

RESTRUCTURING THE WELFARE STATE:
THE TARGETING OF THE PUBLIC HOUSING SYSTEMS IN BRITAIN AND CANADA

BY

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Submitted to the Faculty of Graduate Studies
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for the Degree of

MASTER OF CITY PLANNING

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A Thesis/Practicum submitted to the Faculty of Graduate Studies of the University of Manitoba in partial fulfillment of the requirements for the degree of

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ABSTRACT

The dismantling of the welfare state is perhaps the most critical issue facing government today. This thesis constitutes a critical inquiry into the transformation and repercussions of the restructuring of the public housing systems in Britain and Canada over the period 1980-1995. The importance of this thesis is to demonstrate that the unravelling of the welfare state in Britain and Canada, and specifically the targeting of the public housing systems is not an anomaly but represents part of the broader changes occurring in many Western industrialised countries. Supported by an overview of the restructuring of other welfare states and the origins of public housing in Britain and Canada this thesis provides some insight into how the direction of how public housing policies in these two countries became comparable since the introduction of privatization and federal disentanglement. The impact of these policy changes will be explored by examining the increase in polarization, marginalization and residualization of public housing. The repercussions of these policy changes will result in acceleration in the deterioration of public housing in Britain and Canada. Although the impacts resulting from the transformation in public housing policy are readily apparent, i.e., the privatization of public housing and federal disentanglement, the full impact of these processes on the remaining public housing stock in the future needs to be addressed.

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Chapter 1

RESTRUCTURING THE WELFARE STATE: THE TARGETING OF THE PUBLIC HOUSING SYSTEMS IN BRITAIN AND CANADA

1.1 Scope of Inquiry and Conceptual Framework

This thesis constitutes a critical investigation and analysis of the convergence of the public housing systems in Britain and Canada over the period 1980-1995. Public housing systems in Britain and Canada were originally very diverse. In the past fifteen years however, the governments' philosophy of the role they should play in the provision of public housing has become increasingly similar. The changing role of government intervention in public housing represents only one part of the broader changes occurring in the welfare state today. The dismantling of welfare states and, specifically, the reduction of funding for social services and programs has been occurring in several Western industrialized countries, although the extent of the unravelling has not been uniform. Once considered a fundamental component of the welfare state, social programs and services are being cut back and in some cases totally withdrawn.

The period since the mid-1980s may increasingly be characterized as one in which the central tenants of the welfare state, certainly the ability of western nations to fiscally sustain the welfare state services, have been challenged. (Carter, Patterson and Kastes 1994, 23.)

Although retrenchment has not been uniform in all welfare states, the factors responsible for retrenchment are similar in many countries. Olsen (1996) has identified and categorized these

factors into three broad groups, political, economic and sociological. These factors have impacted the retrenchment of social programs however, the degree of retrenchment is dependent on the type of welfare state. According to Gøsta Esping-Andersen's welfare worlds model Britain, Canada and the United States are classified as belonging to the liberal world, based on the services and programs they offer. Sweden on the other hand is classified as belonging to the social democratic world. Although the classification of the welfare states of Britain, Sweden, Canada and the United States varies, the combination of changing political, economic and sociological factors in the 1980s contributed, to some degree, to the unravelling of the welfare state in all four nations.

One of the most important and universal programs targeted in the dismantling of the welfare state is public housing. Governments in Britain, Sweden, Canada, and the United States have targeted public housing by decreasing expenditure. Although historically these countries pursued distinct public housing policies, in recent years there has been a consensus regarding the role that governments should play in the provision of housing low income people.

The purpose of this thesis is to focus on the changes occurring in the public housing systems in Britain and Canada between 1980-1995. These changes in public housing were characterized by two developments. First there was a significant decrease in the financial support for public housing by government and second, an increase in the promotion of the private market and home ownership. With governments no longer acting as major contributors to public housing, the most fundamental questions to be asked are the following: (1) what steps did the governments take to decrease their responsibility for public housing?

and, (2) what have been the repercussions of these changes?

This thesis contends that the changes occurring to the public housing systems in Britain and Canada in the past fifteen years will affect the availability of affordable rental housing and will contribute to a decreasing quality of public housing in both countries. To support this position a thorough description and evaluation will be made of the legislative and policy changes to the public housing systems and the repercussions of these changes.

1.2 Study Objectives

The purpose of this thesis is to provide a critical analysis, explanation and evaluation of how public housing, as one service provided by the welfare state, was targeted for dismantling in Britain and Canada, between 1980-1995. Housing policy in both countries has undergone dramatic changes -- in Britain since 1980 -- in Canada, since 1986. These changes in public housing policy represent only a portion of governments' changing attitudes toward the welfare state and the services and programs they provide.

The welfare state generally develops when the government, rather than the private sector, takes on the responsibility of dispensing social and economic justice to its citizens (Carter, Patterson and Kastes, 1994, 5). Some of the services and programs governments provide include: unemployment insurance, pensions for retirement, insurance against accidents, education and social services, (which encompass housing and health care).

In Britain, changes in government policy occurred primarily in the form of privatization of government sectors, including public utilities (British Gas) and public housing. Although Canada has not, as yet, seen as dramatic a movement towards privatization, there

have been significant changes in terms of the money allocated for social services and programs and the involvement by the government in the running of these services.

The primary objective of this thesis is to examine the following research questions:

1. Where do the welfare states of Britain, Sweden, Canada and the United States fit into in Gøsta Esping-Andersen's Welfare Worlds Model?
2. To what degree has the New Right influenced the unravelling of the welfare state in each of these countries?
3. What was the evolution of public housing policy in Britain and Canada?
4. What legislation and/or policies were developed that initiated the decrease in government intervention in the public housing systems?
5. What have been other, less notable, repercussions of the changes to public housing policy?

1.3 Significance of the Research

The importance of this research is to examine how Britain and Canada, who originally began with divergent approaches to public housing now have increasingly convergent policies. Significant research has been carried out by Forrest and Murie 1991, Malpass and Murie 1994, Cole and Furbey 1994, and Malpass and Means 1994, on the privatization of public housing in Britain and its implications.

Although the literature available on federal disentanglement in Canada is not as extensive as the literature on British privatization, there are several academic papers, articles and books providing an examination of the direction public housing policy has taken (Rose 1986; Bacher 1984; and Carter 1993). Canada Mortgage and Housing Corporation (CMHC),

the federal government's housing agency also publishes numerous papers and annual reports which provide a thorough overview of the development of new programs and the direction CMHC has been pursuing. As well, the Canadian Housing and Renewal Association, a non-profit housing agency composed of academics and housing experts, serves as a critical evaluator of CMHC's policies.

Books written comparing urban government policy and housing policy have focused primarily on Britain, the United States and Europe, to the exclusion of Canada (Harloe 1994; Kaplan and James 1990; Sills, Taylor and Golding 1988). This does not mean, however, that changes in Canadian government policy have not occurred.

A decrease in the money allocated for new public housing has been occurring in Britain and Canada for approximately the past fifteen years. A clear indication of the decreasing importance of public housing in Britain can be seen in the privatization of council housing. Council housing refers to the public housing in Britain built by the central government and managed by the local authority. Once a major program and component of public expenditure council housing has now become a minor expenditure, falling from £6.6 billion in 1979-80, to a planned £2.1 billion in 1985-86 (Forrest and Murie 1988, 86).

In Canada, the government's movement away from housing has occurred primarily in the form of federal disentanglement, which unlike the British privatization programs means that the federal government will continue to be responsible for the existing social housing projects (Forrest 1996). The government's continued decrease of the allocation of money for new social housing is evident in the following statement:

During the late 1980s and early 1990s there has been a reduction in the growth of the federal government's social housing budget in response to the serious fiscal situation. (Carter 1993, 6.)

The dismantling of the welfare state, occurring primarily because of increasing government debt, is one of the most controversial political debates of the present day. Issues such as housing, health care, social insurance and the availability of these services in the future, is increasingly coming under close examination.

1.4 Formal Problem Statement

This thesis seeks to examine how housing policies in Britain and Canada, which were originally very divergent have now become more convergent. Supported by an examination of the unravelling of other welfare states, such as Sweden and the United States, this thesis will demonstrate that retrenchment is not an anomaly, but a trend.

1.5 Thesis Design

This thesis will be divided into six chapters. It will include an introduction of the subject, a rationale for the thesis, and an examination of the British, Swedish, Canadian and American welfare states. This thesis will explore the history of the public housing systems, examining those acts which established public housing and those instrumental in its unravelling in Britain and Canada. It will also explore some of the less visible repercussions of government disinvestment in public housing.

Chapter One will outline the scope of the inquiry and conceptual framework, the

subject, the rationale and the thesis design.

The second chapter focuses on Gøsta Esping-Andersen's 'welfare worlds model', examining the characteristics and ideals of the social democratic and liberal world models and how the countries of Sweden, Britain, Canada and the United States fit within this model. Chapter Two will describe how similar political, economic and sociological factors have contributed to the unravelling of the welfare state in each country. Specifically this chapter will examine the influence of the New Right in contributing to the changes occurring in the welfare state.

The ideas of the Right have gained ground and have been put into practice in some countries, notably the UK and the USA. (Mishra 1984, 25).

Chapter Three will focus on the history of public housing policy in Britain and Canada prior to the privatization and federal disentanglement programs introduced during the 1980's.¹ The areas to be examined include: the reasons for government intervention in housing, the different approaches taken by the British and Canadian governments and the different attitudes towards the provision of public housing. Chapter Three will also include a thorough examination of legislation and policy development in each country concerning public housing.

Chapter Four addresses the privatization of public housing in Britain and federal disentanglement of public housing in Canada. For Britain, this will include a detailed examination of the legislation which introduced privatization and how it was expanded upon over a ten year period. Since the changes to Canadian public housing policy have not been as direct as Britain's, the Canadian section will focus on the development of policies and the

decrease in government expenditure for social housing over a ten year period rather than on the specific legislation.

The purpose of Chapter Five will be to explore some of the repercussions of the changes to public housing policy in the 1980s and 1990s. Although the repercussions of changes to public housing may not be as apparent in Canada as they are in Britain, examining the impact of the policy changes on British public housing may enable us to better understand the future direction public housing in Canada. Specifically Chapter Five will examine the issues of polarization, marginalization and residualization within the public housing systems. Polarization, in terms of tenure, is a phenomenon which has been on the increase due to the curtailment of public housing programs. The increase in marginalization will explain how marginal groups have become increasingly housed in public housing since changes to public housing policy were introduced. Examining the residualization process provides the most concise picture of the changes occurring in public housing. The combination of these processes and the degree to which they have been accelerated since changes to public housing policy emerged, will provide a good understanding of the future of public housing in Britain and Canada.

The final chapter will provide a summation of the information in the previous five chapters and draw together conclusions regarding the past, present and future of affordable housing in light of the demise of the public housing programs in each country.

Endnotes

1. For a complete listing of the history of housing legislation Britain and Canada refer to Appendices, 1 and 2.

Chapter 2

"WELFARE WORLDS" AND THE DISMANTLING OF THE WELFARE STATE

2.1 Introduction

The purpose of this chapter is to explore the nature of the welfare states in Sweden, Britain, Canada and the United States. Examining the welfare states of these countries will enable us to better understand the philosophy of dismantling the welfare states and, in particular how the public housing programs in Britain and Canada have been targeted for dismantling. Firstly, this will be done by examining Gøsta Esping-Andersen's "welfare worlds" model, which is considered the predominant approach in the study of welfare states. Describing the characteristics of each 'world' and the criteria necessary for each model, will enable us to better understand the countries and welfare states under examination.

The second part of this chapter will focus on the re-emergence of the New Right. Although not readily apparent, there is an important correlation between New Right philosophies and the changes occurring in many welfare states. This chapter will examine how right-wing governments in Sweden, Britain, Canada and the United States have played a central role in the retrenchment, although to different degrees, of social programs.

2.2 The Welfare State Today

The welfare state today is in a state of upheaval. The welfare state, of the mid 1950s and 1960s, is being dismantled, even in countries traditionally considered to be solid supporters of the welfare state. Although this dismantling has not occurred in the same

manner, to the same degree or at the same speed in each country, the movement toward right-wing thinking has developed in many Western industrialized countries. In Britain, the targeting of the welfare state began in 1979 when Margaret Thatcher became Prime Minister; in the United States it first emerged with the election of Ronald Reagan as President in 1981; in Canada the unravelling of the welfare state developed with the election of Brian Mulroney as Prime Minister in 1984; and in Sweden it began with the defeat of the Social Democratic party in 1991. The election of these right-wing (conservative) governments demonstrates the movement to the right of the political spectrum which has occurred.

Comparisons in the shift toward right-wing, conservative governments are often made between the U.S and Britain. Although not as widely documented, and considerably weaker in political power, there has also been shift to the right in Sweden and Canada. While it is difficult to compare these countries directly, due to their distinct programs and services, the importance of the philosophical shift in government policy in the last fifteen years is one which needs to be examined.

2.3 Welfare Worlds Models

2.3.1 Characteristics and Ideals

To determine the nature of the welfare state in each country, Esping-Andersen's threefold "welfare worlds" model will be used. The three types of 'worlds' classified by Esping-Andersen include: the social democratic, liberal and conservative¹ worlds, each of which is characterized by distinct features (see Table 2.1).

Table 2.1

Esping Andersen's Welfare World Model

	Social Democratic World	Liberal World	Conservative World
Characteristics	<ul style="list-style-type: none"> • Benefits provided through public sector, are considered generous • Benefits provided as a right of citizenship • Benefits stress prevention 	<ul style="list-style-type: none"> • Private provision of benefits • Supplemented by modest, means-tested public assistance programs • Greater dependence on employer and/or market than in social democratic world. 	<ul style="list-style-type: none"> • Committed to traditional preservation of family • Therefore, benefits such as day care and family services are underdeveloped • Preservation of status differentials
Countries	Sweden, Norway, Finland	Britain, Canada, United States	Germany, Austria, France

Source: Olsen 1994, Esping-Andersen 1989.

This section will only focus however on the social democratic and liberal worlds, in which all four of the nations under consideration here (Sweden, Britain, Canada and the United States) fit.

Olsen (1994) has identified three characteristics of the social democratic world of welfare states:

1. Benefits are provided mainly through the public sector and are considered generous;
2. Benefits are provided as a right of citizenship;
3. Benefits stress prevention rather than simply responding to need. (Olsen 1994, 3.)

One country which clearly falls into the social democratic model, based on the above characteristics, is Sweden. Programs such as day care, family allowance, unemployment insurance and health care ensure that the Swedish welfare system provides comprehensive services and programs for its citizens.

The second 'world' identified by Esping-Andersen is the liberal 'world'. There are important differences between the social democratic and liberal worlds. Olsen (1994) has identified three of them. Firstly, the liberal world is characterised by means-tested public assistance programs. Secondly, the employer and the private market are relied upon to provide welfare benefits. Thirdly, the liberal model is reactive and not proactive, meaning it responds to problem situations which have developed (i.e. unemployment) rather than attempting to prevent situations from developing (ibid, 4). These differences between the social democratic and liberal model establish the liberal world as a more limited welfare state.

Although the classification of nations depends on the program under examination, the welfare states of Britain, Canada and the United States are most often classified as members of the liberal world.

Esping-Andersen's model is considered to be a more accurate classification scheme or typology than previous models. Although more accurate than previous models there are still limitations to the welfare worlds model. Olsen (1994) notes two important problems with the model. The first is that "the model obscures the fact that the social policies and programs in Canada may differ from one another" (ibid, 5). For example, based on the programs used in the classification, Canada may be classified as belonging to either the social democratic world or the liberal world. Olsen also argues that "the welfare worlds model fails to acknowledge that any one particular social welfare policy or program may exhibit concurrently some 'liberal world' tendencies (private program, selective benefit distribution or a reactive curative orientation) and some 'social democratic world' tendencies (public provision, universal distribution or preventive orientation (ibid))." The services and programs provided by different welfare state countries vary. One factor common to these welfare states however, regardless of whether they belong to the social democratic or liberal world, is a retrenching, to some degree, of the social services they provide. To understand the restructuring of the welfare states, which has occurred in social democratic and liberal world welfare states, the extent of the social programs provided by each country prior to the retrenchment of social programs must be established.

2.3.2 The Swedish Welfare State

Sweden has been characterized as one of the most developed welfare states in the world. The programs and services Sweden provides are very comprehensive and cover a wide range of areas. McQuaig (1993) has described Sweden as the social welfare model of Europe.

Two programs which help to clearly establish Sweden as a country of the social democratic world are family policy and health care. Under family policy, Sweden provides universal and generous family allowance and day care programs to its citizens. In the public day care system, the government pays for the bulk of the cost of child care, while the parents pay only a small fee (McQuaig 1993).

The other program establishing Sweden as part of the social democratic model is the health care system. Health care in Sweden is compulsory and is provided to every citizen at a nominal cost (ibid). In Sweden, it is recognized that poor health is related to one's environment, which includes poverty, unemployment, homelessness and low educational standards (Olsen 1994). By placing greater emphasis on preventative care, the social democratic model is differentiated from the liberal model, in which policies are more reactive. The social democratic model recognizes the need to aggressively address health care issues if prevention is to occur.

Full employment is another fundamental component of the Swedish welfare state. Though "welfare states are often viewed as a breeding ground for laziness" (McQuaig 1993, 95), this is not the case in Sweden. An exceptionally high rate of employment is obtainable because the Swedish government ensures that jobs are available through active labour market

programs (i.e. job creation and re-training) (ibid).

The strong relationship between urban planning and housing policy in Sweden has resulted in housing policy becoming a key component of the Swedish welfare state. The relationship between housing policy and urban planning is also important because of the degree to which the Swedish welfare state addresses the role of women, attitudes towards democracy models of social participation, the role of the individual, and urban form. Together housing policy and urban planning form an essential component in the development of the social structure of the country.

Prior to the defeat of the Social Democratic Party, the Swedish housing system relied on subsidies to maintain affordable housing. There are three main elements of Swedish housing policy:

1. A system of subsidies to reduce the interest cost of financing new construction and improvements of existing housing;
2. Special income-tested subsidies of the cost of housing (housing allowances) for pensioners and families with children (since 1990, other single individuals with low incomes are eligible as well);
3. Provision in the income tax code allowing deduction of a portion of mortgage interest from taxable income. (Blomqvist et al. 1993, 20.)

The nature of the Swedish housing system has helped ensure that a variety of housing situations are addressed. Whether pensioners or families with children, everyone received some form of subsidy for their housing (ibid).

The range of social programs, level of transfer payments, and amount of subsidies provided by the Swedish welfare state are greater than in most other welfare states. The

comprehensive nature of the Swedish welfare state represents a model for social welfare, not only in Europe, but also within the Western industrialized world.

