that housing was legally a provincial jurisdiction. It was not until after 1945 that federal housing intervention on a continuous basis was considered essential. Since it perceived municipalities to be incapable of assuming significant responsibilities, opportunities for more extensive municipal participation were minimal. This attitude slowly changed as municipalities gained experience in housing matters.

The provinces have always played a secondary role. Prior to the post-war years they were politically unwilling and unable (both financially and structurally) to accept their constitutional housing responsibilities. Afterwards they increasingly participated in cost shared housing programs. The 1964 NHA amendments, the growth of provincial adminis-

trative capabilities and recognition that cities would play a growing role in economic and social affairs encouraged the provinces to begin to assume their housing responsibilities at the expense of greater municipal participation. Despite its new attitude favouring a larger municipal role, the federal government was not about to object to the provincial initiatives since it had long been a federal goal, nor would it have been justified in opposing a constitutional provincial right. Although provincial housing activity expanded substantially, the provincial role that had evolved during the post-war period remained largely intact - choosing and implementing federal programs, providing supplementary program funding and following the federal lead in policy formation. Provincial views of municipalities as regulators and providers of services only began to change in the 1970's.

Throughout the 1970's many municipalities established MNP housing corporations to produce affordable housing. In 1974 Toronto became the first city to take this initiative continuing its reputation of being a pioneering city in the housing field. Vancouver's corporation was formed later that year, however, it disbanded one year later. Ottawa's corporation was created in 1976. Winnipeg's corporation received approval in 1977, was dissolved in 1978 and was re-born in 1980.

Major factors responsible for the formation of MNP corporations were the introduction of new federal non-profit

housing provisions, the urban reform movement and growing municipal concern over the affordable housing problem. The 1973 non-profit provisions enabled municipal involvement in housing production at little expense. MNP corporations became eligible for loans covering total project costs. The 10 percent capital grant helped lower the barrier to municipal entry. Previously, municipalities were required to provide up-front capital which was often a risky proposition for those lacking sufficient financial resources. The rent supplement program supported the cities' desire to reach lower income households. Nevertheless, belief in the inappropriateness of municipal housing intervention and/or the inability to allocate funds to a new program were responsible for the hesitation by some municipalities, such as Winnipeg, in creating a MNP corporation.

The urban reform movement, which transpired in the country's large cities during the late 1960's to early 1970's in response to accelerating urban growth pressures, played a role in the creation of MNP corporations. The movement lobbied for the preservation of older neighbourhoods and their supply of low and moderately priced housing. It supported existing and potential city councillors who favoured reform in municipal planning and development policies. The pressure exerted by the movement and its eventual political control of Council were major factors in the creation of corporations in the Cities of Toronto and Vancouver. While the

reform movement did not reach similar heights in Winnipeg or Ottawa, its activities in these and other cities made the general public, social organizations and municipal administrators/politicians more aware of pressing urban issues. This resulted in increased acceptance of municipal housing intervention via MNP corporations in the post-1975 period.

A third major factor was growing municipal concern over the affordable housing shortage problem affecting lower income residents, which was being experienced by all large municipalities to varying degrees. Major reasons for the problem reaching critical proportions included demolitions and subsequent replacement with high rental accommodation, the inability and/or unwillingness of the private sector to build lower cost housing, 'whitepainting' and a low level of public housing production. Local governments, aware of the various housing problems for years, had been criticized for their inaction. It was not until the 1970's, when housing became a high profile issue and the reform movement created public pressure, that major cities were forced to deal with these issues. Fortunately, they were able to address local housing issues and appease those criticizing their inaction by taking advantage of the federal non-profit housing provisions.

A common goal of the four studied MNP corporations was the production of affordable, quality, rental housing for low and moderate income households, particularly families but also senior citizens, the disabled and other special

needs groups. Other goals and objectives, though not common to all corporations, were to achieve income and household type integration in projects and neighbourhoods; to promote older neighbourhood stabilization and revitalization; to encourage tenant participation in policy development and project management; and, to encourage and assist third sector groups in housing production.

Housing programs initially developed by the corporations consisted of 'acq/rehab' and new construction components. An exception was the WHRC which did not introduce new construction until after a period of operation. The 'acq/rehab' components were constrained by federal program guidelines, as well as provincial in some cases, resulting in emphasis being placed on new construction.

Major problems and constraints recognized during Cityhome's early years included senior government program guidelines and general administration, financial and internal administrative difficulties and those associated with the 'acq/rehab' component. These problems have continued to plague Cityhome to varying degrees. Problems that have surfaced or become more critical in recent years have been the difficulty in obtaining affordable, centrally located sites for development; the Province's 25 percent RGI limit and eligibility criteria for RGI assistance; the LEM rental structure which is creating tenant polarization in projects; and, community opposition resulting in costly project delays.

The CONPHC, being subject to the same provincially administered program guidelines, has experienced similar problems and constraints. The major problems have been program guidelines, including the RGI limit and eligibility criteria, the LEM rental structure and MUP limits; a diminishing supply of inner city sites for development; difficulties with the 'acq/rehab' component; community opposition; and, annual unit allocations under the program.