2.3.3 The British Welfare State

The British welfare state, as it developed in the post-World War II period, was also considered one of the most comprehensive in the Western industrialised world. The holistic development of social services ranging from health care, to housing, to income supplements, helped to ensure that all citizens were provided with equal access to the social programs.

Income maintenance is one of the most fundamental components of any welfare state. In Britain, it was introduced during the immediate post-war years and was established primarily for those people returning from the war who were unable to find employment. Income maintenance has remained as an essential program in Britain, particularly during the economic crisis of the 1970s.

Britain's National Health Service is similar to the health care systems in Canada and Sweden, providing comprehensive coverage for all citizens.

Another component of the British welfare state which has had a direct and significant impact on citizens is the public 'council' housing. Although attempts were made to address housing as early as 1890, the issue was not fully confronted until the end of the first World War, when the dire need for suitable housing legislation became apparent. Between its emergence in 1919 and its demise in 1980, council housing was an important and fundamental component of the British welfare state.

The comprehensive programs and services provided by the British welfare state,

clearly establishes it as part of the liberal world. Although the benefits provided are extensive, they are not as generous as the benefits provided the social democratic welfare states. In Britain, as in other liberal world welfare states, there is a greater reliance on the provision of benefits through the private sector and the employer.

2.3.4 The Canadian Welfare State

In terms of the classification of the welfare worlds model, Canada is a difficult country to locate. This is due in part to the nature of the Canadian welfare state. While being more generous and far-reaching than the American welfare state the services provided are not as comprehensive as those provided by the Swedish welfare state.

The classification of Canada as belonging to the social democratic or liberal world is dependent upon the policy being examined. Two social programs most often used in the classification of the Canadian welfare state are family policy and health care. When using family policy as the basis for classification, Canada fits into the liberal world. This is because Canada lacks a national day care system. Although subsidies are provided to low income people for daycare, daycare centres in Canada are privately rather than publicly run as they are in Sweden.

Health care in Canada is not as comprehensive as Sweden's however, it is considerably more extensive than the health care system in the United States. Therefore, when using health care as the basis for classification Canada falls into the social democratic world.

The welfare worlds model facilitates the classification of welfare states as social

democratic or liberal. The diverse nature of Canadian social programs, however, often makes it difficult to place Canada solely within a social democratic or liberal world context. Olsen (1994) therefore suggests that:

other social service elements of the welfare state, such as education and housing, must also be conducted if the model is to reflect adequately the nature of welfare states. (ibid, 15.)

The lack of acknowledgement of other social services in Canada as fundamental parts of the welfare state has also been documented by Hulchanski (1988). While Hulchanski recognised education as being a fundamental component of the welfare state, he also noted that:

neither the state nor a majority of citizens have viewed the meeting of housing needs of all people as a public responsibility. (Hulchanski 1988, 22.)

Fallis (1995) has also referred to the absence of housing policy in social policy research. The lack of acknowledgement that housing policy forms a fundamental component of the Canadian welfare state helps us to understand the variation in the services provided by different welfare states (ibid). Although the social services provided by the Canadian welfare state are not as comprehensive as those provided by Sweden (or even Britain) they are more comprehensive than the services provided in the United States.

2.3.5 The American Welfare State

Today, policy analysts may question whether a welfare state even exists in the United States (U.S.). This is because it is one of the few Western industrialized countries not

offering universal public family allowance, old age pensions, or sickness and health insurance (Kudrie and Marmor 1984; Lemen 1977; in Olsen 1994). Thus, when attempting to classify U.S within the welfare world model there are a limited number of social programs which can be used in the classification.

The programs and services provided in the U.S. are few in comparison to those available in Sweden, Britain and Canada. For example, while other countries have programs covering child and housing allowances, the U.S. provides none of these. Only recently has the United States government, under the Clinton administration, established twelve weeks of unpaid maternity leave. The most significant factor distinguishing the United States from other welfare states is the lack of universal health care coverage. This lack of universal health care available is reflected in the high infant mortality rates in the United States when compared with other Western industrialized countries, shown in Table 2.2. Although the social services and programs provided in the United States are minimal, it is still considered a welfare state. Even with the provision of such minimal services the U.S. is not customarily characterized as an oddity among welfare state, however, there are some people who have remarked on the unusual nature of the U.S. welfare state. For example, Edwin Bell, an analyst for the Paris-based Organization of Economic Co-operation and Development (OECD), states that the U.S. "is the outlier in the field, it is the most extreme" (McQuaig 1993, 19).

The U.S. has also been characterized as a "dinosaur" of social welfare by critics of the American welfare state (ibid).

the U.S. virtually alone in the industrialized world - along with South Africa - in its failure to provide health care at least to all pregnant women and children.(McQuaig 1993, 83.)

Table 2.2

Infant Mortality

Country	Infant deaths per 1,000 live births (1989)
United States	10
Italy	9
Belgium	9
Germany	8
Austria	8
Norway	8
Denmark	8
France	7
Netherlands	7
Canada	7
Sweden	6

Source: The World Bank. *World Bank Development Report 1991*. Table 28, In McQuaig, Linda. *The Wealthy Banker's Wife*. 1993. Toronto: Penguin Books, 83.

In comparison to the welfare states of Sweden, Britain and Canada, the U.S. provides the minimal amount of services for its citizens. Thus the characterization of the United States as a welfare state makes it unique in comparison to traditional welfare states.

2.3.6 Conclusion

The use of the welfare worlds approach facilitates the classification of welfare states according to the programs and services they offer. There are however, still difficulties with Esping-Andersen's model, as pointed out in Olsen's (1994) article. The program used for the classification will determine the 'world' in which the country will be classified. While there are clear distinctions as to where some countries fall, others are more difficult to classify.

This section has shown that there are different levels at which the present day welfare state exists, demonstrating that the classification of a country as either a social democratic or liberal world is based on the social program used in that classification. Now that the nature of these welfare states has been established, the degree of retrenchment in each welfare state and the factors influencing policy changes must be explored.

2.4 The New Right and the Retrenchment of the Welfare State

The recent re-emergence of New Right thinking is not the sole factor contributing to the decline of the welfare state. The economic recession of the mid-1970s as well as the oil crisis also contributed to the economic restructuring of the welfare state.

The connection between the political ideologies of the New Right and the conservative governments elected in many countries, is one which cannot be ignored. The importance of the emergence of New Right philosophies is that they are now

espoused by the parties in power. Therefore, New Right philosophies are increasingly becoming the basis of policy formulation (Skidelsky 1988). In Britain New Right philosophies have become particularly evident in policy formation under the Thatcher government. Studies by Wilson (1992), Skidelsky (1988) and Gamble (1988), have linked New Right ideologies, which are based primarily on 'theory', and Thatcherite ideologies based primarily on 'practice'.

The origin of New Right philosophies was not established solely on new political ideologies. They consist of several themes, such as "the glories of the market, the lack of participation by the state, the value of individual enterprise and the sovereignty of the consumer" (Cole and Furbey 1984, 184). Stoesz and Midgley (1991) also state that, according to the radical right, "the underclass is a direct product of the unconditional social programs offered by the welfare state which do not obligate beneficiaries to behave conventionally in order to receive benefits" (ibid, 32). These types of New Right beliefs and ideologies have been developing to varying degree in Sweden, Britain, Canada and the United States. The purpose of this section is to demonstrate how the political orientation of these countries has shifted toward a more liberal world approach and away from the social democratic model.

One argument explaining the changes in the welfare state over the past few years has been put forward by Kristol:

the welfare state, over the past twenty-five years, lost its original self-definition and became something more ambitious, more inflated, and incredibly more expensive. It became the paternalistic state, addressing itself to every variety of 'problem' and committed to solving them all-committed,

that is, to making human life unproblamatic. (Kristol 1978 in Mishra 1984, 29.)

This statement suggests how the original intent of the welfare state became overly ambitious and too expensive to maintain, resulting in Government overload which has thus developed as a primary justification reason for dismantling the welfare state. Government overload occurs when the demands placed on the government outweigh their ability to effectively address social issues such as housing and health care (Mishra 1984). New Right philosophy views government overload as a major problem in the welfare state and thus advocates the need for decreased government intervention. The New Right has identified several factors contributing to government overload in the post-war era:

1. The post-war years have seen a vast growth in organized interest groups. Society has become highly politicised and the organisation slack, which provided democratic government with room to manoeuvre and accept new demand's has been much reduced;
2. There has also been a virtual revolution of rising expectations or, better still, entitlements. The idea of social rights and entitlements, and the notion that it is the governments responsibility to underwrite these, has become widespread;
3. Traditional restraints on the part of various groups have been gradually eroded. Sectional interest is being pressed to the full as notions of traditional income differentials deference or other modes of restraint lose their influence;
4. Social complexity has increased greatly, but social knowledge lags behind and cannot cope. As governments intervene in more and more areas of society, the limitations of social science become increasingly apparent. (Mishra 1984, 37.

These points provide insight into the development of the welfare state during the post-war era. Mishra (1984) has identified three phases in government which have contributed to the present situation of the welfare state, government growth, government failure and government overload. The New Right advocates that the poor economic situation of the welfare state, created in large part to government overload, is the justification for minimal state intervention (ibid).

In response to the growing concern over increasing government expenditure, right-wing governments, advocating decreased public expenditure and deficit reduction have been elected in many welfare state countries, including: Britain in 1980, the United States in 1981 and Canada in 1984. Although the government elected in Sweden in 1991 did not have as radical New Right views as Britain and the United States, the defeat of the Swedish Social Democratic party marked the beginning of a change in the welfare state. The election of conservative governments in the 1980s and the restructuring of social programs, indicates that governments are becoming increasingly committed to "retrenching big government and cutting taxes" (Mishra 1984, 51). Sweden, Britain, Canada and the United States have cut back their social programs however, the degree to which retrenchment has occurred varies from country to country.

There is no doubt that the retrenchment of the social programs in the welfare states of Sweden, Britain, Canada and the United States can be attributed to several factors. Although there are differences, some factors contributing to the unravelling of the welfare states have been similar. Olsen (1996) has identified three factors,

political, economic and sociological which have contributed to the unravelling of the Swedish welfare state. Although presented to explain the the retrenchment of the Swedish welfare state these factors have also contributed to the retrenchment of social programs in Britain, Canada and the United States.

2.4.1 Retrenchment of the Swedish Welfare State

Sweden is widely recognized for its highly successful welfare system. The government however came under attack during the 1980s for an announcement of cuts to their social programs. In terms of economic factors affecting the retrenchment of the Swedish welfare state, Blomqvist et al. (1993) have identified two primary reasons why Sweden has cut back its social programs. Though growth in all industrial countries slowed during the 1980s, Sweden was deeply affected. As well, social programs continued to expand during the 1970s and early 1980s, when the tax burden was increasing faster than the gross domestic product. The increasing tax burden created a situation where the government was unable to afford the programs and services provided in the past. Thus, for the first time in the 1980s, significant reforms to social programs were announced (ibid). Areas under the tax transfer system targeted for reform included the tax system, housing policy, sickness benefit and pension plans. Service orientated areas targeted for reform included daycare, health and education. Although proposed, these reforms were not introduced due to an economic upturn in the late 1980s.

The main political factor influencing the welfare state in Sweden came with

the defeat of the Social Democratic party in 1991 and the election of a right-wing coalition government. This defeat, combined with the poor economic situation which had again developed by 1992, made conditions ripe for radical transformation of the Swedish welfare model (Olsen 1996). The reforms originally introduced but not implemented during the 1980s were now implemented and expanded upon in the 1990s (ibid). These new reforms targeted several aspects of the welfare state, including income-related replacement benefits for parental unemployment and sickness insurance which were decreased from ninety percent to eighty percent of income. There was also an increase in the retirement age from 65 to 66 years. Other social programs targeted for reform, included the sickness benefit program and the introduction of the workers' injury compensation system. These reforms may not seem as significant in comparison to the retrenchment of social programs in other countries, such as in Britain however, but they were major steps for a traditionally strong welfare state.

Sociological factors contributing to the unravelling of the welfare state encompass much broader issues than the political or economic factors mentioned above. The influence of sociological factors on the welfare state has emerged due primarily to a shift in the balance of power (Olsen 1996). Welfare states which were more developed, such as Sweden, had strong, well organized labour movements. These types of countries were also represented by incumbent Social Democratic or Labour parties (ibid). However, with the shift to the right and the defeat of the Social Democratic party in 1991, the labour movement was considerably weakened. The

weakening of the labour movement made the policy changes introduced by the right-wing coalition government more acceptable and less likely to be challenged. As well, the increasing globalization of the economy further shifted the balancing of power in favour of capital.

The Swedish welfare state reforms of the 1990s represented a minor shift toward the right, in comparison to other welfare states, such as Britain. Sweden, once considered the model of the European welfare state, is realizing that the economic burden of maintaining a comprehensive welfare system may not be feasible under changing economic and political circumstances.

2.4.2 Retrenchment of the British Welfare State

The attack on the British welfare state represents one of the most comprehensive and elaborate programs of retrenchment ever introduced. Although policy analysts argue that the present political climate was the primary catalyst for the retrenchment of the British welfare state, it was a combination of political, economic and sociological factors which contributed to the dismantling of the British welfare state. More specifically this included: rising unemployment, demographic change and the re-emergence of the New Right (Wicks 1987, McCarthy 1989, in Cole and Furbey 1994).

The Thatcher governments philosophy breaks with traditional Conservatism in its aggressive and advocacy of private enterprise, private initiative and the market as a framework both for the advancement of the Conservative party and for Britain's progress. (Veljanovski 1987, 24.)

The ideologies of the newly elected Conservative government in 1979 were significantly different from those of the post-war welfare state. Similar to New Right philosophies, the Conservative government promoted privatization, government deregulation and development of the private sector (Jacobs 1992). Although the beliefs and practices of the New Right had been present in the Conservative government in varying degrees since the 1950s (Cole and Furbey 1994), it was not until the election of Margaret Thatcher as Prime Minister in 1979 that they came into the agenda of the "party of government" (Wilson 1992, 35).

The economic benefits emanating from the privatization of public enterprises was one of the reasons for privatization. It was hoped that privatization would enhance freedom, improve efficiency, reduce public sector borrowing requirements and tackle the problem of public sector pay (Heald and Steel 1982 in Forrest and Murie 1991). One of the key ways to achieve this was to sell off publicly owned corporations. The selling of assets to private owners was justified in three ways:

1. First it was argued that private ownership would transform unprofitable public enterprises into profitable ones;
2. Secondly, competition in the private sector would be more efficient than public ownership;
3. Thirdly the spread of popular shared ownership would provide many more ordinary people with the benefits of private capital both financially and, most basically, morally, by way of self reliance. (Wilson 1992, 92).

The sale of public assets included such corporations as: British Gas, British Telecom, and British Airways, as well as the public 'council' housing stock. The selling of the council

housing and the attempt to create what Thatcher called "a property owning democracy" which became the most publicised statement (Forrest and Murie 1991, 6).

Again, similar to Sweden, the shift in the balance of power, and more specifically the weakening of the labour movement which developed with the election of Thatcher's Conservative government in 1979 contributed to the dismantling of the welfare state. This shift in power, away from the Labour Party, which historically represented the unions, to a more capitalist, market-orientated government which promoted government deregulation and the private market, facilitated the privatization programs introduced under Thatcher.

Therefore, in Britain as in Sweden, it was the combination of several factors which made possible the climate for the retrenchment of social programs which had once been such a fundamental component of the British welfare state.

2.4.3 Retrenchment of the Canadian Welfare State

The retrenchment of the welfare state in Canada, and the full embracement of neo-conservative or New Right ideologies has not as yet been met with the same enthusiasm as it has in Britain and the United States (Lightman 1991). There have been significant steps towards federal disentanglement.

The high point of Canada's welfare state was reached in 1971 and subsequently there has followed retrenchment and decline, a process of gradual chipping away at the outset, followed in more recent years by an acceleration, as the chips became chunks, with even the occasional block. (Lightman 1991, 141.)

In Canada, as in other welfare states, it was this movement toward a liberal, means-

tested model which was the main political factor which set the stage for federal disentanglement. The movement toward federal disentanglement has created substantial concern, in the field of social housing policy. This concern was evident at the 1994 Canadian Housing and Renewal Association Annual Congress which focused on the changing federal role in the delivery of social housing. In a speech by Maude Barlow, she stated:

We are in danger of losing the system of interdependence that has guided Canadian public policy for most of this century, and led to the creation of universal, publicly accessible social programs and a sense of collective responsibility. (Barlow 1994, 14.)

Although privatization has not been implemented as aggressively in Canada as it has been in Britain, Barlow expressed fear that it might, by arguing that the "power is being transferred from the public arena to the private sphere, out of reach of democratic control" (ibid).

New Right philosophies have always been present in the Conservative party in Canada, and similar to Britain they did not emerge until the election of the Conservative party to power in 1984. Although the Mulroney government promised to preserve social programs in Canada, even referring to them as a "sacred trust" (McQuaig 1993, 3), the reforms were clearly aimed at decreasing the federal presence in social programs. The development of the economic renewal plan which identified deficit reduction as a pre-eminent concern was indicative of the right-wing philosophy pursued by the federal government (Lightman 1991). The policies pursued by the Conservative government were not as categorical and evident as those taken by the Thatcher government, primarily because the direct elimination of Canada's

social safety net, through privatization, would not have been a popular move for the government.

In comparison to Britain the dismantling of the Canadian welfare state was not as specific and focused. In his article "Social Policy by Stealth", Gray (1990) outlines the methods by which the Conservative government camouflaged cuts to social programs by labelling them as increases. Gray argues that the "technical amendments to taxes and transfers are as difficult to explain as they are to understand and thus largely escape media scrutiny" (ibid, 17). In this way, the unravelling of the Canadian welfare state varies greatly from the British. In Canada privatization programs became part of government policy. Where as in Britain the establishment of privatization programs as legislation made them very precise and direct.

One development which clearly indicated a movement toward the right, and a more liberal model, was the development of 'means tested' public assistance programs, which clearly represented the economic basis for decreasing social programs. Although not present in all social programs, means-testing is an area becoming more pronounced, particularly in the public housing sector. The development of means testing is evident in the establishment of the core need model and as well as the document A National Direction for Housing Solutions (1985), which were both developed to direct government assistance to those in need. The development of means testing, along with the federal/provincial agreements, have resulted an increased responsibility for the provinces. This is similar to the traditional radical right model which argues that:

as government pulls back to its proper and limited role, individuals and local communities will assume responsibility for their own lives. Within the federal system, however, there is an intervening or middle level of analysis, the provinces or state. (Lightman 1987 in Lightman 1991, 158.)

Retrenchment in Canada has not developed to the degree the radical right would like. There has been however, a stronger movement toward retrenchment since the Conservative party was elected in 1984.

The labour and social democratic parties have never been as prominent in Canada as they have been in Sweden and Britain. This does not mean however, that a shift in the political orientation as well as the balance of power has not occurred in Canada. The political shift occurred with the election of the right-wing orientated Conservatives, under Brian Mulroney, in 1984. The shift in the balance of power was not as dramatic in Canada, as in Sweden and Britain, due to the lack of representation by strong incumbent social democratic parties (at the federal level). The election of the conservatives to power in 1984 further weakened the balance of power.

2.4.4 Retrenchment of the American Welfare State

The unravelling of the social welfare programs in the United States was particularly evident during the Republican years when Reagan and Bush were in power. Although the Democratic party is presently in power this does not mean that spending for social programs will increase. A clear example of the current governments' desire not to increase spending is evident by the bill recently passed by President Clinton, which made dramatic welfare reforms, effectively ending it as it had existed. The recent cuts to social programs, combined with the

reduction in spending during the Reagan and Bush years will have a significant impact on the future of social services and programs in the United States.

Perhaps the best way to measure the economic factors affecting the retrenchment of social welfare programs in the United States is to examine the decreasing amounts of money allotted to different departments. The U.S. Department of Housing and Urban Development (HUD), responsible for a majority of the social programs in the U.S., faced a 57 percent reduction in the budget between 1980 and 1987 (Kaplan and James 1990). Budget cuts for federally assisted housing fell from \$27 billion to \$1.5 billion over the same period. The Community Development Block Grants fell from \$3.7 billion to \$2.6 billion and Urban Development Action Grants fell from \$675 million to \$20 million (ibid). While these programs targeted different areas, the important feature common to all was the decreasing amount of money allocated for social programs. Other important events occurring include: the decline in home ownership, the increase in homelessness, the decrease in the quantity and quality of the rental stock, and the increase in the shortage of public housing stock (ibid). The decrease in the percentage of publicly owned housing as a percentage of the total, shown in Table 2.3, will have significant repercussions on public housing in the future.

In some ways, the retrenchment of social programs has not been as severe in the United States as in other countries due to the lack of programs offered by the United States welfare system. However, it is important to note the decrease in social spending after the election of a conservative government right-wing government in 1980.

Table 2.3

New Housing Construction United States, 1965-1985
(thousands of Units)

Year	All Units	Privately Owned	Publicly Owned	Public as % of Total
1965	1,509.	1,472.8	36.9	2.4
1970	1,469.0	1,433.6	35.4	2.4
1975	1,171.3	1,160.4	10.9	0.9
1980	1,312.6	1,292.2	20.4	1.6
1981	1,100.3	1,084.2	16.1	1.5
1982	1,072.0	1,062.2	9.8	0.9
1983	1,712.4	1,703.0	9.4	0.5
1984	1,755.8	1,749.5	6.3	0.4
1984	1,7359	1,732.8	3.1	0.2

Source: CMHC. 1991. *The Distribution of Government Housing Responsibility in Six OECD Countries*. Ottawa: CMHC, 13.

Reagan and Thatcher had similar views towards the post-war welfare state. Both leaders viewed the welfare state as the cause of the economic problems currently plaguing both countries. Reagan and Thatcher's argument was based on the belief that high taxes, which were required to sustain the welfare state, contributed to decreased work initiative and investment. They also believed that employment benefits, and the high wages demanded by workers served as a barrier to competitiveness and increased structural unemployment. Although there are arguments to support this, workers may not have felt the need to demand higher wages to pay for these services if the government supplied workers with health care and family allowances.

When examining the unravelling of the welfare state it is important to consider the impact the retrenchment of social programs will have on the future. One area in which the

full impact of the retrenchment is not immediately apparent is housing policy.

The effects are concentrated on potential future recipients, who are unlikely to see their current interests as closely linked to the fate of public housing and are by their very nature unidentifiable and therefore impossible to organize. (Pierson 1994, 22.)

This quotation identifies the problems of decreased funding for public housing and emphasises that these impacts may not be immediately apparent, making protest against retrenchment policies difficult.

One social program to undergo significant reform in Britain and the U.S. was housing policy. Public housing in the U.S., was first authorized under the National Housing Act of 1937, where it has remained in a marginal position. When the Republican party was elected in 1981, approximately one percent of the U.S. population lived in public housing, with only one to two percent receiving a subsidy for private renting. The number in Britain was considerably higher, with thirty percent of the population living in public housing (Pierson 1994). Three main components of housing policy developed under Reagan include: a halt to new construction, a voucher-centred system of housing subsidies, and a plan, similar to Thatcher's plans of privatization, to privatize much of the public housing stock. (Ibid). By 1986, public housing starts had fallen more than eighty percent from the 1982 level (ibid). The decrease in the building of social housing in the 1980s, as seen in Table 2.4, will affect the availability of affordable rental housing in the future.

Table 2.4

Public Housing Units Started,² United States, 1960-1987

Year Thousands of Units	
1960	26,613
1965	35,652
1970	77,039
1975	24,532
1980	40,528
1981	45,607
1982	25,110
1983	27,060
1984	22,443
1985	11,133
1986	6,385
1987	5,861

Source: CMHC. 1991. In *The Distribution of Government Housing Responsibility in Six OECD Countries*. 1991. Ottawa: CMHC, 13.

The initial changes proposed to social programs in the US were ambitious. Although Reagan was not as successful in developing his policies of retrenchment as Thatcher, both governments had similar views and ideas concerning the restructuring of the welfare state.

The sociological factors in the United States and specifically the shift in the balance of power has been the least influential in contributing to the unravelling of the American welfare state. The lack of power shift is due to the weak, labour movement which has been under represented by an incumbent social democratic or labour party. Similar to Canada, this, did not mean that the defeat of the Democratic Party in 1980 and the election of the right-wing Republicans, under Reagan in 1980 did not shift the balance of power even further to the right.

2.5 Conclusions

After examining New Right philosophies and other developments, the reasons for the dismantling of social programs in Britain, the United States and Canada soon becomes evident. Wilson (1992) states three primary reasons for the British government privatising some of the public sector assets. The first was that the privatization of publicly-owned sectors into privately-owned sectors would result in greater profit. Secondly, privatization was seen as a means for competition to flourish under private ownership. Thirdly, the development of shared-ownership schemes would result in more people being both financially and morally independent (due to their increased self-reliance as a result of becoming owners rather than tenants of the state) (Wilson 1992, 92). Although these arguments were originally put forward in Britain, they were later made in the United States and Canada. One of the most persuasive arguments for maintaining the welfare state, not only in Britain but in all welfare state nations, has been put forward by Deakin (1987):

there is a moral reason for restructuring the social democratic model, arguing that the rights of welfare should be put back at the centre of social policy as a means of discharging society's moral obligations to the poor and as a way of moving towards a more closely integrated society. (Ibid in Clapham, Kemp and Smith 1990, 237.)

There are some similarities between the social programs targeted for retrenchment in all four of the welfare state countries. Housing policy is one area which has been heavily targeted. Public housing provides an interesting case because it has been subjected to heavy retrenchment in Britain, the United States and more recently in Canada. While this chapter has focused on the overall changes which different welfare states have undergone over the past

fifteen years, the next part of this thesis will focus specifically on the changes to British and Canadian public housing since the election of right-wing conservative governments during the 1980s.

Endnotes

1. Esping Andersen's 'conservative' welfare worlds model will not be examined here because the countries presented do not fit this model.
2. Figures include both new public housing starts as well as public acquisitions of existing units without rehabilitation and Indian housing.

Chapter 3

THE EVOLUTION OF PUBLIC HOUSING POLICY IN BRITAIN AND CANADA

3.1 Introduction

Since the British and Canadian governments first became involved in the provision of public housing, the diverse roles they have pursued have altered as housing needs have changed. The purpose of this chapter is to examine the changes in housing policy prior to the retrenchment of the public housing programs in each country. This will be done by dividing the chapter into five sections, exploring the evolution of the public housing policy in Britain prior to 1980 and in Canada prior to 1984. The first section will provide an introduction. The purpose of the second section is to examine early government initiatives and explore the diverse reasons for government intervention in housing. Section two will also focus on how affordable housing was addressed in each country, or in some cases not addressed. Section three focuses specifically on changes in public housing legislation in Britain up to 1980, highlighting those acts which established the role the government was to play in the provision of public housing. Section four examines public housing legislation in Canada, focusing on those acts instrumental in the development of public housing. The final section will provide an overview of the different phases of public housing policy pursued by each country.

3.2 Early Government Initiatives in Housing

3.2.1 Britain

British housing legislation established during the early nineteenth century addressed the poor living conditions which emerged during the Industrial Revolution. When cities became industrialized, there was a lack of adequate housing to house the increasing population of the cities thus, living conditions became overcrowded and unsanitary. These unhealthy conditions resulted in the spread of disease throughout both the poor and more affluent areas. When disease spread, showing no class boundaries, the government realised that action had to be taken to improve the poor housing conditions where disease was originating.

3.2.1.1 The First Legislation to Address Housing

The first act established in Britain to address unsanitary housing was the Public Health Act of 1848. Historically this act was significant because for the first time legislation was established to address housing. The 1848 Health Act was also important in a social context because it established the General Board of Health, which *enabled* local governments to carry out sanitary reforms.

The next act to address housing was the 1890 Housing of the Working Classes Act. The importance of this act was that it acknowledged the lack of decent housing in Britain, for the first time. Although the unsanitary living conditions were recognized as early as the 1800s, existing legislation did not require local governments to take action. Thus early legislation established did little to rectify the housing problems.

3.2.2 Canada

Early government housing initiatives in Canada occurred for very different reasons than in Britain. Nevertheless Canada, like Britain, reached a point when the lack of decent affordable housing could not be neglected. In Canada, this occurred with the Halifax Explosion of 1917. The explosion, combined with the introduction of the War Measures Act in 1917 set the stage for the first government involvement in housing. The next federal commitment to housing came in the form of lowering the down payments required on land.

3.2.2.1 Halifax Explosion

While numerous factors contributed to the need for government intervention in housing in Canada, one event was to become the catalyst for government action - the Halifax explosion in 1917 (Anderson 1992). The explosion resulted in the bulk of the city being levelled and created an urgent need for affordable housing. The Halifax explosion, coupled with World War I and the War Measures Act, enabled the federal government to intervene in this previously unexplored area, resulting in a contribution of \$30 million to a pension fund assisting victims of the explosion (ibid). This money was invested in housing, thereby establishing the federal government as a provider of housing.

Similar to early government initiatives in Britain, early legislation and programs did little to benefit those who needed help the most. Although the housing built was occupied by people who lost their homes in the explosion, the rents charged were unaffordable to many people, making occupancy rates low. By 1948, the units were sold off (ibid).

3.2.2.2 Pre-Dominion Housing Act (Pre-1935)

During the post World War I period home ownership in Canada was unaffordable to many. To increase home ownership, the government lowered the down payment required on land, which contributed to a substantial increase in residential construction between 1923 and 1931. Lower land prices however, did little to alleviate the high cost of housing faced by low income families. Thus, low income people had no choice but to remain renters. The policy of promoting home ownership established the government as a facilitator in the provision of market housing and not as a provider of social housing. The Construction Association, who had promoted home ownership during slow growth periods, now had little desire to support low income housing.

3.3 Britain Changes Public Housing Legislation and Policy

3.3.1 Post W.W.I to W.W.II (1919-1944)

This period can be regarded as the most important in the history of government intervention in housing. Prior to World War I, the government did little to effectively improve or increase the supply of housing. By the beginning of the second World War however, the government had developed a program for building and supplying housing subsidies to local authorities.

3.3.1.1 World War I

Although a housing shortage existed prior to World War I, the outbreak of the war further decreased the production of housing and thus enabled landlords to charge exorbitant

rents on accommodation regardless of the conditions of the facilities. In 1915 the Increase of Rent and Mortgage Act was established to protect tenants from rising rents. The act was established as a result of the Glasgow rent strike in which tenants refused to pay the rents charged by landlords. The 1915 Act set rents and mortgage interest rates at their August, 1914 levels (Burnett 1987), thereby protecting tenants from rent increases. The establishment of rent controls meant that private builders were no longer able to make a profit, and thus would not build again until it was profitable.

The logic of the situation led directly towards some sort of state subsidy after the war, and for this reason rent control and the subsequent introduction of subsidies must be seen as closely linked. (Malpass and Murie 1994, 50.)

The only way construction would resume was if rents controls remained or if subsidies were introduced.

The 1915 Act was important for two reasons. It was fundamental to the introduction of state subsidies and it prevented people from being priced out of their homes. The establishment of rent controls and the introduction of state subsidies to private builders clearly demonstrated how the government was becoming involved in the provision of housing (ibid).

3.3.1.2 The Establishment of Council Housing

Pre-World War I legislation facilitated government intervention in housing. It was the 1919 Housing and Town Planning Act (Addison Act), however, which is regarded as the land-mark act in terms of requiring government involvement in

housing. The 1919 Act established local authorities as the providers of large amounts of housing. This act was developed under the 'Homes for Heroes' campaign, to increase the supply and improve the housing conditions for veterans returning from the war. The development of this act represented the government's strongest social commitment: the provision of decent affordable living accommodation.

Historically, this act was unique. Past legislation *enabled* local authorities to improve their housing conditions, but the 1919 act *required* them to take action. Although this act was influential, there were two reasons for its limited success. The first was the slow rate at which the local authorities built and the second was the high cost of building materials. Table 3.1 shows that by 1921, three years after the Addison Act had been established, the output of local authorities building remained minimal.

Table 3.1

Local Authority Dwellings Completed, Great Britain 1914-23.

Year	Local Authority Dwellings Completed
1914	not known
1919	negligible
1920	576
1921	16,786
1922	86,579
1923	67,062

Source: Merrett, Stephen. 1979 *State Housing in Britain*. London: Routledge and Kegan Paul, 37.

3.3.1.3 Housing in the 1920s

During the 1920s, two acts, both focusing on increasing the supply of housing, influenced the development of public housing policy. The first act, entitled the 1923 Housing Act (Chamberlain Act), increased the supply of housing by providing subsidies to private builders. The second act, entitled the 1924 Housing Act (Wheatly Act), increased the supply of housing by promoting the involvement of local authorities rather than the private sector. The number of dwellings constructed under each act is shown in Table 3.2, with the total housing output amounting to 570,000 dwellings built in England and Wales between 1924-1945.

These three acts, the 1919 Addison Act, 1923 Chamberlain Act and the 1924 Wheatly Act, demonstrated that the government's primary focus was to increase the supply of housing in the immediate post-World War I period.

Table 3.2

Local Authority Dwellings Built in England and Wales,
1924-35 under the 1923 and 1924 Housing Acts

Year ending March 31	Chamberlain Act 1923	Wheatly Act 1924	Total both Acts
1924	3,800	-	3,800
1925	15,300	2,500	17,800
1926	16,200	26,900	43,100
1927	14,100	59,100	73,200
1928	13,800	90,100	103,900
1929	5,100	50,600	55,700
1930	5,600	54,600	60,200
1931	-	52,500	52,200
1932	-	65,200	65,200
1933	1,400*	47,100	48,500
1934	-	44,800	44,800
1935	-	11,100	11,100
Total	75,300	504,500	579,800

* - transferred from the 1924 act

Source: Bowley, M. 1945. *Housing and the State 1919-1944*. London: Allen & Unwin, 271. In Merrett Stephen. 1979. *Housing and The State*. London: Routledge and Kegan Paul, 47.

3.3.1.3. Housing in the 1930s

Housing policies of the 1930s began to move away from the concentration on increasing supply to on focusing on the conditions of housing and the needs of tenants. The 1930 Housing Act was aimed at "slum clearance and represented the foundation for modern slum clearance in Britain" (Burnett 1978, 237). The 1935 Housing Act focused on decreasing rents of low income tenants by creating the Housing Revenue Account, which required local authorities to be consolidated their

accounts into one. Thereby keeping a large supply of money in one account which could be used to provide rent rebates to poorer tenants (Malpass and Murie 1994). The creation of the Housing Revenue Account resulted in keeping rents on new houses down because rents were being subsidised by the surplus money generated from older, cheaper properties (ibid).

3.3.1.3 Conclusions: Post World War I to World War II (1919-1944)

There are two dominant explanations provided for the establishment of council housing in Britain. The first being that council housing emerged as a response to the failure of the private market. The second reason is that council housing emerged as result of state interference in housing development (ie. with the introduction of rent controls in 1915), private builders were no longer building because it was not profitable. Therefore, council housing was established in order to make up for the loss of housing construction in the private market. Right-wing governments presently view council housing as part of the problem however, rather than the solution.

3.3.2 Britain: Post World War II 1945-79

3.3.2.1 Housing in the 1950s and 1960s

In the three decades following World War II government housing went through two distinct phases. The first phase focused on local authorities supplying housing needed, the second phase focused on housing being supplied by the private sector, while the third phase was a combination of support by the public and private

sectors. The strong commitment by the Labour government to increase the supply of housing in the post war period is evident in Table 3.3 with the grand total of housing construction amounting to 308,900 houses by 1954 (Bowley 1966). Although this may seem like a important contribution, this construction still did not meet the Labour government's desired outcome of 900,000 houses by 1951 (Burnett 1978). By 1954, when it became apparent that the local authorities could not meet the supply of housing required the 1954 Housing Repairs and Rent Act was introduced. This act was influential in shifting the policy direction of government by removing subsidies from local authorities for 'general needs housing' and promoting the private sector market.

By 1965, the third phase in housing policy emerged. This phase represented a movement towards a more equitable involvement between the public and private sector. The 1965 White Paper, stated:

Once the country has overcome its huge social problems of slumdom and obsolescence and met the need of the great cities for more houses to let at moderate rents, the programme of subsidised council housing should decrease. The expansion of the public programme now proposed is to meet exceptional needs: it is born partly of a short-term necessity, partly of the conditions inherent in modern urban life. The expansion of building for owner-occupation on the other hand is normal; it reflects a long-term social advance which should gradually pervade every region. (Parliament 1965, in Malpass and Murie 1994, 70.)

This was one of the most influential statements regarding the changing role of the government in housing. The 1965 White Paper laid the foundation for the policy direction the government would follow, and can be seen as the prelude to the disposal of the council housing stock in

Table 3.3
Houses Built in England and Wales:
April 1945 to December 1956 (in thousands)

Period	Private Enterprise	Gov. Dept. & Housing Associations	Local Authority ¹	Grand Total
1945-46	30.8	-	21.7	52.5
1947	39.6	1.3	86.6	127.5
1948	31.2	4.4	170.8	206.4
1949	24.7	5.3	141.8	171.8
1950	26.6	6.4	139.4	172.4
1951	21.4	8.9	141.6	171.9
1952	32.1	11.3	165.6	209.0
1953	60.5	15.8	202.9	279.2
1954	88.0	21.3	199.6	308.9

¹ Local authority houses include those built by Development Corporations and New Towns.