The WHRC has encountered problems of minimal political, financial and moral support from Council; limited financial resources for operational and development activity; and, difficulties with its housing acquisition/renovation component.

The VHC was the victim of insufficient Council support and the absence of a master housing policy; government guidelines, such as CMHC cost restrictions which made it almost impossible to develop assisted housing in an expensive land market; and, community opposition.

In addition to these major problems the MNP corporations in Toronto, Ottawa, Winnipeg and other cities have faced lesser problems. These include bureaucratic provincial program administration; insufficient front-end and interim financing; lack of local input and control in program development and administration; difficulties associated with the simultaneous administration of units under the old and new

programs; tenant-related concerns; and, lack of organizational models.

Cityhome's performance according to the developed performance measures can be summarized as follows:

* With the addition of almost four thousand low and moderate income units to the housing stock by 1983, the majority through new construction, Cityhome has become an important producer of rental units in the City of Toronto. Even though original housing targets set for it have been reached, external factors have prevented it from attaining its subsequent annual targets set at high levels to try to compensate for the curtailment of other affordable housing production programs. Consequently, the City is not achieving its annual targets for assisted housing units.

* Cityhome is serving its target population of low and moderate income households.

* Income integration is being achieved as 15 percent of tenants have incomes greater than the city-wide median.

* Cityhome has not been as successful in serving primarily family households since the proportion of units suitable for families has not met City targets.

* A large majority of Cityhome tenants is not experiencing affordability problems. Most tenants are paying from 20-30 percent of their income for rent. Average Cityhome rents are considerably lower than those in the private market, however, a growing number of moderate income households are unable to afford the LEM rents in Cityhome projects.

* Tenant participation in project management has been strongly encouraged and supported. Cityhome projects have received a fair amount of initial community opposition, but in the long term they are usually ascribed a positive image owing to Cityhome's sensitive approach to infill development and provisions for citizen participation in the planning process.

The CONPHC's performance according to the developed performance measures can be summarized as follows:

* By the end of 1984 the CONPHC's portfolio of over three thousand rental units was providing accommodation for approximately eight thousand persons. The old and new non-profit programs accounted for half of these units, the majority through new construction. Production has averaged over 180 units annually, yet it has been unable to reach its annual targets partially due to insufficient unit allocations. In response it has begun to produce housing outside of the S.56.1 program.

* Low and moderate income households - 68 percent of all CONPHC households - are being adequately served. The proportion of moderate income groups (42 percent) has declined consistently in recent years reflecting their inability to afford the program's LEM rents.

* The CONPHC's target groups are well served. Family oriented and seniors units represent 74 percent and 24 percent of all units respectively. Over 6 percent of all new units

are for the physically disabled. Low income singles have benefitted from independent CONPHC initiatives.

* Although the affordability of its units has declined slightly, the CONPHC is currently providing affordable housing with rents either comparable or less than average private market rents. The majority of tenants are paying from 25-30 percent of their gross income for shelter.

* The CONPHC's commitment to tenant participation has been shown by its encouragement and funding of tenants' associations. Projects have been delayed by resident opposition, however in general, they have been well received in later stages of project development and in the post-development period.

* Third sector housing aid has been provided in the form of organizational and technical assistance, and the transfer or lease of City-owned land.

The WHRC's performance according to the developed performance measures can be summarized as follows:

* Limited funding and a low level of municipal support and political commitment have contributed to production levels significantly lower than originally foreseen. With CAI funding it was expected to reach its annual production target for the first time in 1984. Development activity has become focused on rental unit production, primarily through multiple unit building renovations, although the proportion of new units has been growing.

* The WHRC is providing rental units for its target income group of lower and modest income families and individuals. Income integration is also apparent.

* Family oriented units - 55 percent of its portfolio by late 1984 - are being produced. Household type integration is evident with good representation from single and two parent families and single adults. Senior citizens comprise a somewhat low proportion of households.

* WHRC rents are either comparable or lower than those in the private market yet many households, especially single parent families and young/elderly singles, appear to be experiencing some affordability problems with rent-to-income ratios in excess of 25 percent.

* Public and private sector reaction to WHRC activities has been generally positive with some concern expressed by public sector representatives, particularly from the City and CMHC, over its concentration of activity in the downtown precinct.

* The WHRC's low production level, earlier dispersal of activity and short period of operation have prevented it from making a large impact on neighbourhood stabilization. Development activity has been concentrated in the inner city area with the downtown precinct receiving the greatest unit additions. The degree of improvement to the city's housing stock has also been limited by its low production levels.

There are many arguments supporting a greater municipal housing role. Community housing needs and problems are better identified by municipalities and more effectively addressed by a local, rather than a national, approach. Municipal involvement fosters goal achievement. Housing as a 'right' has become more accepted. Municipalities, particularly larger centres, possess a higher level of competence compared to previous years. Some continue to assume the role of reactor while others have undertaken responsibilities associated with the active facilitator and comprehensive producer roles.