Source: Bowley, M. 1966. *The British Building Industry*. London: University of Cambridge Press.

3.3.2.2 Housing in the 1970s

The emerging importance of third sector organizations indicated that the governments desire was to move the responsibility of public sector housing to organizations other than the local authority. The changing policy emphasis towards the third sector in the 1970s indicated the policy direction which was to develop in the 1980s. The 1974 Housing Act established

the role of Housing Action Areas and further promoting the role of housing associations (Malpass and Murie 1990). Berry defined a housing association as:

a society, body of trustees or company established for the purpose of improving, managing facilitating, or encouraging the construction, or improvement of houses not for the purpose of profit. (Berry 1974, 109.)

Housing Associations were becoming increasingly prominent because they were now granted more funds for the building and renovation of accommodation at fair rents. The increase in output by housing associations after the 1974 Act is shown in Table 3.4. Housing association completions numbered 8,800 in 1973 and rose to 25,000 by 1977 (Malpass and Murie 1990).

3.3.2.3 Britain: Conclusions - Post World War II

The post-war period saw several shifts in housing policy which indicated that the government was no longer willing to be the sole provider of public housing. Establishing legislation which facilitated the expansion of the third sector in the provision of housing marked the beginning of the unravelling of the welfare state.

Table 3.4

Housing Completions: Calendar Years
Great Britain (Thousands of Dwellings)

Year	Private Enterprise	Housing Associations	L.A.	New Townships	Gov. Depts.	L.A New Townships Gov. Depts	ALL
1974	140.9	9.9	103.3	12.3	3.1	118.7	269.5
1975	150.8	14.7	129.9	15.8	1.9	147.6	313.0
1976	152.2	15.8	129.2	16.1	1.9	147.2	315.2
1977	140.8	25.1	119.6	15.9	1.8	137.4	303.3
1978	149.0	22.8	96.2	10.5	1.3	108.0	279.8
1979	140.5	17.8	75.6	9.5	1.1	86.2	244.5
1980	128.4	21.1	77.0	8.5	0.6	86.0	235.5
1981	115.0	19.3	54.9	10.3	0.3	65.5	199.8
1982	125.4	13.1	33.2	3.9	0.1	37.3	175.8
1983	148.1	16.1	32.8	2.0	0.2	35.1	199.3
1984	159.4	16.6	31.7	2.1	0.2	34.1	210.1
1985	156.5	13.1	26.1	1.0	0.1	27.2	196.9
1986	170.6	12.5	21.5	0.9	0.3	22.8	205.9
1987	183.7	12.6	18.8	0.5	0.7	20.1	216.4
1988	199.5	12.8	19.0	0.4	0.3	19.7	232.0
1989	179.6	13.9	16.5	0.5	0.7	17.6	211.1
1990	159.0	16.8	15.6	0.7	0.2	16.5	192.4
1991	151.7	19.7	9.6	0.6	0.1	10.3	181.7
1992	140.0	25.6	4.1	0.3	0.2	4.6	170.2
1993	137.5	34.4	1.8	0.5	-	2.3	174.2

Source: DoE, Housing and Construction Statistics, Dec. Quarterly 1993.

3.4 Canada: Changes in Public Housing Legislation and Policy

Housing policy in Canada has primarily addressed the mortgage financing of home ownership rather than the provision of public housing. Before a detailed examination of the evolution of public housing legislation can take place however, a brief description of early government housing initiatives is necessary. The first government initiatives to address housing included the 1935 Dominion Housing Act (DHA), the 1938 National Housing Act (NHA) and Wartime Housing Limited (WHL). The DHA and the 1938 NHA will be examined in terms of their inability to effectively address low income housing. Wartime Housing Limited will be examined in terms of its accomplishments in the provision of housing.

3.4.1 Pre World War II and the Impacts of the War.

3.4.1.1 Dominion Housing Act 1935 and the National Housing Act 1938

The first two housing acts established by the federal government to address housing were the Dominion Housing Act of 1935 and the National Housing Act of 1938. When the Dominion Housing Act (DHA) was drafted by the Deputy Minister of Finance W.C. Clark, its aim was to stimulate employment (Rose 1980). Rose noted that it was established to address the political and economic circumstances of the period rather than the housing needs of low income Canadians (ibid). The minimal impact the DHA had on the housing situation is evident in the number of loans approved under the act. There were 3,158 loans approved, which amounted to 4,903 houses (Hulchanski 1986, 335). Even though the DHA was the first act to establish a federal presence in housing in Canada it failed to address, or for that

matter even acknowledge, the need for low income housing. The DHA also failed to stimulate the economy and create employment. Hulchanski (1986) outlined two reasons for the failure of the DHA. The first was that neither the Bennett nor the King government were seriously committed to any housing program. Secondly, the poor design of the program meant that the act did not result in improvements to the housing problems of low income Canadians (ibid, 37).

The National Employment Council then suggested that a new three part housing policy should be introduced. The recommendations for this policy included:

1. A plan for the renovation and modernization of existing dwelling units both in urban and rural districts;
2. Assistance by the Dominion Government for the building of low-rental houses and for slum clearance projects (to take care of those unable to pay an economic rent);
3. Broadening of the present Dominion Housing Act which covers the building of medium priced houses-with special reference to its extension into small urban and rural areas. (National Employment Commission 1937, 203-1; in Hulchanski 1986, 35.)

While it was hoped this new housing policy,(referred to as the 1938 National Housing Act) would more accurately address housing needs, it too failed. Hulchanski (1986) argued that Part I of the new act remained unchanged from the DHA. As well, Part II of the act, established to address the needs of low income Canadians, was never implemented. Part III, which assisted new home owners with their municipal tax payments, was discontinued earlier than planned (ibid, 335). The 1938 Act, originally established to compensate for the failure of the DHA, did little to improve housing for low income Canadians. Despite their lack of

success, the establishment of the DHA and NHA marked the acknowledgement of housing needs for low income Canadians.

3.4.1.2 Wartime Housing Limited

Another important development in the early war years, along with the DHA and the NHA, was the establishment of WHL. Due to the lack of housing built during World War II, Canada, like many countries, was faced with a housing shortage by 1941. The Wartime Housing Limited (WHL) was established to help alleviate this shortage. WHL was a crown corporation whose purpose was to build temporary housing for war workers (Oberlander 1992). The establishment of WHL meant that for the first time the government would be directly responsible for the construction, purchasing, rental and management of housing for war workers and their families. The establishment of WHL was also unique in that construction, design and site planning were considered to be progressive and experimental (Wade 1986). One of the most important developments to emerge out of WHL was the imaginative site planning. Although often confined to build on the existing grid pattern, due to the availability of existing infrastructure services, WHL was sometimes able to purchase large blocks of land and develop a variety of street patterns. This type of creative site planning developed in North Vancouver and Welland, Ontario when large city blocks were available for development. In these areas, WHL introduced cul-de-sacs or a free street patterns which helped to decrease the monotony of the housing. The development of the WHL communities is often compared to the model towns of the United States, such as Radburn. In comparison to the number of units completed under the DHA and NHA,

Wartime Housing Limited was considerably more successful. WHL built 25,771 rental units between 1941 and late 1946 (Firestone 1974; in Wade 1986). Although reported by the press and some MP's as a method of providing housing for low income people, the Curtis Report stated that tenants of Wartime Housing Limited had moderate incomes and benefitted from stable employment in the war industry (Wade 1986). The production of housing by WHL therefore, did little to alleviate the housing shortage faced by low income people.

3.4.1.3 Conclusions: Pre-World War II and the Impacts of the War

By the end of the war Canada still had no institution, at the federal level, to address the issue of low income housing. Although these acts helped increase the overall supply of housing, their effectiveness in meeting the housing needs of low income people was negligible.

3.4.2 Post World War II

It was not until the post World War II period that the government took an significant step towards the consolidation of a federal housing policy, with the creation of a crown corporation, Central Mortgage and Housing Corporation in 1944. The corporation was responsible for administering the 1944 National Housing Act and addressing the housing situation of the post-war period. The housing shortage in Canada at the end of World War II was similar to the situation faced in many other countries.

This housing shortage was further aggravated by:

the demobilization of armed forces, the influx of war brides from overseas, the rapidly increasing family formation rate, and the continuing short supply of building materials and workers. (Wade 1986, 43.)

To alleviate the shortage of housing the government, under WHL, continued to build housing for returning veterans in 1948 and 1949 and constructed approximately 10,000 units per year (CMHC 1986). In the post-war period, many suggestions were made as to the direction WHL would take. One of the most commonly held views was that WHL should be operated as a public housing authority for the purposes of providing low income rental housing. Had this occurred, the development of public housing in Canada would have been comparable to public housing in Britain. This idea was rejected by the Liberal government. The position taken by the Liberal government at the time was evident in a statement made by Humphrey Carver, in Compassionate Landscape (1975):

the prospect of the federal government becoming landlord to even more Canadian families horrified a Liberal government that was dedicated to avoid private enterprise and would do almost anything to getting into a policy of public housing (Carver 1975 in Wade 1986, 42.)

At this time it became evident that the government was pursuing a housing policy which focused on private enterprise and home ownership (ibid), and neglecting the low income market identified by the Curtis Report. As a result, the government sold off the housing built by Wartime Housing Limited (Sewell 1994). The selling of the WHL stock can be viewed as an attempt by the government to distance itself from the responsibility of public housing.

3.4.2.1 The Establishment of Public Housing

The promotion of the private market was to be the main direction followed by the federal government. Not until 1949 when the NHA was created, did legislation again address low income housing. The political reasons for the establishment of the public housing program can be linked to the dismantling and selling of the WHL stock. The selling off of WHL stock meant that there was no existing program designed to build affordable housing, resulting in a shortage of affordable housing because the private market was not building low-income housing. The responsibility then fell upon the government to provide housing for low-income people.

The amendments to the 1949 NHA resulted in the establishment of a federal-provincial effort to build and manage rental housing for low income families. Amendments were made under Section 35 of the NHA and resulted in the federal and provincial governments sharing in the acquisition and development of land for the purposes of constructing houses for sale or for rent. The losses incurred upon these ventures were shared on a seventy-five/twenty-five percent basis between the federal and provincial governments. This legislation was intended to increase the supply of affordable housing for low income families however, the increase in the amount of new construction was minima. Even after the 1949 amendments had been in place for a few years, CMHC annual reports did not show the construction of any housing units under the Federal-Provincial Projects until 1951. Though the number of units built did increase, with 426 units completed in 1952 and 1,532 in 1953 (CMHC 1953), these numbers still failed to meet the housing required for low income

households. The lack of housing built under the federal-provincial agreements demonstrates the governments' desire to avoid involvement in housing. This position is similar to the legislation developed in Britain prior to 1919, when the local authorities had the power to address the poor living conditions but did very little to rectify them.

The Canadian government's lack of commitment to public housing was particularly evident to Humphrey Carver, who stated that:

it was unfair to unload the responsibility of public housing on the provinces, because they had shown such little interest in public housing in the past. (CMHC 1986, 43.)

By transferring responsibility to the provincial governments, the federal government succeeded in decreasing the burden of social housing.

3.4.2.2 Housing Policy in the 1950s

The housing policy philosophy followed by the federal government was one of limited intervention. Significant amendments were made to the National Housing Act in 1954 however, public housing under the section entitled Federal-Provincial Projects, was not altered to any significant degree. The primary reason public housing was not changed was that the government wanted to pursue the market welfare approach. As Rose (1980) argues:

the best conclusion we can arrive at concerning national housing policy from 1945 through 1964 is that the Government of Canada was strongly in favour of the attainment of home ownership by every family. (Ibid, 35).

The clearest indication that the government was committed to a market welfare

approach to housing was the lack of dwellings constructed since the inception of public housing in 1949. By December 31, 1954, there were 167 new housing units under construction, bringing the total number of housing units constructed under the federal-provincial projects between 1949 and 1954 to 2,270 units (CMHC 1954). The federal government's commitment to the promotion of home ownership and respective lack of commitment to low income housing is evident, for no new programs promoting public housing were developed (Rose 1980).

One of the most important components of the housing system in Canada has been its continued emphasis on the market welfare rather than the social welfare approach emphasised in Britain. This market welfare approach also coincides with Canada being located within Esping-Andersen's liberal world.

3.4.2.3 Urban Renewal

Urban renewal programs of the late 1950s and 1960s were instrumental in shaping Canadian housing policy. They resulted in the improvement of run-down areas in cities, but also in the displacement of people unable to afford the rents on the renovated housing. Urban renewal programs, prior to 1956, required that land acquired in a clearance area be replaced with low income housing (Hannley 1993). Even though the 1956 amendments made this same stipulation, many problems emerged. Urban renewal schemes, although profitable for developers, were unpopular with many of the residents. They destroyed neighbourhoods, underpaid expropriated homeowners and built very large public housing projects which many displaced tenants were unable to afford because there was no rent-geared-to-income law in

effect. One clear example of the impact of urban renewal on residents was demonstrated in a study of Glace Bay, Nova Scotia. In this community of 26,186 people, only forty-one percent of the households had incomes high enough to be eligible for public housing (Bacher 1994, 222). The Glace Bay urban renewal study suggested that housing be built to specified standards, however, ninety per cent of the residents could not afford this accommodation. The study also stated that a third of the housing stock be demolished however, once it was realised that urban renewal projects created more detrimental effects than positive ones a moratorium was imposed on them in 1968.

The failure of urban renewal was instrumental in shaping Canadian housing policy because it was out of the failure of urban renewal that programs such as Neighbourhood Improvement and Residential Rehabilitation programs emerged. The Neighbourhood Improvement Program (NIP) was a cost-shared program between the federal, provincial and municipal governments. It focused on improving neighbourhoods, rather than demolishing them. Improvement was carried out through rehabilitation of the existing community. Initially it was hoped that NIP would be more successful than urban renewal because it was a more progressive program. Although NIP was more encompassing than the urban renewal projects, there were still problems. Some major issues which inhibited its success were the fact that not enough focus was given to housing renovation and redevelopment (Hannley 1993). NIP's failure can also be attributed the strict criteria communities had to meet in order to qualify for money. This resulted in communities such as the Edmonton inner-city not qualifying for money from NIP due to their unstable land uses and the fact that some zoning that did not conform to CMHC criteria (ibid). Even when a community did receive funds

their were still factors inhibiting the development of the program. For example, the high degree of community organization and development necessary for a successful NIP program was not present in many communities because community organization and development were not part of the NIP program (ibid). These problems, combined with the fact that NIP only lasted for five years and were unable to fully develop its mandate, were fundamental in contributing to the overall failure of NIP.

Although the development of NIP was important, as it marked a shift in policy due to they failed urban renewal projects, NIP, also never met its full potential and did not accomplish meet its original goal.

Another program developed in light of the failure of urban renewal and that was complementary to NIP was the Residential Rehabilitation Program (RRAP). This program was used in conjunction with the upgrading of local services, facilities and infrastructure to improve the neighbourhood. The primary goal of RRAP was to improve the standard of the existing housing stock in NIP designated areas. When examined in terms of numbers, RRAP appears to have been fairly effective in improving the housing stock. Between 1974-78, 25,464 owner-occupied units as well as 26,446 landlord owned units received RRAP loans, with an additional 257,773 units receiving RRAP assistance from 1979-1985 (ibid, 209).

The development of NIP and RRAP signified a movement away from urban renewal to a more targeted approach of rehabilitating deteriorating areas rather than demolishing them.

3.4.2.4 Housing Policy in the 1960s

By the 1960s, the failure of the existing public housing program in meeting the needs of housing for low income people was apparent. The filtering process had also failed to meet low income housing demands (Hulchanski 1988). The failure of the Federal-Provincial Projects to provide housing for low income families had become evident. In the twelve years that the program was in operation, only 11,167 dwelling units in 93 projects had been approved and only 9,035 units were completed and under the control of the local housing authority for administration (CMHC 1962). Thus, it was out of the failure of the Federal-Provincial Projects to meet low income housing needs emerged the 1964 Housing Act.

As highlighted by Rose (1980) four parts of the 1964 Housing Act which were significantly revised however, only two directly related to public housing. Section 16A was new, authorizing loans to "non-profit corporations owned by a province, municipality, or any agency there of or by a charitable corporation" (Rose 1980, 39). These loans were to be used for the "construction and/or purchase of housing projects or housing accommodations of the hostel or dormitory type, for use in low rental housing projects" (ibid). This section was important because it represented a shift in the government's approach by acknowledging that a variety of accommodation types were required, as well as involvement from various organizations, in particular the third sector to meet low income housing needs..

Public housing was addressed in Section 36, previously entitled Federal-Provincial Projects, and now re-numbered Section 35A and re-titled "Public Housing" (Rose 1980). The significance of renaming this section was that the term 'public housing' was used in the NHA for the first time. Although the name changed, the cost sharing of seventy-five / twenty-five

percent between the federal and provincial governments, for capital costs and losses incurred, remained the same (ibid). Section 35D explained later, expanded on the financial arrangements between the federal, provincial and municipal governments.

The types of accommodation classified as public housing were also greatly broadened. Public housing was now defined as a corporation "wholly owned by the government of a province or any agency thereof" or "one or more municipalities in a province" (Rose 1980). This revised definition resulted, for the first time, in the provinces being directly responsible for public housing. The reason for expanding the role of the provinces and municipalities was so to more accurately meet the housing needs of low income people. The delegation of responsibility to the provinces and municipalities resulted in the federal government reducing the financial responsibility of public housing, therefore making them less accountable to the housing needs of low income Canadians (ibid).

Sections 35C, D, and E were also important in the development of new directions for Canadian housing policy. Section 35C allowed Canada (formally Central) Mortgage and Housing Corporation to make loans to assist a province, municipality or public housing agency in the acquisition of land for public housing projects (ibid). Section 35D expanded Section 35C. The federal agency was now able to make loans to provinces, municipalities and public housing agencies "to construct, acquire and operate public housing projects" (ibid). Loans were available for ninety percent of the purchase price, to provinces, municipalities or agencies for the provision of public housing for low income families (CMHC 1964). The third section, 35E, allowed the corporation to subsidize the losses, up to fifty percent, on public housing projects owned and operated by a provincial, municipal or public housing

agency for low income persons (ibid).

The 1964 Amendments marked a turning point in public housing in Canada (ibid). These amendments enabled provinces or municipalities to own their own public housing projects, either by building, purchasing or leasing dwellings from the existing stock. Owning their own public housing projects was beneficial in that municipalities now had greater control over the type of housing required in their community.