The MNP Program encourages a local response to housing issues. It is one of the few programs available for municipalities to ensure that affordable housing is produced for low and moderate income households without the negative characteristics associated with traditional public housing projects. Non-profit housing benefits taxpayers. Furthermore, it provides tenants with a good standard of housing and opportunities to participate in project management.

Under favourable conditions a MNP corporation can be a good demonstration of municipal initiative and control. It can be an effective tool for addressing local housing needs, problems, goals and neighbourhood stabilization/revitalization. Pre-requisites for its successful formation and operation include the delegation of provincial legislative authority, the availability of senior level funding, the

existence of an official municipal housing policy and political commitment, and a suitable organizational structure.

While most large municipalities and others of varying size have established MNP corporations, many capable, larger centres have not. Municipal financial and administrative support varies among cities, yet all centres favour the MNP Program's continuation which is threatened by a recent federal evaluation of the whole S.56.1 program.

7.3 RECOMMENDATIONS

The recommendations which follow are suggested modifications, improvements and courses of action concerning the S.56.1 program, specifically the MNP component and its participants. The recommendations are grouped into different areas of concern. Accompanying the recommendations are their bases, or reasons for being suggested.

7.3.1 Continuation of Program

* RECOMMENDATION 1

To ensure that low and moderate income Canadians are provided with decent, affordable, rental housing, it is recommended

THAT THE FEDERAL GOVERNMENT CONTINUE THE SECTION 56.1 PROGRAM WITH SOME MODIFICATIONS.

Due to the cancellation or dramatic reduction of other social housing programs, S.56.1 has become the primary federal instrument for social housing provision. Municipalities, while recognizing the program's inability to meet a large portion of the total demand for social housing assistance, believe it has the potential, with some modifications, to increase the supply of modestly priced, rental housing. The realization of this potential is threatened by the S.56.1 evaluation findings and federal fiscal restraint.

*** RECOMMENDATION 2**

MNP housing corporations and other third sector groups are also apprehensive about possible S.56.1 program cancellation or dramatic reduction in favour of a shelter allowance program. For S.56.1 to continue addressing special housing needs and situations, it is recommended

THAT ANY ATTEMPT TO DESIGN A SHELTER ALLOWANCE PROGRAM NOT BE MADE AT THE EXPENSE OF SECTION 56.1, AND ONLY UPON FULL CONSULTATION WITH MUNICIPALITIES, THEIR MNP CORPORATIONS, THIRD SECTOR HOUSING GROUPS AND OTHER RELEVANT BODIES.

Unfavourable views toward a shelter allowance program arise from its failure to add to the stock of housing available to low income families or deal with the special housing problems of the elderly and disabled. Furthermore, it would be unsuitable in low vacancy markets and in situations where tenure security is a concern.¹

7.3.2 Local Input

* RECOMMENDATION 3

In order for national housing policies and programs to address critical local housing issues, it is recommended

THAT MUNICIPALITIES BE ALLOWED ADEQUATE REPRESENTATION IN FUTURE NEGOTIATIONS ON HOUSING POLICY AND PROGRAM DEVELOPMENT.

Negotiations on national housing policy and program development have normally included minimal or no municipal representation. As a result, policies and programs have been based on federal, provincial and perceived municipal interests.

* RECOMMENDATION 4

Housing needs, problems and market conditions vary among municipalities. To enable municipalities (via their MNP corporations) to respond appropriately to their own needs and conditions, it is recommended

THAT MUNICIPALITIES BE GIVEN GREATER CONTROL IN DETERMINING THE PROGRAM PRIORITIES OF THEIR MNP CORPORATIONS AND MORE INPUT IN THE DETERMINATION OF PROGRAM ELEMENTS SUCH AS UNIT ALLOCATIONS, TARGET GROUPS, GUIDELINES AND MAXIMUM UNIT PRICES.

Effective implementation of the MNP component of S.56.1 cannot occur without local input into program design, such as the degree of emphasis placed on new construction or 'acq/rehab' activity for individual MNP corporations, and everyday operation.

7.3.3 Unit Allocation and Capital/Land Funding

* RECOMMENDATION 5

A point of contention with MNP corporations, particularly within the last few years, has been inadequate annual unit allocations under S.56.1. To enable these corporations to serve a greater proportion of the large demand for non-profit housing accommodation, it is recommended

THAT THE FEDERAL GOVERNMENT INCREASE ANNUAL UNIT ALLOCATIONS FOR THE MNP COMPONENT OF SECTION 56.1 UPON CONSULTATION WITH INDIVIDUAL MNP CORPORATIONS.

In recent years allocations have fallen below the number required and anticipated by many MNP corporations. As a result, projects have had to be postponed or cancelled.

* RECOMMENDATION 6

Changes to the allocation process itself are required to make it easier for MNP corporations to engage in forward planning and minimize municipal financial risks, therefore, it is recommended

THAT BOTH SENIOR GOVERNMENTS IMPLEMENT A THREE TO FIVE YEAR FUNDING/UNIT ALLOCATION SYSTEM UNDER THE PROGRAM.

Characteristics of the current process, such as notification delays, uncertainty of allocation amount and its annual basis, have made it difficult to undertake significant forward planning. Uncertainty of allocation amount creates financial risk for those municipalities providing their MNP corporations with preliminary development assistance (ie. con-

sulting/design fees) which may not be recovered if a project is cancelled due to a lower than expected unit allocation.

*** RECOMMENDATIONS 7, 8, 9**

MNP corporations have been constrained in their development activities by insufficient or lack of working capital, interim financing and replacement reserves. For them to effectively carry out their housing programs, it is recommended

THAT THE FEDERAL GOVERNMENT ENCOURAGE PROVINCES AND MUNICIPALITIES TO PROVIDE WORKING CAPITAL FUNDS BY PROMISING FEDERAL CONTRIBUTIONS.

THAT MUNICIPALITIES BE ENCOURAGED TO PROVIDE MNP CORPORATIONS WITH FORMS OF DIRECT EQUITY, AND LOW INTEREST LOANS FOR INTERIM FINANCING PURPOSES THROUGH THE PROVISION OF CMHC LOAN INSURANCE.

THAT THE MAXIMUM LIMIT ON RESERVE FUNDS BE RAISED TO PROVIDE THE CORPORATIONS WITH ADEQUATE FUNDS TO COVER THE COSTS INCURRED IN THE REPAIR AND MODERNIZATION OF BUILDINGS IN THEIR PORTFOLIO.

MNP corporations are highly dependent on government funding, yet provinces and municipalities have not provided them with the needed level of support. Under the program, the municipal role essentially consists of housing construction and management, with senior government financial assistance and supervision. Large municipal contributions are unnecessary for a corporation to undertake basic development activity. Although some municipalities have assumed financial risk by providing their MNP corporations with capital advances, and have provided varying forms and degrees of assistance, direct municipal financial involvement is generally minimal. Greater municipal financial participation would increase in-

centives for production and management efficiency, and would make municipalities more legitimate actors in the program.

In addition, MNP corporation development costs have increased upon borrowing interim funds at high rates from private lenders. Some corporations have found it difficult to make improvements to older portfolio units without adequate replacement reserve funds.

*** RECOMMENDATION 10**

A shortage of reasonably priced, inner city development sites has constrained MNP corporations in project development, since neither they or the local governments have sufficient finances for major land assembly. In order for MNP corporations to develop projects in locations requiring, and suitable for, non-profit housing, it is recommended

THAT THE SENIOR GOVERNMENT LEVELS ESTABLISH A COST-SHARED LAND ASSEMBLY PROGRAM (FOR EXAMPLE, A 50:40:10 FEDERAL/PROVINCIAL/MUNICIPAL COST SPLIT).

Extensive municipal land assembly activity was curtailed upon termination of federal funding. Some MNP corporations receive City-owned or acquired land at cost-recovery or less than market prices. Municipalities have often had to bypass opportunities to acquire property appropriate for non-profit development because of limited finances. As a result, projects are increasingly being developed on marginal sites unsuitable for families.

7.3.4 Program Elements as Development Constraints

* RECOMMENDATIONS 11, 12

Program guidelines, development standards and administrative procedures have consistently hampered development activities. To make it easier for MNP corporations to proceed with needed housing projects in the inner city, where there exist many development constraints, it is recommended

THAT PROGRAM GUIDELINES AND DEVELOPMENT STANDARDS BE APPLIED WITH GREATER FLEXIBILITY IN SITUATIONS WHERE PROPOSED PROJECTS ARE AFFECTED BY UNCONTROLLABLE FACTORS (eg. HIGH DENSITY, SCARCITY OF LAND) OR WHERE COMPLIANCE WOULD CREATE UNNECESSARY FINANCIAL HARDSHIP FOR THE MNP CORPORATION, WITH ALL DUE CONSIDERATION GIVEN TO THE ENVIRONMENT AND SURROUNDING RESIDENTS.

THAT PROVINCES RESPONSIBLE FOR THE MNP COMPONENT STREAMLINE THEIR APPROVAL AND ADMINISTRATIVE PROCESSES.

CMHC development and cost guidelines (eg. those determining when rehabilitation becomes unviable compared to new construction) have been the source of senior government-MNP corporation disagreements. CMHC site planning standards, though not as inflexible as in earlier years, continue to affect development activity in some cities where high inner city densities and land costs make compliance difficult. MNP corporations in provinces which have assumed administration of the MNP component have experienced rigid enforcement of federal program guidelines. This problem is especially prominent in Ontario where projects have been subject to a lengthy, detailed and inflexible approval process.

*** RECOMMENDATIONS 13, 14**

MNP corporations perceive the low levels and inflexibility of MUP's to be development constraints. To alleviate this situation, it is recommended

THAT MAXIMUM UNIT PRICES BE INCREASED TO REFLECT THE HIGH LAND AND CONSTRUCTION COSTS ASSOCIATED WITH DEVELOPING INNER CITY HOUSING.