3.4.5 Housing Policy in the 1970s

The next two amendments made to the NHA which had a significant impact on public housing, were the 1973 NHA and the 1978 NHA. The 1973 amendments established the third sector as the primary suppliers of social housing, which now included, non-profit housing associations, co-operatives and municipalities. For the first time:

1. 100 percent loans were made available to non-profit and co-operative housing groups;
2. A separate section of NHA was established for co-operatives, who finally shared in the same preferred rates given to limited-dividend housing corporations in the past;
3. Non-profits and co-operatives became eligible for loans to purchase and rehabilitate older housing;
4. They were also provided with the same rent supplements given public housing tenants, permitting them to reserve a quarter to a third of project units for low income families;
5. The legislation was actively promoted by CMHC. (Bacher 1994, 245.)

Although these amendments had the potential to develop the third sector their success was

limited by the 1978 NHA which immobilized any previous legislation.

The 1978 amendments halted the progress made in previous legislation with changes to the financing of public housing. Changes to financing ended the old public housing programs with the introduction of income mixing in housing projects. Public housing built under Section 40, was now restricted to Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and Saskatchewan, while public housing under Section 43, was terminated, except in the Northwest Territories (Oberlander 1992). Public housing under Section 44 was terminated altogether (ibid). Although there was no longer a program entitled 'public housing', public housing was still being built under the public non-profit program, numbered Section 56.1 of the NHA, which was based on income mixing.

Section 56.1 was very different from previous public housing programs. Under Section 56.1 only one-quarter of the units were to be reserved for low income households (Sewell 1994). Not only was this program unique with the introduction of income mixing but it also established new financing mechanisms:

1. The interest rate on the mortgage was set at 2 percent for a number of years;
2. It also covered the difference between what low income families could afford (with rent set according to income) and the market rent charged for the non-profit units. (Sewell 1994, 169).

This change in financing was important because with only one-quarter of the units available for low income households, there was a limit on the amount of money the government would contribute to a particular project. The purpose of income mixing was two-fold. Firstly, it

was aimed at alleviating the stigmatization and 'ghettoization' which developed in the large public housing projects of the 1960s and early 1970s. Secondly, income mixing was developed to help subsidize the housing project, thereby reducing the financial burden on the government. Project subsidization was done with the creation of rent pools. By having higher income tenants pay market rents and lower income tenants pay rents geared to income, the financial burden was not so heavily weighted on the government to fully support the project (CMHC 1990).

The elimination of the old public housing and the introduction of income mixing signalled a move away from targeted welfare to the expansion of the welfare state and a new social welfare orientated approach. The introduction of income mixing meant that now the provinces and the federal government were providing housing for a range of income groups and not just those in the most need.

3.4.2.6 Conclusions: Post World War II

The post-war period in Canada was instrumental in the development of public housing in Canada. The shifts in policy during this time, from the first public housing legislation in 1949 to the amendments to the NHA in 1954, 1964, 1973 and 1978, represented the changing attitude of the role the government would play in the provision of housing. When comparing the development of public housing in Canada with its development in Britain during this time period, the divergent government philosophies and policies become apparent.

3.5 Phases in Housing Policy prior to 1980

The previous four sections provided a comprehensive summary of the housing legislation in Britain and Canada which was crucial to the development of public housing in both countries. This section will examine how public housing legislation in Britain and Canada may be categorized according to general trends which emerged during particular time periods. Tables 3.5 and 3.6 provide a detailed examination of the phases in the evolution of housing policy in Britain and Canada. This will include an analysis of how these general trends evolved to meet the changing housing needs of the country.

3.5.1 Britain

Since its involvement in public housing, the role played by the British government has been more comprehensive than its Canadian counterpart and more accurately represented a social welfare approach to public housing. The first phase of housing policy identified in Table 3.5 is the pre-World War I period. This period was defined by the Industrial Revolution, resulting in the movement of populations from rural to urban centres. As well, the crowded, unsanitary, unhygienic ghettos emerging in the industrializing cities led to poor living conditions. However, even with the establishment of the General Board of Health and housing local authorities were not required to rectify the poor housing conditions. Therefore with proper legislation in place this first phase of housing policy resulted in little improvement in housing conditions.

The second phase of British housing policy emerged during the first World War. The 1919 Addison Act was the primary piece of legislation during this phase. This act was also

the first legislation to provide the financial assistance to local authorities, thereby helping to increase the supply of housing and provide decent affordable accommodation for returning veterans.

The next phase of British housing policy, identified in Table 3.5, occurred during the post World War II period and lasted until 1953. Housing policy at this time focused on increasing the supply of housing which had been greatly depleted during the war.

Malpass and Murie (1990) identified three distinct phases during the post World War II period:

1. The first period lasted from 1945-53 and focused primarily on increasing the quantity of dwellings and getting rid of slum areas;
2. The second phase identified, 1954-64, focuses on re-establishment of the private sector to address the general needs housing and the local authorities to focus on slum clearance;
3. The third phase, 1964-68, attempts to bring the private and public sector on equal grounds. (ibid, 64).

Though these phases do not precisely coincide with Table 3.5, they provide an overview of changing government philosophy during the post-war period.

The fourth phase of policy demonstrates the government's realization that neither the public nor the private sector, working independently, would be able to supply housing that is both affordable for tenants and profitable for builders. This fourth phase also set the stage for the change in orientation from a social welfare to a market welfare approach introduced in the 1980s

British housing policy in the final phase marks the beginning of the unravelling of the

welfare state. The economic recession of the 1980s, combined with the privatization of council housing had profound effects. This period was characterised by fiscal restraint, renewed reliance on the market, selling of the public housing stock and a decrease in the construction of council housing. Local authority dwellings completed, decreased from 83,027 in 1980, to 16,422 by 1990 (Malpass and Murie 1990).

The changing housing legislation in Britain indicated how the government modified and adapted its policies when economically necessary. In some ways, these changes also paralleled those occurring in Canada. During the 1970s, both countries came to realize that slum clearance and urban renewal programs has not been successful in increasing the supply of housing for low income people.

Table 3.5

The Evolution of British Housing Policy

	Pre 1919	W.W. I to W.W. II 1919-1945	W.W. II to Post W.W. II 1945-1953	Welfare State 1953-1979	Thatcherism 1980-1996
Economic Conditions	Industrial Revolution	War, Production	Reconstruction	Prosperity, then emerging recession	Recession, Stagflation
Major Demographic Forces	Population migration, rural to urban areas	Returning Veterans	Returning Veterans	Baby Boom	Smaller Families
National Goals	Economic Growth	Economic re-construction	Economic re-construction	Economic Growth	Fiscal Restraint
Market Philosophy	Filtering	Intervention Participation	Intervention Participation	Intervention Participation	Laissez-Faire
Housing Policy Thrust	Market Welfare	Social Welfare	Social Welfare	Increasing Market Welfare	Market Welfare

Continued on next page

Table 3.5 continue

Housing goals	Improve unsanitary living conditions	Improve housing for Veterans, increase supply	Increase supply	Increase owner occupation	Increase supply
Delivery Instruments (Programs)	Legislation enabling local authorities to improve unsanitary housing	Construct council housing	Construct council housing	Construct council housing, increasing role for third sector	Sell council housing
Inter-governmental	General board of health established	Local authority	Local authority	Local authority	Central governmental
Outcomes	Little improvement of unsanitary living conditions	Large projects	Large projects	Large projects	Privatization

3.5.2 Canada

Since its inception Canadian housing policy has reflected government philosophy, as well as the economic and social conditions of the time. Canadian housing policy has always been a more market-orientated, liberal world approach than in Britain however, distinct phases have emerged. Table 3.6 outlines the various elements present during the different time periods which were instrumental in shaping Canadian housing policy. Housing legislation in Canada was first established to address the lack of affordable housing. This was done with the development of the Dominion Housing Act in 1935 and the NHA in 1938. The primary focus of the government at this time was to provide loans and grants to the private sector to facilitate the building of housing.

In the second phase of Canadian housing policy, public housing was established under the 1949 NHA. This phase focused on the development of inner city neighbourhoods with large public housing projects. Housing policy still emphasised federal loans and grants to the private sector.

By 1964 the third phase of housing policy emerged, which was similar to the immediate post-war period. The direction the federal government continued to pursue was indicative of their philosophy of leaving housing to market mechanisms. Market welfare, suburban development, supply support, grants and loans to the private sector, federal leadership and the development of large projects were all present in the third and second phases of housing policy as can be seen in Table 3.6.

The classification of these policy phases are similar to the ones developed by Bacher (1994). Although Bacher uses shorter time periods, the general thrust of the policies remains

the same. The phases identified by Bacher (1994) are outlined below.

1. The first begins in 1954 and ends in 1964. This decade was characterised by a booming private market and a slow growing third sector. Whose basic goals were often subordinated to the big-city boosterism associated with urban renewal;
2. In the next decade, public housing encouraged by the 1964 NHA amendments was rapidly constructed for low income families. However, in the frantic pace to catch up with past unmet unit targets, the high rise developments, marginal locations, insensitive designs, and ghettoised accommodation associated with such projects caused public housing to be brought to a halt in the 1970s;
3. The third shift was embodied in the NHA amendments of 1973. This legislation, passed in response to demands for a "comprehensive" rather than "social" housing policy, facilitated the transition from building segregated public housing to support for non-profit and co-operative housing projects designed to be attractive to a wide range of income groups. (Bacher 1994, 212.)

Housing policy in the 1970s marked the fourth policy phase. The shift in emphasis from market to social welfare signified that the government was now entering the housing field at a variety of levels. The re-orientation toward a social welfare approach occurred due to the failure of the old public housing programs and the failure of the market in not being able to provide housing to low income people. This phase also marked the beginning of increased community development participation by the third sector. To decrease the financial burden at the federal level, the provincial and municipal governments again assumed a larger role. The movement toward increased intervention and participation by the government was similar to the mass building in Britain during the 1970s.

The onset of the retrenchment of federal disentanglement from social housing

represents the fifth stage of housing policy. Retrenchment occurred in the form of spending constraints, targeted intervention, targeted subsidies and an increased emphasis on special needs groups. The development of the Core Need Model and the elimination of mixed income in housing projects was crucial in ensuring that the limited government resources were helping those in most need. The recession, coupled with an aging population, were factors contributing to fiscal restraint and reduced intervention. Many programs were cut, including the co-operative housing program and funds to build new social housing units in the early 1990s. Due to the fiscal restraint placed on the government, the thrust of housing policy changed to a targeted intervention approach, ensuring that funds were allocated to the most needy. This last phase in the evolution of housing policy brings us to the present situation where social housing, which represents one service provided by the welfare state, is being targeted for dismantling.

Table 3.6

The Evolution of Canadian Housing Policy

	Pre 1945	Post War Re-construction 1945-1963	Developing the Urban Fabric 1964-1970	Meeting the Needs of the Baby Boom 1971-1978	Targeting to the Needy 1979-1985
Economic conditions	War reproduction	Re-construction	Prosperity	Prosperity Inflation	Weakening Economy
Major Demographic Forces	Returning Veterans	Returning Veterans, Family Formation	Nuclear Family Rapid Growth	Baby Boom, Demand for smaller households	Non-family growth, Aging Begins
National Goals	Economic Growth, Depression Restructuring	Economic Restructuring	Economic Growth	Social Reform Safety Net Development	Spending Constraints by Targeting
Market Philosophy	Market Support	Filtering, Infrastructure Support	Filtering, Market Support	Intervention Participation	Targeted Intervention

Continued on next page

Table 3.6 *Continued*

Housing Policy Thrust	Market welfare ¹	Market welfare	Market welfare	Market welfare	Social welfare ²	Targeted welfare
Housing Goals	Increase supply	Industrial, suburban development supply/support	Suburban/inner city development supply support	Demand support community dev. income integration	Restricted demand support	
Delivery instruments (programs)	Grants loans to private sector	Grants, loans to private sector, mortgage insurance	Grants, loans to private sector	Grants, loans, subsidies to third sector	Targeted subsidies to individuals, third sector	
Inter-governmental	Federal leadership	Federal leadership	Tri-Level consultation strengthening provincial role	Tri-Level individuals, consultation strengthening provincial role	Provincial leadership	
Outcomes	D.H.A., N.H.A., CMHC,	Large projects, building/ finance industry dev.	Large projects	Gains in social equity, better neighbourhood development	Affirmative action emphasis on special needs	

¹ Market Welfare: Facilitate the operation of the private market.

² Social Welfare: Direct assistance to individuals.

Source: Carter 1993.

Chapter 4

DISMANTLING PUBLIC HOUSING

4.1 Introduction

The previous three chapters provided an overview of public housing legislation in Britain and Canada prior to the 1980s. The purpose of this chapter is to examine how British and Canadian housing policies, have become more convergent. Although the similarities in housing policy have arisen due in part, to changing economies, political philosophies and social ideals, two factors have been central in contributing to the changing housing policies. They are the election of conservative governments and the subsequent re-emergence of the New Right philosophies. This chapter will focus on the policy and legislative changes in Britain and Canada and establish how privatization and federal disentanglement emerged in both countries during the 1980s.

The British section will examine the legislative and policy changes introduced under the Thatcher and Major governments. Specifically, probing the 'Right To Buy' (RTB) legislation and subsequent legislation which made owner occupation available for an increasing number of council tenants. In Canada, federal disentanglement in public housing has not, as yet, been as pronounced as in Britain. With the election of Brian Mulroney and the Conservatives in 1984 however, there were important changes to housing policy. The Canadian section will focus on those factors contributing to the change in housing policy and the legislation which has led Canada to its present situation with the federal government providing no money for the construction of new social housing units.

4.2 Britain

The most important legislation to ever affect council housing, other than the 1919 Addison Act which created it, was the 1980 Housing Act that ended council housing. The 1980 Housing Act ended council housing by introducing the 'Right to Buy' (RTB) legislation. This legislation resulted in much of the council housing stock, particularly single family dwellings, being sold to tenants. Although the RTB legislation was initially well-received, enthusiasm wore off as sales declined. Thus, subsequent legislation was introduced expanding upon the terms and conditions of the RTB legislation, making owner occupation accessible to a greater number of people.

The purpose of this section is to examine the justification for privatization in Britain and the reasons it was so well received. This section will also include an overview of the RTB legislation and subsequent legislation such as the 1984 Housing and Building Control Act, the 1986 Housing and Town Planning Act and the 1988 Housing Act, demonstrating how they represented Thatcher's attempts to increase owner occupation and create a 'property owning democracy'. The overall impact of the privatization of public housing in Britain will also be explored.

4.2.1 The Justification for Privatization in Britain

The privatization of public sector corporations introduced in the 1980s marked the beginning of the unravelling of the British welfare state as it existed in the post-World War II period. The privatization programs introduced under the Thatcher governments and the expansion of many programs introduced by her successor, John Major, were indicative of the

decreasing role of government within the public sector. Although the privatization programs were underway prior to the re-emergence of the New Right, the political philosophies of the New Right further influenced privatization.

The Thatcher government targeted several areas of the welfare state for dismantling however, the program specifically targeted for privatization, and the one having the greatest direct impact was the privatization of council housing. The public housing system was privatized for several reasons. Two main reasons were to create Thatcher's concept of 'a property owning democracy' and to reduce public housing expenditure (Forrest and Murie 1991). Two other factors contributed to this shift in housing policy. The first was the Labour Party's inability to satisfy the needs of council tenants who wanted more rights and control over their properties. The second was the increasing polarization developing between owners and renters (Doling 1983), which contributed to the shift in housing policy and the movement towards privatization. The conservative government saw the RTB as a method of rectifying these situations and generating a large amount of cash receipts.

Allowing tenants to purchase their council housing, was seen as the best method to improve the poor physical condition and management system which had become so prevalent in the last two decades. The poor condition of council housing was primarily a result of government policy which had focused on quantity over quality during the post-World War II period. The lack of regular housing maintenance also contributed to the deteriorating physical poor conditions by the 1980s. Had regular maintenance been carried out, then the repair bill the Conservative government faced in 1980, may have been smaller and more manageable.

Privatization was also seen as a way to improve upon the management system of council housing which had become of concern among council tenants. A key factor when examining the quality of management is to determine the level of government responsible. The central government was responsible for the development of council housing policy objectives, while the local authorities were responsible for the daily management and allocation of council. The council housing management system of the past was characterized as being authoritarian, bureaucratic and paternalistic (Forrest and Murie 1991). This is because prior to the 1980 Housing Act, council tenants were not granted the same rights as tenants in the private sector, particularly in terms of security of tenure and rent control. The 1980 Housing Act resulted in greater legal rights for tenants (ibid). The immobility of council tenants is also indicative of the poor management system. A study done by Minford et al. in 1987 found that if steps were taken to make regulation and allocation policies less stringent, the unemployment rate in Britain could be reduced by two percent (in Cole and Furbey 1994). The lack of movement among council tenants demonstrates their inability to move according to their employment requirements and the ineffectiveness of the council housing system in providing housing where it is needed most.

Consequently, it was the combination of poor materials, house design and restrictive tenancy conditions which further enhanced tenants' dissatisfaction with the council housing system and contributed to its widespread unpopularity. The privatization of public housing was seen as an attempt to address these issues.

4.2.2 The 1980 Housing Act and The Right To Buy

The 1980 Housing Act represents the platform for the dismantling of the British welfare state. The selling of the council housing stock was viewed by some as a radical shift in policy by the newly elected Conservative government. In reality, it more accurately represented a minor adjustment in the policy developed under the previous Labour government.

This changing emphasis on housing represented only part of a wider shift in the balance of intellectual and political opinion'. (Walker 1982, 9; in Doling 1983, 475.)

The 1980 Housing Act, was very different from previous housing legislation. The basic premise of the Act is best described in the following paragraph:

The right to buy is the right for the secure tenant of a council dwelling-house to buy his home after three years as a tenant; to buy alone or jointly with members of his family living with him; to buy at a discount from market value of between 33 percent and 50 percent depending on how long the tenant has been a public sector tenant; the right to a 100 percent council mortgage; and the right to defer completion of the purchase for up to two years from the date on which the tenant claims to exercise the right to buy if the tenant's mortgage entitlement is not 100 percent. (Liell 1981, 3.)

To put these points into context it is necessary to examine them more closely. Some council housing was sold prior to the RTB however, sales were discretionary, with the decision to sell being left up to individual local authorities. The RTB legislation was different than previous legislation, by setting parameters which were applicable to every tenant and local authority, regardless of whether it was Labour or Conservative, thereby enabling a larger percentage of

tenants to purchase their council dwelling.

The RTB also resulted in many changes to council housing. One of the most important was the change in the tenure structure. Table 4.1 shows how the tenure structure in Britain changed over a twenty year period, due in large part to the RTB. Britain changed from a country made up of predominantly renters to one of increasing owner occupation. Another important change was that tenants were now responsible for all maintenance on their home, a reasonable expectation of any home owner. In Britain, however, people often lived in council housing for their entire life and had previously never been responsible for regular house maintenance. This created an added economic burden on those people who previously never had to pay for, or be responsible for, home maintenance.