THAT MAXIMUM UNIT PRICE FLEXIBILITY BE INTRODUCED TO RECOGNIZE DIFFERENT MARKET CONDITIONS IN INDIVIDUAL MUNICIPALITIES, SPECIAL SITUATIONS, UNIQUE FEATURES AND MORE TYPES OF BUILDING FORMS, AND TO ALLOW LARGER UNITS FOR DISABLED TENANTS AND THE INCORPORATION OF MAINTENANCE/ENERGY SAVING DESIGN.

Though not disputing the MUP's desirability, municipalities believe that the low MUP levels often fail to reflect local market conditions and encourage low capital/high operating cost (maintenance and repair) scenarios which can create serious financial problems in future years. Furthermore, MUP's have been criticized for their rigidity and failure to correspond to the construction season, while the MUP determination process has been reproved for providing limited opportunity for municipal input.

*** RECOMMENDATIONS 15, 16, 17, 18**

Both federal and provincial guidelines concerning housing acquisitions have acted as constraints. To enable MNP corporations to increase their level of 'acq/rehab' activity, it is recommended

THAT THE FEDERAL GOVERNMENT INCREASE NATIONAL UNIT ALLOCATIONS FOR 'ACQ/REHAB' PROGRAMS AND MODIFY PROGRAM GUIDELINES WHICH PRESENTLY CONSTRAIN THIS ACTIVITY.

THAT CMHC BUILDING STANDARDS BE APPLIED WITH GREATER FLEXIBILITY TO REHABILITATION PROJECTS AND THAT THESE PROJECTS BE ALLOWED TO EXCEED THE '85 PERCENT OF MUP' GUIDELINE IN CITIES WITH HIGH LAND AND DEVELOPMENT COSTS.

THAT NON-RESIDENTIAL BUILDINGS UNDERGOING RESIDENTIAL CONVERSION BE ABLE TO RECEIVE RRAP ASSISTANCE AND 100 PERCENT CMHC LOAN INSURANCE.

THAT THE PROVINCE OF ONTARIO PERMIT THE ACQUISITION OF RENTAL HOUSING, THAT DOES NOT REQUIRE AT LEAST MODERATE REPAIR, IN SITUATIONS WHERE NEW CONSTRUCTION IS NOT POSSIBLE OR FEASIBLE, ONLY IF ADEQUATE ASSISTANCE IS PROVIDED FOR TENANT RELOCATION AND EXISTING TENANTS RECEIVE PRIORITY FOR THE NEW PROJECTS.

Partially due to CMHC's bias towards new construction, housing 'acq/rehab' activity by MNP corporations has been subject to rigid enforcement of program guidelines and CMHC building standards, detailed review procedures, and low unit allocations. CMHC's '85 percent of MUP' guideline has restrained housing acquisitions in some high cost cities where acquisition costs approach the local MUP level; this is unfortunate as 'acq/rehab' activity maintains and increases the supply of affordable, inner city housing, is a good vehicle for stabilizing and revitalizing inner city neighbourhoods, and is often more cost effective. Strict compliance with modern building standards is difficult for rehabilitation projects, which are often large, older buildings in inner city locations. Non-residential building conversion activity has been affected by its ineligibility for RRAP funds and the availability of CMHC loan insurance for only 90 percent of mortgage value. Concern over tenant displacement and the need for new rental stock have led to guidelines in Ontario which restrict acquisitions to existing vacant or occupied buildings requiring at least moderate repair.

7.3.5 Program Elements Affecting Targeting Ability

* RECOMMENDATIONS 19, 20

Conflicting objectives of the S.56.1 program have been largely responsible for its inability to serve a higher proportion of low and moderate income households. The primary objective of providing housing for this population sector is in conflict with two additional objectives - income group integration and increasing the rental housing stock. In order for MNP corporations to follow their mandate of primarily serving certain targeted income groups, it is recommended

THAT THE FEDERAL GOVERNMENT DEFINE THE OBJECTIVES OF THE SECTION 56.1 PROGRAM IN A CLEAR AND CONSISTENT FASHION SO THAT THE PRIORITY CAN REMAIN HOUSING PRODUCTION FOR LOW AND MODERATE INCOME HOUSEHOLDS.

THAT THE FEDERAL GOVERNMENT ALLOCATE A LARGER PROPORTION OF ITS NON-PROFIT HOUSING BUDGET TO 'ACQ/REHAB' ACTIVITY.

With income group integration being one program objective, it has not been possible for MNP corporations to serve a higher proportion of their targeted income groups. The federal government is in a rather awkward position as increasing the program's targeting ability will require its income group integration objective to assume a lower priority. Another conflict exists between the primary objective and that of increasing the rental stock. Under the program, rental housing can be produced at less cost through acquisition activity compared to new construction. If program funds were directed predominantly at the former activity, more units could be produced for the target groups. Unfortunately this

has not occurred since the federal government's priority appears to have been to increase the rental stock.