The success of the 1980 Housing Act can be measured from several perspectives. In terms of increasing owner occupation and generating money from sales, it was fairly successful. The number of dwellings sold under the Right to Buy from local authorities, New Towns and housing associations is shown in Table 4.2.

Table 4.1

Household Tenure, Great Britain, 1971-91

Year	Owner Occupied		Rented				
	Outright	Mortgage	With Job or Business	Public Sector	Housing Ass.	Privately Rented	
						Unfurnished	Furnished
1971	22	27	5	31	1	12	3
1972	22	27	4	32	1	11	3
1973	22	27	4	32	1	11	3
1974	24	26	3	32	1	10	3
1975	22	28	3	33	1	10	3
1976	23	28	4	34	1	9	2
1977	23	28	3	33	1	8	3
1978	23	30	3	34	1	7	2
1979	22	30	4	34	1	8	2
1980	23	30	3	34	1	6	3
1981	23	31	3	34	2	6	2
1982	24	31	3	32	2	6	2
1983	24	33	2	32	2	5	2
1984	24	35	2	29	2	5	2
1985	24	37	2	28	2	5	2
1986	25	38	2	26	2	5	2
1987	24	39	3	26	2	4	2
1988	24	40	2	26	2	4	2
1989	24	42	2	24	2	4	2
1990	25	41	2	24	3	4	2
1991	25	42	1	24	3	4	2

Source: General Household Survey In *Housing in Britain* Mark Boleat and Bev Taylor, 3rd ed. The Building Societies Association London 1993, 5.

Table 4.2
Great Britain: Right to Buy sales
(number of dwellings)

Year	Local Authorities	New Towns	Housing Associations	Total
1979/80	--	--	--	--
1980/81	4,326	507	3	4,836
1981/82	124,266	3,160	944	128,370
1982/83	192,818	3,882	1,948	198,648
1983/84	126,405	3,390	2,415	132,210
1984/85	93,818	2,650	1,779	98,247
1985/86	87,204	1,810	2,274	91,288
1986/87	93,331	1,623	2,281	97,235
1987/88	116,537	2,587	2,725	121,849
1988/89	171,629	3,323	4,112	179,064
1989/90	174,594	4,493	4,040	183,127
1990/91	104,358	2,329	3,356	110,043
1991/92	70,650	1,313	1,690	73,553
1992/93	58,899	1,158	--	--

Source: DoE, Housing and Construction Statistics, December 1993 Quarterly.

The effects on tenants also need to be examined. Home ownership become accessible for a greater proportion of the population, however there were still many who could not afford to buy their home, even with discounts. As Table 4.3 shows, the number of dwellings completed by local authorities decreased after 1980, this combined with the selling of the existing public housing stock has resulted in a greatly reduced the supply of rental housing. Additionally Table 4.3 shows that there has been a steady increase in the dwellings owned by housing associations as well as an increase in the percentage of stock since 1980. Bramley (1992) notes that the social rented housing stock fell from thirty-one to twenty-seven percent

between 1981-1991. The increase in the number of dwellings completed by housing associations between 1989-1990 demonstrates the increased reliance on them as the primary providers of social housing in Britain. The success of the privatization campaign of the 1980s and the movement away from local authorities as the main providers of public housing is evident by the increases in the number of housing associations.

The 1980 Housing Act will go down in history as one of the most important pieces of legislation ever passed by the British Parliament, marking the beginning end of the welfare state with the inception of the privatization of the council housing. The 1980 Housing Act increased home ownership in Britain and moved the country towards Thatcher's ideal of creating a 'property owning democracy' (Forrest and Murie 1991). The deep-rooted effects of this legislation however, on the availability of affordable rental housing in the future may not be realised for some time.

Table 4.3

Completions of Social Rented Dwellings in Britain

Year	Local Authorities		Housing Associations	
	Dwellings	% of Stock	Dwellings	% of stock
1973	98,600	5	8,852	3.0
1974	118,724	44.1	9,920	3.7
1975	147,572	47.1	14,693	4.7
1976	147,236	46.7	15,770	5.0
1977	137,384	45.3	25,127	8.3
1978	107,968	38.6	22,771	8.1
1979	86,188	35.3	17,835	7.3
1980	86,027	36.5	21,097	8.9
1981	65,485	32.8	19,291	9.7
1982	37,277	21.2	13,137	7.5
1983	35,125	17.6	16,136	8.1
1984	33,995	16.2	16,613	7.9
1985	27,217	13.8	13,123	6.7
1986	22,840	11.1	12,452	6.1
1987	20,151	9.4	12,204	5.7
1988	19,678	8.6	12,070	5.3
1989	17,465	8.4	12,908	6.2
1990	16,422	8.8	16,323	8.7

Source: Murie Alan and Hugo Priemus. 1994. Social Rented Housing in Britain and the Netherlands: Trends, Trajectories, and Divergence in Netherlands *Journal of Housing and The Built Environment* 9:2.

4.2.3 The Expansion of Home Ownership under the Right to Buy

The 1980 Housing Act was the Conservative government's attempt to respond to the housing needs of its citizens. The RTB legislation was seen as the means of doing this. As well as being politically motivated, it was an attempt to respond to the unpopularity of council housing. Although the RTB enabled many people previously unable to afford home ownership to become home owners, there were still those unable to afford to purchase their council house. The belief of the government that home ownership would be possible for everyone was "nurtured implicitly and explicitly by those whose interests are closely tied economically and politically to a higher level of home ownership" (Forrest, Murie and Williams 1990, 91). Although the government promoted home ownership on the premise that it was for the people, the real reasons were for political self-gain.

Table 4.4 shows home ownership increasing in the United Kingdom after the introduction of the 1980 Housing Act. Additionally Table 4.4 demonstrates that by 1986, after the 1984 Housing and Building Control Act was introduced sales continued to increase, creating over sixty percent home ownership in England, Wales and Northern Ireland in 1986. Bramley (1992) notes that home ownership reached sixty-seven percent by 1989, with seventy-five percent in Wales and forty-nine percent in Scotland (Central Statistical Office 1991 in Bramley 1992, 816). Although, the RTB was regarded as a positive move by the many people, the RTB also resulted in negative repercussions. One negative effect associated with the increase in home ownership were mortgage arrears. The number of people homeless in England, due to mortgage arrears or default was 2,000 in 1979, and 10,500 in 1987 (Forrest, Murie and Williams 1990).

Table 4.4

Growth in Home Ownership, 1976-1986
(percentage of dwellings)

	1976	1981	1986	Increase % 1976-86
ENGLAND	56	59	65	9
WALES	59	63	68	9
SCOTLAND	34	36	42	8
NORTHERN IRELAND	51	54	61	10

Source: Forrest, Ray, Alan Murie, and Peter Williams. 1990. *Home Ownership: Differentiation and Fragmentation*. London: Unwin Hyman.

Although these numbers do not specifically refer to the number of mortgage arrears in council housing they strongly indicate that mortgage payments have become increasingly burdensome for a larger number of people. They also indicate that although home ownership was affordable at one time, many peoples circumstances change, whether social or economic, thus making regular mortgage payments difficult.

4.2.4 Expanding the RTB: The 1984 Housing and Building Control Act

The first legislation after the 1980 Housing Act to significantly affect the RTB was the 1984 Housing and Building Control Act. The institution of this Act demonstrates the Conservative government's continuing commitment to increase home ownership, divest itself of the council housing stock and create a 'property owning democracy' (Forrest and Murie

1991). The primary method to increase home ownership was by decreasing the required length of residency before a council tenant was eligible for a discount. Thereby, enabling a larger number of people to purchase under the RTB legislation.

Although the 1984 Housing and Building Control Act addresses a variety of issues, only certain parts relate to increasing home ownership. Aldridge's (1984), Housing Act 1980: Amended 1984 describes the amendments in detail, however, only two amendments directly relate to the RTB. Firstly, the act extend the RTB to more dwellings owned by county councils and old people's dwelling, now making 50,000 new homes eligible under the RTB. Secondly, the 1984 Act reduced the residence qualification period from three to two years, making another 250,000 tenants eligible to purchase their dwelling under the RTB, as well as giving 40,000 long term tenants, greater discounts. The amendments also addressed tenants of charitable housing trusts and housing associations by making them eligible to purchase another dwelling on equally favourable terms (Aldridge 1984). Secure tenants, also benefitted from the 1984 Act, by becoming eligible for a rebate if they made repairs on the council dwelling they bought.

Amendments to the 1984 Act illustrated the Conservative governments ideology to increase home ownership. By enabling more tenants to purchase their council dwelling, they helped to further boost the level council house sales. Thereby, reducing the housing stock owned by the government and decreasing the financial burden of council housing.

4.2.5 Selling More Homes: The 1986 Housing and Town Planning Act

The 1986 Housing and Planning Act also had a significant influence on the RTB. The establishment of this act emphasized the continuing importance of increasing home ownership in Britain. Since council house sales had been declining since 1982, to the point that by 1986 they accounted for only half the number sold in 1982 (ibid), the government felt it necessary to introduce incentives to make home ownership accessible to more people. The 1986 Act attempted to boost sales by increasing discounts and introducing measures facilitating sales to sitting tenants and private developers (Malpass and Murie 1990). The influence this act had on boosting sales of local authority housing is shown in Table 4.5. The 1986 Act did not represent a major shift in policy but rather demonstrated the continued philosophy of the Conservative government and influence of New Right philosophies.

Table 4.5

Sale of Local Authority Houses

Total	Year
42,285	1979
215,797	1982
101,066	1986
176,518	1988

Source: Malpass, Peter, and Alan Murie. 1990. *Housing Policy and Practice*. 3rd edition. London: MacMillan Press Ltd., 93.

4.2.6 Thatcher's Last Attempt: The 1988 Housing Act

The 1988 Housing Act was the final piece of legislation introduced under the Thatcher government which addressed the RTB. The 1988 Act represented the most dramatic commitment to increasing the sales of council housing and divulging the government of its council housing stock. There were several important components in this act: it expanded the RTB, laid out a clearly defined role for housing associations, introduced Tenants Choice, Large-scale Voluntary Transfers and Housing Action Trusts.

The foundation for the 1988 Act was laid out in the government's 1987 White Paper, Housing: The Governments Proposals. This White Paper outlined the Government's four principal aims:

1. To reverse the decline of rented housing and to improve its quality;
2. To give council tenants the right to transfer to other landlords if they chose to do so;
3. To target money more accurately on the most acute problems;
4. To continue to encourage the growth of home ownership. (Parliament 1987).

These principal aims indicate the government's desire to alleviate itself of the responsibility of council housing. When first introduced this act was seen as:

Potentially the most radical departure in housing policy since the end of the first world war. Ultimately it could presage the end of council housing altogether, and over the next few years it is likely to have at least as dramatic an effect as the "right to buy" legislation of 1980s. (Platt 1988, 14.)

Although this was the initial intent of the 1988 Housing Act, the desired impact and the actual impact were very different. Historically, this act represented a shift in policy rather than a continuance of previous housing legislation.

The new act was designed to effect fundamental changes in the structure and processes of housing provision in Britain in the 1990s. (Malpass and Means 1994, 1.)

The 1988 Housing Act was directed at increasing the private rented sector by helping to stimulate the development of housing associations (Malpass and Means 1994). While the 1974 Act was instrumental in developing an increasingly active role for housing associations by moving them into a public role, the 1988 Act moved them into a more private one (ibid). The 1988 Act is seen as an enabling piece of legislation. Local authorities were now regarded as facilitators of social housing, while housing associations were to be the providers (ibid).

Under the 1988 Housing Act, housing associations became an integral part of the housing system. The government's reason for expanding the role of housing associations was to ensure the availability of social housing for low income people. Housing associations are crucial to the success of the Government's plans for rented housing. There is little real chance that a revival of the ordinary private renting, even with market rents. Associations must play the major part. Only they have the capacity, the skills and the ability to expand their housing stock. (Walentowicz 1990, 14.)

The government's desire for housing associations to 'fill the gap' in the rental accommodation market was clear. Questions however, must be raised as to housing associations ability to fulfil their new responsibility. McKee (1992,) has noted some

problems arising from the expanding the role of housing associations:

- Housing associations may have to become larger or amalgamated to play a more prominent role. As housing associations increase in size, they will become more bureaucratized and more like their council housing counterparts.
- Although housing associations have a reputation for more "caring" management, as they get larger, this may not be sustained.
- Housing associations are characterised by higher staff costs. Service costs per dwelling are 68% higher than local authorities (Coleman, 1991 in McKee 1992).
- The affordability of housing associations units is eroding. Rents for association lettings rose 63% between the middle of 1988 and the end of 1990 (Niner 1991 in McKee 1992).
- Housing associations may become less involved in rehabilitation and less effective as tools for neighbourhood revitalization because of the greater risks in fixed level of grants (Niner 1991 in McKee 1992).
- Access to private finance for housing associations needs to be improved through measures such as Treasury guarantees of loan insurance (all of these points in McKee 1992, 6).

These points indicate that although the central government may saw housing associations as the answer to social rented housing in Britain, there were many issues which needed to be addressed if housing associations were to be the primary providers of social housing.

By 1994, the impact of the 1988 Housing Act on housing associations had become evident. By 1994 housing associations were considered the main providers

of new social housing in Britain. There are two main types of housing associations: a few of the associations are very large while the majority are composed of small associations. The 1993, statistics show that sixty percent of housing associations owned 25 homes or less (Housing Corporation 1994, 1). The total number of self-contained homes for rent owned by housing associations in 1993 was 714,300 (ibid). These figures indicate that the number and scope of housing associations has greatly increased since the 1988 Housing Act was introduced.

4.2.6.1 Tenants Choice and Large Scale Voluntary Transfers

The 1988 Housing Act saw the emergence of two new programs, Tenants Choice and Housing Action Trusts. Both were developed to help local authorities dispose of the more difficult to sell council flats, often located in large public housing projects. As the 1987 White Paper, states the aim of the 1988 Act was "to give council tenants the right to transfer to other landlords if they so wished" (Parliament 1987, 1).

Tenants' Choice enabled tenants to chose a new landlord for their council estate other than their local authority. Up until 1988 all public housing in Britain was under the control of the local authority, which was responsible for the allocation and management of the council estates. Tenants' Choice was aimed at improving the poor service that some tenants had been receiving from their local authority. The purpose in allowing tenants to choose their own landlords was to improve service and reduce the local authority housing stock however, Tenants' Choice was not successful. By

the end of 1991, Tenants' Choice had not resulted in a transfer of a single property (Malpass and Means 1994.)

Large-scale voluntary transfers to housing associations were another program introduced to help local authorities dispose of their council housing stock. Voluntary transfers were initiated by local authorities and first appeared in the 1985 Housing Act. They were then expanded upon in the 1988 Housing Act. For the most part, large-scale voluntary transfers were not very successful, although some transfers did take place. By 1991, large-scale voluntary transfers had resulted in 16 local authorities transferring their entire housing stock to the control of housing associations (see Table 4.4) (ibid). Although not under direct government control, housing associations do receive part of the funding from the Housing Corporation. Table 4.6 shows that although some local authorities considered voluntary transfers, the actual number who transferred properties to housing associations was very small.

Table 4.6

Local Authorities Actively Considering Voluntary Transfer
(at the end of 1991)

Local Authority	All Authorities Considering Transfer		Completed Transfers	
	No.	Percentage	No.	Percentage
South East	21	33	8	50
South West	14	22	2	13
Eastern	14	22	5	31
Greater London	6	10	-	-
East Midlands	3	5	-	1
Yorks & Humberside	3	5	1	6
North West	2	3	-	-
North	-	-	-	-
Total	63	100	16	100

Source: Department of the Environment database. In Malpass, Peter Malpass and Robin Means, eds. 1993. *Implementing Housing Policy*. Buckingham, England: Open University Press, 174.

4.2.6.2 Housing Action Trusts

Housing Action Trusts (HATs) were another new program introduced under the 1988 Housing Act. HATs were introduced to help improve the poor housing conditions on council estates.

Housing Action trusts were intended to tackle the problems of rundown, predominantly public sector housing by taking over responsibility for local authority housing in designated areas. (Malpass and Murie 1994, 122.)

Similar to other programs developed under the 1988 Housing Act, the impact of HATs was minimal. One factor contributing to this was that the "policy designed must clearly be either acceptable to the 'beneficiaries' or it must have the ability to enforce the legislation if it is not

acceptable" (Malpass and Means 1994, 87). HATs failed in both of these respects, tenants felt that transferring the control of the council estate to the control of a Housing Action Trust would not guarantee an improvement in their estates. Another reason HATs failed was that local authorities did not have the legislative power to force the transfer of estates to HAT's. Therefore most council estates decided to remain under the control of the local authority.

4.2.7 Conclusions: Thatcherism 1980-1988

Thatcherism marked the end of government intervention in council housing, which began in 1919 with the Addison Act and ended with the 1980 Housing Act. Previous policy phases focused on improving housing conditions and increasing the supply of housing through local authorities, private developers and housing associations. "Thatcherism", (1980-1988) on the other hand, focused on decreasing government intervention in public housing and increasing home ownership. The 1980 Housing Act was the primary means through which these goals were to be accomplished. This Act represented the most radical departure from state intervention in housing that Britain had ever experienced, marking the end of the post-war welfare state. The 1980 Act was the first in a series legislation designed to increase home ownership and decrease government responsibility for council housing.

4.3 Canada

Similar to Britain, the election of a conservative government in Canada in 1984 had a significant impact on the social programs and services provided by the federal government. Like Britain, Canada's social housing programs were among the first to be targeted for

retrenchment. Although many factors contributed to the changing political philosophy of the time, the election of the Conservative party in 1984 was a key reason for the changing direction of federal government housing policies.

Although the pre-federal disentanglement housing policies in Britain were very different from Canada's, the convergence of housing policy, once conservative governments were elected, soon became evident. The changes to Canadian social housing policy were not based on legislation as they were in Britain. Rather, there were policy developments which were instrumental in changing the direction of federal government housing policy.

In Canada, the turning point for social housing emerged in large part due to the consultation on housing. The Consultation Paper on Housing (1985) was the first document published by the Conservative government to influence housing policy. Out of this document emerged the Federal/Provincial-Territorial agreements which were instrumental in establishing a greater role for the provinces and territories in housing. The desire by the government to ensure that funds were directed to those in the most need resulted in the development of the Core Need Model in 1986. Then, in 1990, social housing in Canada began to change. It started with the Evaluation of the Public Housing Program (1990). This evaluation was instrumental in the government's decision to cut funding for social housing. Decreased expenditure on social housing was soon followed by the elimination of funding for new social housing units in 1993. This section will demonstrate the inter-relationship between these policy developments and how together, they represented a very different direction for social housing in Canada than the one pursued in the post-World War II period.