*** RECOMMENDATIONS 21, 22**

The program's LEM rent structure has made it increasingly difficult for MNP corporations to fulfill their mandates. To mitigate the growing trend of project rents becoming inaccessible to a larger proportion of moderate income households, it is recommended

THAT THE FEDERAL GOVERNMENT, IN CONSULTATION WITH MUNICIPALITIES, EXAMINE THE POSSIBILITY OF ELIMINATING THE LOW-END-OF-MARKET RENT STRUCTURE IN FAVOUR OF SETTING RENTS BASED ON COST-RELATED FACTORS OR A MODERATE INCOME DEFINITION.³

THAT, IF THE ABOVE OPTIONS PROVE UNSATISFACTORY, SENIOR GOVERNMENT SHALL PROVIDE ASSISTANCE TO PUT UNITS WITHIN THE REACH OF MODERATE INCOME HOUSEHOLDS, AND MUNICIPALITIES BE GIVEN OPPORTUNITIES TO HAVE A GREATER IMPACT ON THE DETERMINATION OF LEM RENT LEVELS.

Many MNP corporations, especially those in cities with high housing costs, have found that the majority of their units are becoming inaccessible to moderate income households because of LEM rents that are set too high. Since LEM rents are based on newer, private sector projects, in most cities they are significantly higher than rents in the older housing stock and approach the top end of market rents.⁴ Higher rents may increase the vacancy rate in MNP projects resulting in lost revenue. If LEM rents are set too low, the non-RGI households will receive a higher proportion of the available subsidy, thus reducing the amount for those most in need.⁵ Based on the program guidelines for setting rents in non-profit projects, it is questionable whether the LEM

rent structure is appropriate for addressing the affordability problems of lower income households. Furthermore, LEM rents under the present system are not determined in relation to a project's economic circumstances, but to external considerations entirely outside the tenants' or MNP corporation's influence, thus, removing the incentive for building management to implement cost saving practices.

*** RECOMMENDATIONS 23, 24**

Ontario MNP corporations have long criticized the Province's 25 percent RGI limit as it prevented them from serving a larger number of low income households. Although the situation has improved with a 1983 RGI increase to 35 percent plus 5 percent for disabled persons, municipalities refusing to accept the two mandatory conditions, such as Toronto, are ineligible for this increase. To enable more needy groups to be served by MNP projects, it is recommended

THAT THE PROVINCE OF ONTARIO BE MORE FLEXIBLE WITH ITS CONDITIONS FOR ALLOWING A PROPORTIONAL INCREASE IN RENT-GEARED-TO-INCOME UNITS WHERE A MNP CORPORATION HAS DEMONSTRATED COMPETENCE AND SHOWN THAT ITS PROCEDURES CAN BE EQUALLY EFFECTIVE.

THAT THE PROPORTION OF RGI UNITS ALLOWED IN PROJECTS BE DETERMINED THROUGH PROVINCIAL-MNP CORPORATION NEGOTIATIONS ON THE BASIS OF DEGREE OF HOUSING NEED, LOCAL MARKET CONDITIONS, PROJECT SIZE AND NEIGHBOURHOOD CHARACTERISTICS.

*** RECOMMENDATION 25**

Provincial subsidy assistance has either been inadequate or non-existent. To make it possible for MNP corporations to effectively serve a larger proportion of targeted income groups, it is recommended

THAT THE PROVINCES BE ENCOURAGED TO DEVELOP BOTH DEEP AND SHALLOW SUBSIDY PROGRAMS.

Many provinces have not matched federal subsidy assistance as S.56.1 does not require a mandatory provincial contribution. Even Ontario, which has strongly supported the Non-Profit Program, has only been contributing approximately 5-10 percent of the net operating cost of units built under S.56.1, although its share for S.15.1 units is 40 percent.⁶ Consequently, MNP corporations have been unable to provide housing for a larger number of lower income households. The program requires a progressive subsidy structure which relates the degree of assistance to relative need. Deep housing subsidies are required for the very needy, while shallow subsidies are needed for less needy households with low to moderate incomes.

*** RECOMMENDATION 26**

To increase MNP corporation targeting ability and alleviate the large demand for RGI accommodation, it is recommended

THAT THE FEDERAL GOVERNMENT CONSIDER ALLOWING MNP CORPORATIONS TO PRODUCE 100 PERCENT RGI HOUSING PROJECTS ON A SMALL SCALE.

This action should be permitted particularly in low income neighbourhoods where there exists a high degree of need for RGI assistance and difficulty in attracting market tenants to MNP projects.

*** RECOMMENDATIONS 27, 28**

To deal with the problem of higher income households comprising too large a proportion of the tenant profile, it is recommended

THAT MNP CORPORATIONS IMPLEMENT A STRICTER SCREENING AND APPLICANT PRIORIZATION PROCESS, AND CONSIDER PERFORMING PERIODIC TENANT MEANS TESTS.

THAT CMHC EXAMINE OTHER MEASURES TO ADDRESS THIS PROBLEM.

MNP corporations need to monitor their tenant profiles, as their programs must continue to serve low and moderate income groups. As surcharges and income restrictions create problems,⁷ additional measures are required to prevent higher income households from forming too large a percentage of the overall tenant distribution.

*** RECOMMENDATIONS 29, 30, 31, 32**

While low and moderate income households have been the program's target income group, sectors within this category have been ignored even though they have displayed comparable or greater need. To enable MNP corporations to serve a wider range of needy groups, it is recommended

THAT THE ELIGIBILITY CRITERIA FOR RENT-GEARED-TO-INCOME ASSISTANCE UNDER THE MNP PROGRAM BE BROADENED TO INCLUDE LOWER INCOME NON-SENIOR SINGLES AND CHILDLESS COUPLES.

THAT THE MNP PROGRAM BE MODIFIED TO EXPLICITLY PERMIT MNP CORPORATIONS TO BUILD OR ACQUIRE ROOMING HOUSES AND HOSTELS.

THAT PROVINCIAL GOVERNMENTS GIVE MORE FUNDING TO SOCIAL ORGANIZATIONS PROVIDING SUPPORT SERVICES TO SPECIAL NEEDS GROUPS RESIDING IN MNP HOUSING.

THAT GREATER CO-ORDINATION OCCUR BETWEEN MNP CORPORATIONS AND SOCIAL SERVICE ORGANIZATIONS IN THE PLANNING OF DEVELOPMENT ACTIVITIES.

Lower income, non-senior singles and childless couples are also in need of decent, affordable housing, yet they are unable to afford the LEM rents of MNP projects and are ineligible for RGI assistance. The short supply of rooming house and hostel units in many cities cannot serve their needs. While S.56.1 capital assistance is available for rooming house/hostel unit development, most MNP corporations cannot afford to produce them because of the costs involved in providing rental subsidies which would be required by the tenants. Both the Toronto and Ottawa MNP corporations have expended scarce resources to build or acquire some units. Other corporations have recognized the housing needs of discharged psychiatric patients and mentally handicapped young people by making units available to social service groups. Unfortunately, the necessary support services are often inadequate due to a lack of funding and co-ordination. MNP projects should be able to house the range of household types that normally exist in the general community.

7.3.6 Other Concerns

*** RECOMMENDATION 33**

MNP housing projects have experienced some difficulty in attracting market tenants. In addition, they have been perceived incorrectly by the public. To address these problems, it is recommended

THAT THE SENIOR GOVERNMENT LEVEL RESPONSIBLE FOR ADMINISTERING THE MNP COMPONENT IN PARTICIPATING PROVINCES

ASSIST MNP CORPORATIONS IN UNDERTAKING MARKETING AND PUBLIC INFORMATION PROGRAMS FOR NON-PROFIT HOUSING.

Some MNP corporations have found it necessary to embark on marketing programs for their LEM rental units, as projects built in low income neighbourhoods of some cities have had a problem attracting market tenants, especially when other locations offer alternatives. Concerning perceptions, the general public and many local Council members have essentially been unable to differentiate between non-profit housing and provincially developed assisted housing. Non-profit housing has often been perceived to have the negative qualities of traditional public housing. As a result, projects have encountered citizen opposition and difficulties in receiving Council support, resulting in expensive delays.

*** RECOMMENDATIONS 34, 35**

The lack of organizational models has affected some MNP corporations. To provide municipalities and existing MNP corporations with familiarity of MNP corporation structures and improved guidance, it is recommended

THAT CMHC DEVELOP ORGANIZATIONAL MODELS FOR THE MNP PROGRAM.

THAT THE SENIOR GOVERNMENT LEVEL RESPONSIBLE FOR ADMINISTERING THE MNP COMPONENT IN EACH PROVINCE PROVIDE MUNICIPALITIES WITH ADDITIONAL ADVICE ON ORGANIZATIONAL STRUCTURE.

Without organizational models for guidance, MNP corporations have adopted structures based on local conditions and examination of those in other cities. The lack of opportunity for municipalities to examine developed models more condu-

cive to cost and delivery efficiencies has been partially responsible for the varying degrees of success achieved by MNP corporations.

7.4 CHAPTER 7 FOOTNOTES

1. Summary of the 1981 National Municipal Non-Profit Housing Conference, p.1.
2. CMHC, SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION, pp.161-162.
3. Alderman Marlene Catterall, A speech presented at the 1984 Ontario Municipal Non-Profit Housing Conference (October 16, 1984).
4. City of Toronto Housing Department, SHIFTING FOUNDATIONS, p.45.
5. CMHC, SECTION 56.1 NON-PROFIT AND COOPERATIVE HOUSING PROGRAM EVALUATION, p.170.
6. CITY OF TORONTO HOUSING REVIEW. A report prepared by Comay Planning Consultants for the City of Toronto Housing Department, November 1984, p.26.
7. Surcharges and income restrictions on higher income tenants would create many marketing, vacancy, verification of income and tenant relations problems.