4.3.1 Pre-Federal Disentanglement

Prior to federal disentanglement in Canada, public housing had seen few changes, forming the secondary part of Canada's housing system (see Table 4.7). Home ownership, on the other hand, had always been at the forefront of federal government housing policy. Although the federal government always had programs to address home ownership (primary housing programs) and public housing (secondary housing programs) the percentage of people served varied. In Table 4.7, Hulchanski (1992) identifies the two parts of Canada's housing system as serving two different groups. Housing programs, established prior to federal disentanglement, in the 1970s addressed the primary housing sector consisting mostly of home owners, tenants at the higher end of the rental market and some social housing residents (Hulchanski 1992). This emphasis on promoting home ownership was indicative of the policy thrust that the federal government had always pursued. The programs developed during this time were designed to stimulate home ownership. The Assisted Home Ownership Program (AHOP) was designed to help moderate income households afford a mortgage. The Registered Home Ownership Savings Plan allowed up to \$10,000, if placed in a Registered Savings Plan, to be used towards a down payment on a house. This money, and the interest collected on it was exempt from income tax. These programs were introduced prior to the Conservative government coming to power in 1984 and they indicate

Table 4.7

Canada's Two Tier Housing System

	<p>Primary Part most home owners-tenants at the higher end of rental market & some social housing residents, about 80% of households</p>	<p>Secondary Part tenants at lower end of the rental market, some rural & impoverished homeowners, some social housing residents, about 20% of households</p>
<p>Welfare State Type and Logic</p>	<p>Social security welfare state-ensures high living and accumulation standards over ups & downs of the economic cycle</p>	<p>Social assistance welfare state-ensure subsistence for "deserving" poor, with our competing with market mechanism</p>
<p>Method of Distributing Benefits</p>	<p>Universal benefits distributed as entitlements-rights earned by investors</p>	<p>Selective discretionary benefits, distributed by means testing & targeting</p>
<p>Economic Rationale</p>	<p>Ensure high & stable levels of consumption & accumulation (housing as a key sector of the economy)</p>	<p>Meet basic housing needs of some "truly needy," while minimizing decommodification effects of programs</p>
<p>Political Rationale</p>	<p>Political clout of middle class & of house-building, mortgage-financing & real estate industries</p>	<p>A stop-&-go process of addressing housing needs, depending on political circumstances & strength of the beneficiary groups</p>
<p>Federal Role Based on Constitutional Considerations</p>	<p>Federal government continues involvement no matter what the constitutional arrangement; economic & political management issues are more important factors</p>	<p>Likely only if federal government seeks to enhance national unity by a strategy requiring higher federal profile on certain issues deemed to be of national significance</p>

Source: Hulchanski, David J. 1992. Trends in the Federal Role in Housing and Urban Affairs in Canada. In *Papers Presented at the Tri-Country Conference on Facing Up to Housing and Urban Issues*. Washington: Fannie Mae, 24.

how the government has always been committed to promoting the primary part of the housing system.

In the 1980s, housing programs began to take on a different role, having a more dual focus. The programs were now aimed at promoting home ownership in the primary and secondary housing sectors. The introduction of the First-time Buyers Program, Canada Home Ownership Stimulation Program (CHOSP) and the Canada Mortgage Renewal Plan in 1981 and 1982 were geared to home owners. Rental housing was also addressed through the creation of the Canada Rental Supply Program. This program was aimed at promoting investment in the high end of the private rental market, ie. condominiums. This time period also saw an increase in the output of social housing. Although 1982 and 1983 saw a increase in the output of social housing this was only temporary (Hulchanski 1992). The housing focus at this time remained multi-faceted with the federal government not yet ceasing its commitment to the construction of new social housing units. The primary goal of the federal government was to ensure that the private market functioned efficiently. The major shifts in housing policy did not occur until the Conservative government was elected in 1984.

The convergence of home ownership programs in Canada and Britain during the early 1980s emphasizes how both countries were moving toward a liberal world model of the welfare state. The Canadian home ownership program which most accurately paralleled the British privatization program was the Canadian Home Ownership Stimulation Plan (CHOSP) because it reduced the cost of buying a new home. In Canada, CHOSP provided up to \$3,000 in cash for the purchase of a house, in Britain, discounts were provided based on the length of residency in the council house. Although the British and Canadian housing policies

were originally quite different in the manner in which they addressed home ownership and public housing, the increased promotion of home ownership and decreased emphasis on public housing is indicative of a movement toward more convergent housing policies.

4.3.2 The Turning Point for Social Housing in Canada

In 1985 a consultation on housing was carried out in Canada. This consultation resulted in the publication of the Consultation Paper on Housing (1985). The questions developed during this consultation served as the basis for the amendments to the NHA in 1986 and the emergence of federal disentanglement of social housing in Canada.

The NHA amendments in 1986 resulted in a shift in the emphasis of government involvement in housing. At this time significant changes to the NHA took place, marking the beginning of federal disentanglement. The most important change to emerge out of the NHA amendments in 1986 were the Federal-Provincial/Territorial Agreements. Although new conditions developed from this agreement one which remained the same, was the minimum contribution required by the federal government for a housing project. The new amendments ensured that the provinces would remain responsible for at least twenty-five percent of the total costs of the construction of public housing projects with the federal government being responsible for seventy-five percent of the costs (Carter 1993). This change in the allocation of money for social housing was a consequence of the economic recession and the Conservative government's philosophy of decreasing government involvement. Another condition to emerge from the Federal-Provincial/Territorial Agreements was the targeting of federal social assistance to those in need, using the Core Need Model. The Core Need Model

was established to address the housing issues of low income people and to ensure that federal assistance targeted those people who needed it most. The major conditions of this agreement, listed in Table 4.8, makes evident the direction the federal government housing policies were taking.

Table 4.8

Major Conditions of federal-Provincial/Territorial Agreements

- All federal social housing assistance to be targeted to households in need.
- Minimum 25 percent contributions by province/territory to any social housing program or program element that a province/territory delivers.
- Establishment of a Joint Planning and Monitoring Committee to develop an ongoing three-year plan, by mutually agreed planning areas and client groupings, which identifies the most cost-effective and appropriate social housing strategy.
- Native involvement in the delivery of the Rural and Native Housing Program, the Emergency Repair Program, the Urban Native Program and the rural component of the Homeowner-Residential Rehabilitation Assistance Program.
- Acceptance of explicit native targets for the Rural and Native Housing Program, the Emergency Repair Program, the Urban Native Program and the rural component of the Homeowner-Residential Rehabilitation Assistance Program.
- Continued access to the Non-Profit Program by private non-profits, based on historical levels and on the use of a competitive process.
- Delivery of social housing assistance to families and seniors in proportion to their relative shares of core housing need.
- Adequate federal or joint monitoring, program evaluation and operational audits.
- Collection and timely transmission of all information required to ensure program objectives and accountability are met.
- Development and implementation of a program of public information and publicity

that accurately reflects the respective roles and contributions of the two parties. (CMHC 1991, 24).

The conditions of this agreement indicated the government's commitment to help the needy by re-establishing the sharing of responsibility of social housing between the federal and provincial/territorial governments. According to CMHC, there were many benefits to this.

The 1986 Federal-Provincial/Territorial social housing agreements minimize overlap and promote cost-effectiveness by separating the functions of each party and precisely defining roles, while maintaining national standards and objectives. (CMHC 1993, 16.)

The 1986 amendments were also important in that they abolished income-mixing, which had been introduced in 1978 under Section 56.1 of the NHA. The abolition of income-mixing, combined with the targeting of households in need, represented the first major commitment by the Conservative government which reinforced their philosophy of federal disentanglement and the development of a more targeted welfare approach.

4.3.2.1 The Core Need Model

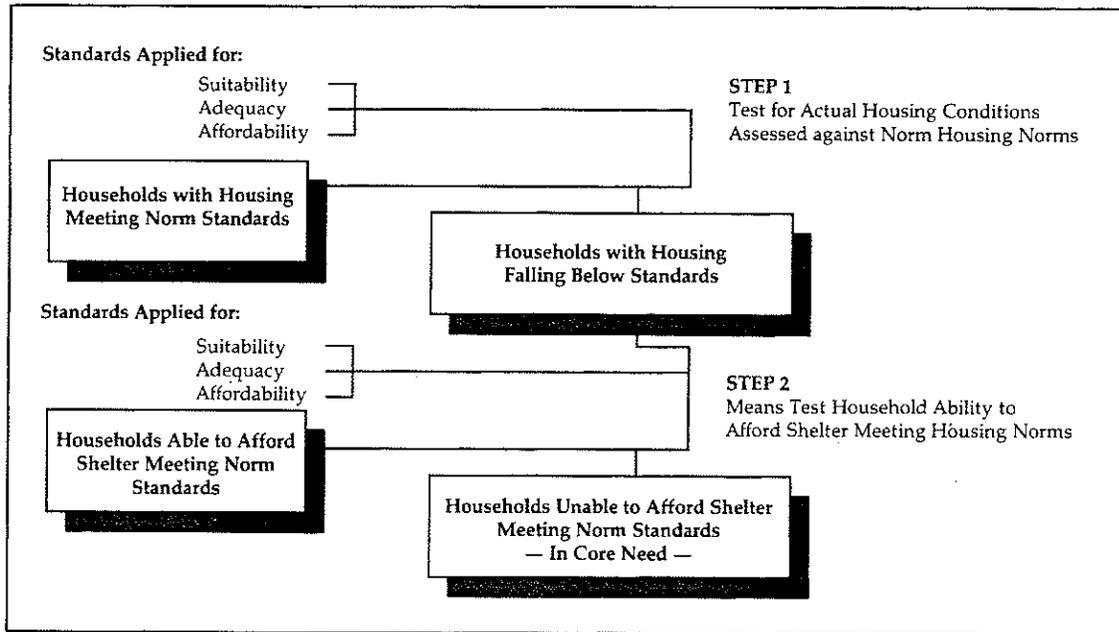
As mentioned previously, the Core Need Model was developed to target government assistance to households in need. The understanding of the Core Need Model is essential when examining the evolution of federal disentanglement in Canada. The Core Housing Need Model "identifies those households unable to obtain market housing that is in adequate condition, of suitable size and, at the same time, affordable" (CMHC 1991, 1). Housing needs indicators did attempt to measure adequacy, suitability and affordability however, what

was unique about the Core Need Model was it incorporated these three measures into one model (CMHC 1991). Using two steps the Core Need Model is able to assess whether or not households were in one of these three situations (adequacy, size or affordability) out of necessity or voluntarily. Firstly, housing conditions are evaluated against adequacy, suitability and affordability. Secondly, households are tested to identify those that do not have the means to acquire rental housing meeting all norms (ibid, 6) (see Figure 1). The development of the Core Need Model and the subsequent targeting of federal assistance to those people who needed it most clearly indicated the government's effort to assist low income people. Table 4.9 shows the number of people calculated as being in core need

The development of the Core Need Model represented the second major commitment undertaken by the Conservative government to ensure that the diminishing financial resources were allocated to those in most need. Measuring adequacy, suitability and affordability, helped to ensure that only the very poor received government assistance.

Figure 1:

Core Housing Need Model



Source: CMHC 1991

Table 4.9

Households in Core Housing Need, By Urban/Rural Area, 1988
(estimates in 000 's)

Prov.	URBAN			RURAL		
	#	Incidence	Share	#	Incidence	Share
Nfld.	16	15.2	1.4	11	19.3	7.6
P.E.I.	3	20.8	0.3	3	12.5	2.1
N.S.	35	17.9	3.1	13	11.9	9.0
N.B.	25	17.6	2.2	16	17.1	11.1
Que.	331	16.4	29.7	29	8.4	20.1
Ont.	356	12.3	1.9	26	7.3	18.1
Man.	52	17.5	4.6	7	9.8	4.9
Sask.	32	14.7	2.9	13	10.8	9.0
Alta.	97	14.1	8.7	13	10.1	9.0
B.C.	168	17.3	15.1	13	9.9	9.0
Canada	1,116	14.8	100.0	144	10.1	100.0

Source: CMHC, 1991. *Core Housing Need in Canada*. Ottawa: CMHC, 14.

4.3.3 The New Social Housing System

Amendments to the NHA in 1986 resulted in several program changes through which the social housing objectives were pursued. Prior to federal disentanglement, in the early 1980s, CMHC's social housing objective was pursued through three programs: Non-Profit and Co-operative Housing, Public Housing and Rural and Native Housing. In 1986 however, CMHC ceased to built any new housing under the former public housing programs. The housing constructed under the old public housing programs became part of CMHC's management portfolio. In 1986, CMHC created several new programs through which their social housing objective was pursued. Public housing was now built under the new Non-profit program and was now referred to as social housing. These new programs included:

Non-Profit Housing Programs (which includes both public and private non-profits and co-operatives), Urban Native Non-profit Housing Programs, Rent Supplement, Residential Rehabilitation Assistance Program (RRAP), Rural and Native Housing Emergency Repair Program, Housing for Indians on Reserves, and Property Administration (CMHC 1986). The development and targeting of programs to address specific housing issues demonstrated the government's desire to direct money to where it was most needed. In 1986 the government was still providing funding for new social housing however, the decrease in funding indicated that the government was no longer willing to pursue mixed income housing developed under Section 56.1. Amendments to the NHA in 1986 marked the beginning of a stronger movement towards federal disentanglement in the social housing sector.

4.3.4 Federal Disentanglement Expanded

The early 1990s marked the beginning of a significant movement away from government intervention in the provision of social housing. The government conducted an evaluation of the public housing program, terminated the co-operative housing program, decreased funds for social housing and subsequently eliminated money for new social housing, all of which facilitated the process of federal disentanglement.

The first major undertaking, in the 1990s, to significantly influence the direction social housing policy was The Evaluation of the Public Housing Program (1990). This evaluation was undertaken to determine the condition of the existing public housing stock. This program evaluation examined the existing public housing program and not the policy aspects of the program. The six areas the program evaluation examined were, (1) the characteristics of the

stock, (2) public housing clients, (3) the physical condition of the stock, (4) the quality of the stock, (5) the quality of life in public housing and (6) the management of the public housing program. The conclusions reached in this evaluation provided the basis for the elimination of funding for new social housing units in 1993. The governments primary justification for this was not that a majority of the stock was still in good condition. Thus, the government did not wish to construct large amounts of new housing. Other important conclusions reached supporting federal disentanglement in social housing were indicated in the Evaluation of the Public Housing Program (1990):

CHARACTERISTICS OF THE STOCK

- Most of the public housing units are less than twenty years old.

PHYSICAL CONDITIONS OF THE STOCK

- Although the public housing stock is in good condition overall, repair and replacement actions are valued at \$350 million are required.

QUALITY OF LIFE IN PUBLIC HOUSING

- Clients have improved their living conditions as a result of the move to their public housing unit.
- Problems with crime do not appear to be a feature of public housing per se, but rather are reflective of the dynamics of crime prevailing in the community at large (e.g. related to low-incomes, large cities, etc.)

MANAGEMENT OF PUBLIC HOUSING

- Since day-to-day administration of the portfolio rests with the provinces and territories, CMHC had not played an active role in the management of the stock. (CMHC, 1990, 54.)

The role CMHC pursued in the past, which was the delivery of new units, did not reflect the current project and property management thrust of the program (CMHC 1990). The Evaluation of The Public Housing Program: Summary Report (1990) determined that CMHC should play a more active role in the management of the stock, which would best be accomplished by guiding the evolution of the program and by monitoring its performance (CMHC 1990). Since CMHC had ceased to construct public housing as of 1985 under Sections 40, 43 and 44 of the NHA, and had primarily become a manager of this stock, a comprehensive property management program seemed necessary. The evaluation of the public housing program in 1990 marked an important step towards the justification for the elimination of money for the construction of new social housing. Additionally the high quality of the stock and the relative happiness of the clients were influential in the government's decision that there was not an immediate need for the construction of new social housing units.

The decreased commitment to social housing and the establishment of home ownership programs indicated that the federal government was committed to home ownership and the primary part of the housing system. This commitment was further reinforced with the introduction of the Home Buyers' Plan, which reduced the required down payment on a house from ten percent to five percent. The Home Buyer's Plan also allowed a purchaser to use up to \$20,000 in a tax-sheltered retirement savings plan as part of a down payment (Hulchanski 1992). Similar to the British government, the Canadian Conservative government established home ownership programs which made home ownership accessible to a greater proportion of lower income people.

This philosophical stance of decreased government intervention, adopted by the Canadian government, paralleled the actions taken by the Thatcher's Conservative government in 1980 and was indicative of the influence of New Right philosophies on politics in Canada. The 1980s witnessed many steps towards federal disentanglement. The consultation on housing, the development of the core need model, the evaluation of the public housing program and the establishment of generous home buying programs were strong indicators that federal housing policy was changing. The establishment of these programs demonstrated the government's commitment to reducing public expenditure and targeting assistance to those people in the most need.

This decreased commitment by the government as providers of social housing is supported when examining the output of social housing construction. The decline in the construction of public housing between 1980-1987 is shown in Table 4.10

Table 4.10

Public Housing Portfolio by Year of Completion

Project Age	Projects		Units	
	Number	Per Cent	Number	Per Cent
Pre-1964	86	1.8	8,833	4.3
1964-1969	371	7.7	27,155	13.3
1970-1974	1,330	27.7	77,383	37.6
1975-1979	1,784	37.2	64,867	31.5
1980-1987	1,230	25.6	27,454	13.3
All	4,801	100.0	205,692	100.0

Source: CMHC. 1988. Project Characteristic Data Base, Program Evaluation Division. In *Evaluation of the Public Housing Program* Ottawa: CMHC, 15, Table 2.5.

Table 4.10 shows that there were 37,413 fewer homes built between 1980-1987 than between 1975-1979. This demonstrates the weakening of the federal governments commitment as the primary provider of social housing.

These changes to social housing policy, as yet did not reflect a direct attack a movement toward a targeted welfare housing system. The changes did not reflect a direct attack on the social housing system but rather were indicative of the changing political, economic and sociological factors affecting welfare states as a whole, not only in Canada, but also in Britain, Sweden and the United States.

4.3.5 The Elimination of Expenditure on New Social Housing

The first changes to expenditure on social housing were announced in the 1990 federal budget. The government stated that, although expenditures on social housing had grown in recent years, they were now limiting the funds committed to constructing new social housing units. This decision was influenced, in part, as a result of the '1990 Expenditure Control Plan' announced in the 1990 budget. This plan stated that new social housing commitments would no longer continue to grow at the previous rate. New commitments for social housing would be scaled back by fifteen percent in 1990-91 and 1991-92 (Dept. of Finance 1990). This fifteen percent reduction was introduced with the intent of saving \$16 million in 1990-91, and \$35 million in 1991-92 (ibid). These reductions were originally scheduled until the end of 1992 however, the 1991 federal budget extended this constraint through to 1995-96 (Dept. of Finance 1992) (see Appendix 3).