Chapter 8

CONCLUSION

The formation of MNP housing corporations in the 1970's did not mark the beginning of direct municipal housing intervention. The first major display of direct intervention occurred in 1913 with the creation of the Toronto Housing Company. Subsequent direct initiatives, although few and far between, included the post-World War I Housing Commissions and the Limited Dividend Housing Companies in later decades. The turning point for municipal housing involvement was the 1973 NHA. It included new non-profit housing provisions which encouraged municipalities to intervene directly in the housing market through MNP corporations formed to produce affordable housing for low and moderate income households.

This form of direct municipal intervention differs in two ways from previous initiatives. Unlike earlier initiatives primarily undertaken by large cities, this vehicle of direct intervention has been more widely adopted. Municipalities of varying size across the country have responded to federal incentives, and provincial in some cases, by establishing MNP corporations to produce housing for sectors of the population experiencing affordable housing need. The most im-

portant difference however, is municipal attitude. Former municipal initiatives were largely a result of public pressure, serious housing/living conditions and the availability of senior government funding. These factors did play a part in the formation of MNP corporations, but more importantly, municipalities were beginning to believe that local governments should assume more responsibility for their residents' welfare and that they were capable of taking direct, positive action.

Three municipalities which became direct interventionists were the Cities of Toronto, Ottawa and Winnipeg. The purpose of this thesis has been to determine the level of success being achieved by their respective MNP corporations - Cityhome, the CONPHC and the WHRC - in meeting their program goals/objectives. Based on the conducted performance evaluations, it can be stated that Cityhome and the CONPHC have been generally successful in realizing most of their goals or objectives while the WHRC has only attained moderate success at best, owing primarily to its low level of development activity.

Cityhome is the oldest, largest, most diverse and most successful MNP corporation in the country. It has been largely successful in meeting the needs of a significant portion of low and moderate income households requiring decent, affordable, rental housing in the City. It has developed income integrated projects which offer tenant partici-

pation opportunities and cause minimal disruption to the character of existing neighbourhoods. The CONPHC has been successful in producing affordable, integrated, rental housing for low and moderate income families, senior citizens and other special needs groups. Although it has become a major landlord, the CONPHC has not sacrificed its goals of tenant/community participation and support to other third sector groups. While the WHRC's level of development activity is not comparable to that of Cityhome or the CONPHC, it has produced a limited portfolio of inexpensive, income integrated housing for a diversity of lower income households.

The ability of these and other MNP corporations to produce larger quantities of housing and serve a larger proportion of the targeted groups has been affected by S.56.1 program constraints, government fiscal restraint resulting in insufficient funding and unit allocations, inadequate provincial and municipal support, a shortage of inexpensive, inner city land, housing market conditions, high interest rates and inflation. In spite of this difficult working environment, many corporations have been very successful. By producing quality, affordable, well-located housing without the negative characteristics of traditional public housing, they have contributed to the stock of lower priced, rental housing being depleted in many cities. Through their rehabilitation and infill activities they have been able to upgrade the existing housing stock and assist in inner city

neighbourhood stabilization/revitalization. They have been able to meet only a small portion of the affordable housing demand, yet without their contribution many households would still be residing in substandard housing or experiencing critical affordability problems. Even if the recommendations for program improvement were implemented, it would be unrealistic to expect MNP corporations, or the entire third sector, to meet the lower income housing demand without a massive, and unrealistic, infusion of funds.

The affordable housing shortage will likely continue to be a serious problem for municipalities in the near future. Municipalities cannot expect this problem to be rectified by external actions. Private sector housing will probably continue to be inappropriate in terms of price, form and location. Senior government programs may not encourage affordable housing production in the quantity, form and location desired by local governments.

Greater municipal housing involvement is the course of action supported in this thesis. Capable municipalities deficient in affordable housing and experiencing other housing problems should, in addition to their traditional activities, assume an interventionist housing role allowing them to develop a local approach to housing needs, problems and goals. The MNP component of the S.56.1 program provides them with an excellent opportunity to take positive action. MNP corporations can be effective vehicles for direct hous-

ing intervention. A municipality's decision to take this course of action will ultimately depend on the political and social values held by City Council and the community. Whether or not the MNP corporation is successful in achieving its goals will largely depend on the degree of political commitment from City Council and senior government support.

Without the S.56.1 program, which has been the most important factor responsible for the degree of direct municipal housing production existing today, direct municipal initiatives would have continued to be isolated and limited in scope. It is the principal on-going program addressing the housing needs of lower income Canadians. The demand for lower income housing far exceeds the program's level of funding. The contribution of MNP corporations must be recognized. The federal government must continue the program, make improvements to it and provide it with more funding. Provincial and municipal governments must provide MNP corporations with more political, financial and other forms of support. Municipalities with MNP corporations must lobby for increased funding, unit allocations and improvements while competent municipalities with housing affordability problems should form similar corporations. If the program is not to become another victim of federal fiscal restraint, broad, active support for the program must become evident on the part of the municipalities and provincial governments.

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