The cuts to the social housing program in the 1990s were significant, representing the

first time actual expenditures for new social housing units were scaled back. Additionally, these cuts signalled a further step towards the goal of federal disentanglement which the government had been pursuing for the past decade.

The impact of decreased government expenditure for social housing construction was that new social housing construction was cut from 12,400 to 8,000 units (Hulchanski 1992, 28). These changes were indicative of the economic situation of the country and the government in power.

This change has much to do with the philosophical differences between the two parties. The Liberal government offered some stimulus to both parts of the housing system; the Conservatives only one. (ibid, 28.)

The most predominant changes to social housing were announced in the 1993 federal budget. For first time, the federal government stated that it would no longer support funding for new social housing commitments (Dept. Finance 1993), however, this did not mean that the need for adequate, suitable (referring to uncrowded) and affordable housing for low income people, as determined by the core need model, ended. In 1991, the Core Need Model identified 1.6 million households in Canada as being in core need (Carter 1993). The percentage of people in core need was particularly evident in the renter segment of the population, identifying seventy-three percent of renter households in core need (ibid). The high percentage of people in core need clearly demonstrated that a large segment of the renter population presently did not live in adequate housing. Thus, due to the federal government's termination of funding for new social housing, affordable housing became the responsibility of other organizations, in cooperation with provincial and municipal governments.

Social housing was rapidly becoming a smaller portion of the federal government budget. The cap on the money the federal government would commit to social housing and the eventual elimination of financing for new social housing (excluding those programs assisting the elderly, victims of violence and on-reserve housing), will have a significant impact on the availability of affordable rental housing in the future.

4.3.6 Canada Conclusions

Public housing legislation in Canada has undergone a number of changes since it was first established under the NHA in 1949. Although first introduced in 1949, significant amendments were not made to public housing legislation until 1964, since then many changes have occurred. The financing mechanisms, the government body responsible for public housing, the title public housing was constructed under, whether public or non-profit housing, have all been altered. The expenditure cuts in recent years have established social housing as a service for those unable to afford market rents. The elimination of funding for the construction of new social housing in 1993 a significant step towards the federal disentanglement from social housing. Although there is no single factor which is the catalyst for federal disentanglement in Canada, there are two factors influential in the development of federal disentanglement. Firstly, the fiscal restraints facing governments has affected nearly all government departments and crown corporations, with CMHC being no exception. Secondly, the government in power, whether liberal or conservative, has never developed a housing policy committed to providing housing for low income people. Thus, the public housing system has been easier to dismantle because it was never viewed as an essential

component of the welfare state.

Although public housing legislation was established to provide housing for low income people, the number of units constructed was never significant enough to fulfil the low income housing needs. The government always pursued a policy promoting home ownership, rather than one which provides housing for low income people. Although home ownership is often preferred over renting, it is not necessarily the best option for everyone. Even with the development of a variety of home ownership programs, there are still those who are unable to afford home ownership. At certain times home ownership may be affordable to low income people but this does not mean they will have the resources to continue mortgage payments for the next 20 years or be able to afford regular maintenance on their homes. If home owners are unable to keep up mortgage payments, then the house will be repossessed by the bank.

To ensure Canadians are housed in decent affordable accommodation housing programs must be developed which meet a variety of housing needs in municipalities across the country. The federal government no longer has the economic resources to be the sole provider of housing for low income families. Thus, the development of new housing initiatives by different organizations may be the only answer in creating housing which is affordable for tenants and the government.

Although there may be increased awareness of the difficulties confronting low income people when searching for decent affordable housing, the current ideology of reducing the deficit and having a fiscally responsible government has hindered the establishment of a national housing policy which addresses low income housing needs.

4.4 Divergent to Convergent Housing Policies

The changes to the British council housing system in the past fifteen years were more dramatic than those occurring in Canada. Federal disentanglement in Britain took the form of privatization of council housing. The Canadian government has not yet gone to such extreme measures, primarily because the governments involvement in the provision of public housing has never been as great. The changing emphasis of social housing programs, the continued decrease in money for social housing since the mid-1980s and the elimination of money for new social housing units in 1993 parallels the British government's objective to remove itself from the responsibility of providing housing for low income people

The changes to public housing policy in Britain and in Canada during the past fifteen years were influenced by political philosophy, by tenants' desire to have more power over where they live and the economic recession of the 1980s. More importantly, the changes signify a changing attitude toward the welfare state. Social housing forms one component of the post-war welfare state which has been targeted for retrenchment in Britain and Canada. Changing social housing policy is having, and will continue to have, a larger impact in both countries than increasing owner occupation, decreasing social housing construction and the declining social housing programs.

Chapter 5

IMPLICATIONS AND CONSEQUENCES OF CHANGES IN PUBLIC HOUSING POLICY

5.1 Introduction

Shifts in British and Canadian public housing policies have resulted in significant changes in the socio-economic circumstances of the people who live in public housing. In Britain, changes to housing policy have contributed to public housing being occupied by increasingly disadvantaged households. Although Canadian public housing has always served a more needy client group than in Britain, there are indicators that public housing in Canada will continue to serve an increasingly impoverished clientele.

The previous chapters in this thesis have examined how public housing, as one component of the welfare state, is being dismantled in Britain and Canada. This chapter will examine some of the repercussions of these policy changes. While the changes occurring within British and Canadian public housing have been slightly different, both have been characterized by decreasing public housing expenditure, and government disentanglement from public housing. In order to decrease public expenditure in Britain, the public housing stock was sold to tenants, thereby reducing the financial responsibility of the government. In Canada, housing policy also focused on reducing government expenditure by decreasing funding for new social housing units. Although the Canadian government has not, as yet, sold its public housing stock to tenants, the announcement in the 1996 Federal Budget that the federal government would transfer the administration of

the federal public housing stock to the provinces implies a movement towards a system of privatization. Although this is not as drastic a step as the one taken by the British government the convergence of housing policies with both governments divesting themselves of the direct responsibility of public housing is one which cannot be ignored. Decreasing government expenditure, through privatization, is the most predominant issue emerging. Issues present in public and even private sector which have become more pronounced since the unravelling of public housing policy began include, polarization between tenures, the marginalization of certain groups and the residualization. However, what has happened is that these processes have become more prominent due, in large part, to changing government policy.

Polarization between owners and renters, whether in the public or private sector, has always existed however, the degree to which polarization existed in Britain and Canada has increased. This is particularly true in Britain due to the RTB. Social polarization refers to:

the process by which people become segregated into classes or ethnic groups. It implies that the proportion of the population at the two extremes of the class continuum (in this case owners and renters) increases or the proportion of the population at one point only on the continuum increases. (Goodall 1987, 437.)

This increase in social polarization is central to understanding the increase in the marginalization of certain groups and the subsequent residualization of the public housing sector.

According to Forrest and Murie (1991), marginalization explains "why the direction of change, in public housing (ie the residualization processes), has been possible" (ibid, 178). These changes in public housing policy developed as a result of the changing political, economic and social conditions of the 1980s. Specifically these changes include a movement toward a more liberal world welfare approach, an increased awareness of fiscal responsibility, and a realization that government social services and programs would not be able to address a variety of problems. Marginalization will be examined in terms of whether or not marginal groups, ie., female heads of households, have become marginalized due to the changes in public housing policy.

Residualization is becoming increasingly important with the decrease in the construction of public housing in Britain and Canada. Forrest and Murie (1991) define residualization as:

the process whereby public housing moves towards a position in which it provides only a 'safety net' for those who for reasons of poverty, age or infirmity cannot obtain suitable accommodation in the private sector. It also most certainly involves lowering the status and increasing the stigma attached to public housing. (ibid, 174.)

Cole and Furbey (1994) further state that residualization refers to "the changing social composition of consumers in the public sector" (ibid, 83). Although referring to public housing tenants in Britain, the processes of polarization, marginalization and residualization are also present within the Canadian social housing sector.

The purpose of this chapter is to explore the degree to which polarization, marginalization and residualization have developed in Britain and Canada since

privatization and federal disentanglement policies were introduced. These processes have not occurred to the same degree in each country, but by examining the convergence of policies in both countries and the effect of these policies in Britain, we may be able to determine how these processes will develop in Canada.

5.2 Britain: The Impacts of Privatization

The privatization of council housing in Britain had several immediate and apparent consequences, most notably the increase in owner occupation (see Table 4.1). Although not all aspects of the policy changes were immediately apparent the increases in polarization, marginalization and residualization process in the aftermath of the privatization campaign will play an important role in the future of public housing in Britain. These processes do not exist in isolation, they all form part of a complex and important process occurring in the British public housing sector. Examining statistical data which supports the belief that council is occupied by an increasingly impoverished clientele will strengthen the relationship between the decline in public housing and the processes of polarization, marginalization and residualization.

5.2.1 The Polarization of Council Housing in Britain

The increase in the social polarization between tenures is a concept which has become more predominant as a result of the RTB. Social polarization forms an intricate part of the marginalization and residualization process which have also been enhanced due to the RTB. Social polarization examines the changes between the two main tenures,

(public renting and owner occupation). Specifically, focusing on the increase in the social and economic gap between renters and owners. The importance of examining the changes in the polarization of tenure is that "polarization makes it clear that these changes (in local authority housing) are but one aspect of more general changes in tenure patterns" (Robinson and O'Sullivan 1983, 116), whereas marginalization and residualization are products of the changes in tenure patterns.

One of the most important factors contributing to the increase in polarization has been the increased emphasis on home ownership. The promotion of home ownership through the RTB and the subsequent rise in home ownership throughout the United Kingdom has contributed to increased differentiation not only between tenures but also between regions (see Table 5.1).

Table 5.1
Growth in Home Ownership, 1976-1986
(percentage of dwellings)

	1976	1981	1986	Increase % 1976-1986
United Kingdom	54	57	63	9
North	46	49	56	10
Yorkshire & Humberside	54	57	63	9
East Midlands	57	61	68	11
East Angli	56	60	67	11
South East	55	59	65	10
Greater London	47	50	56	9
Rest of South East	61	65	71	10
South West	62	65	70	8
West Midland	55	59	64	9
North West	58	61	66	8
ENGLAND	56	59	65	9
WALES	59	63	68	9
SCOTLAND	34	36	42	8
NORTHERN IRELAND	51	54	61	1

Source: Central Statistical Office. 1989. In Forrest, Ray, Alan Murie, and Peter Williams. 1990 *Home Ownership: Differentiation and Fragmentation*. London: Unwin Hyman, 20.

For example, "the highest level of sales have occurred in England rather than Scotland, in the south rather than the north and in shire districts rather than metropolitan areas" (Forrest Murie and Williams 1990, 187). This statement, along with the data provided in Table 5.1, supports the idea that polarization is present between tenures and between different regions within the United Kingdom.

5.2.2 The Marginalization of the Disadvantaged

The marginalization process examines why changes have occurred within the public housing sector. As this issue was examined in Chapter Four with the changes in legislation, this section will focus on the increase or decrease of marginal groups, for example, the marginalization female heads of households into public housing. Additionally marginalization will examine how these changes have contributed to the widening gap between owners and renters. The increase in the rate of marginalization cannot be solely attributed to the changes in public housing policy in the past ten years, other factors, such as the "decline in private renting, the uneven impact of the recessions, and the transformation of the labour market" (Forrest and Murie 1991, 83), have also contributed to marginalization.

The marginalised poor have always tended to be in the worst housing in each tenure and to have greatest difficulty in negotiating access to and through the housing market. (Ibid, 82.)

The increased marginalization and the subsequent residualization of council housing are intertwined. The increase in marginalization (ie. the changes in public housing policy) has contributed to council housing becoming an increasingly residual form of housing for the poor. Prior to the residualization of council housing, it was considered to be housing of high quality and status, occupied by the skilled working class (ibid, 78). The high quality of council housing was "a product of both political struggle and strategic necessity" (ibid). For example, the "Homes for Heroes" campaign and the Tudor Walters Report were influential in the construction of good quality state housing however, in recent years many

factors contributed to the deteriorating quality of council housing.

The residualization of the state housing sector is a product of the diminished necessity of living labour and the exclusion of a substantial minority from the labour market. That minority, representative of spent or surplus labour power, is disproportionately accommodated by the state housing sector, whilst the employed majority is increasingly in owner occupation. (Ibid, 78.)

This statement clearly depicts the inter-relationship between marginalization and residualization. The impoverished have become increasingly disadvantaged due to changing political, economic, and sociological factors and have increasingly become tenants in the poorest quality public housing.

Two methods of determining whether or not disadvantaged groups are being increasingly housed in public housing is to determine the socio-economic status and income quintile of public housing tenants. The increase in the percentage of council tenants in the lowest income quintile, living in public housing rose from seventeen to twenty-eight percent between 1980-1988 (Forrest and Murie 1990, 25). This rise in low income people living in public housing contributes to the notion that those with the least economic means are housed in council housing.

Measuring the socio-economic status of heads of households may also help determine whether the disadvantaged are being increasingly housed in public housing. The changes in economic status of council tenants becomes apparent when examining the tenure and marital status of female heads of households in 1987. Table 5.2 examines the tenure status of female heads of households in 1987. This table shows that female heads

of households, who often tend to be the economically disadvantaged, are seldom owner occupiers and most often renters from the local authority. Table 5.2 shows that of all the people surveyed living in the different types of accommodation, eleven percent of those renting from the local authority or New Town were divorced or separated females.

Table 5.2

Tenure of Female Heads of Households, Great Britain 1987

	Married	Single	Widowed	Divorced/ Separated	All Females	Total No.
Owner occupied owned outright%	0	6	23	3	32	2455
Owner occupied with mortgage %	0	3	1	4	8	4059
Rented with job or business %	NIL	4	4	1	9	259
Rented from L.A./New Town %	0	7	21	11	39	2643
Rented from H.A/Co-op %	NIL	13	22	11	46	235
Rented privately unfurnished %	NIL	10	24	8	42	444
Rented privately furnished %	1	23	2	4	30	204
Total %	0	6	13	6	25	10299

Source: Forrest and Murie 1990, 10.

Table 5.3 then examines the housing situation of women by looking at the marital status of females heads of households and the type of accommodation they occupy. Table 5.3 shows that, in 1987, of all the types of marital status among women, whether married, single, widowed or divorced, nearly fifty percent of divorced/separated women lived in accommodation rented from the local authority or New Town. The numbers were only five, thirty and forty-one percent for married, single and widowed women respectively. These percentages indicate that separated women are more likely to live in accommodation rented from the local authority.

Table 5.3

Marital Status of Female Heads of Households, Great Britain 1987

	Married #	Single %	Widowed %	Divorced/ Separated %	All Females	Total
Owner occupied, owned outright	10	24	42	13	31	24
Owner occupied, with mortgage	11	22	4	25	13	39
Rented with job, or business	NIL	2	1	1	1	3
Rented from L.A./ New Town	5	30	41	49	40	26
Rented from H.A. or co-op	NIL	5	4	4	4	2
Rented privately unfurnished	NIL	8	8	6	7	4
Rented privately furnished	2	8	0	1	2	2
Sample No.	28	571	1368	572	2537	10299

Source: Forrest and Murie 1990, 10, Table 5a & 5b

Tables 5.4 and 5.5 examines the changes in the socio-economic group of heads of households between 1977-1987. These tables show that there was an increase in percentage of semi-skilled and unskilled manual workers living in local authority housing between 1977-1987. Tables 5.4 and 5.5 also show that economically inactive heads of households, renting from local authorities, increased from thirty-nine percent in 1977 to fifty-five percent in 1987 (Forest and Murie 1990, 19).

Thus, when examining a combination of socio-economic factors, it becomes evident that the marginal groups have now become increasingly housed in local authority housing.

Table 5.4

Socio Economic Group of Heads of Households: Great Britain 1977

	Owner Occupiers		Renters					Total
	Outright owners	Mortgages	With job/ Business New Town	L.A. Co-op	H.A. private	Unfur- nished private	Fur- nished	
Economically Active Heads	13	33	26	4	7	5	14	15
Professional & managerial	10	22	20	9	16	10	27	14
Intermediate & junior non-manual	15	32	25	29	27	20	16	26
Skilled manual & own account non-professional	7	8	24	14	8	10	16	11
Semi-skilled manual & personal service	2	1	2	5	3	4	4	3
Unskilled manual	53	4	3	39	39	50	23	32
Economically inactive Heads	2686	3308	313	3888	161	935	334	11625
Total no. surveyed								

Source: OPCS General Household Survey in Forrest and Murie 1990, 19, Table 11.

Table 5.5

Socio Economic Group of Heads of Households: Great Britain 1987

	Owner Occupiers		Renters				Total	
	Outright Owners	Mortgagors	With job/ Business New Town	L.A. co-op	H.A. private	Unfur- nished private		Fur- nished
Economically Active Heads	1987 %	1987%	1987 %	1987 %	1987 %	1987 %	1987 %	
Professional & managerial	11	35	40	2	5	9	20	
Intermediate & junior non-manual	88	19	12	6	12	9	33	
Skilled manual & own account non- professional	12	30	20	20	16	14	19	
Semi-skilled manual & personal service	4	8	23	11	8	7	13	
Unskilled manual	1	1	1	6	2	3	7	
Economically Inactive Heads	65	6	4	55	56	58	7	
Total no. surveyed	2387	3973	223	2536	216	420	164	
							9919	

Source: OPCS General Household Survey in Forrest and Murie 1990, 19, Table 11.

5.2.3 Council Housing - The Last Option?

The increased rate of residualization within public housing is perhaps the most notable process which has emerged since privatization was introduced. Although the "residualization process is not tenure specific, it is the council housing sector where residualizing forces find their most concentrated expression" (Forrest and Murie 1983, 464). Residualization is not a narrowly defined issue, but rather a comprehensive concept having significant repercussions. Forrest and Murie (1990) say that residualization "is the perceived shift in the size and scope of the sector towards provision for households who have insufficient effective demand to compete in the private market" (ibid, 1) .

Residualization in council housing is not a new phenomenon, but has been developing since the mid-1970's (Forrest and Murie 1991, 73) however, the pace of its acceleration in the past decade is new. Residualization is described as a "two-fold process which has been occurring for the past fifty or sixty years" (Malpass and Murie 1990; in Cole and Furbey 1994, 5). These two processes include the increased rate of home ownership and the fact that unsold council housing has come to represent housing for those unable to afford any other type of housing, such as the poor, the elderly or the unemployed (ibid).

The main factor contributing to an accelerated rate of residualization in council housing was the establishment of the RTB legislation under the 1980 Housing Act. The 1980 Housing Act enabled council tenants to purchase their dwellings, resulting in the better quality dwellings, located in better areas of the cities being sold first. The selling of the better dwellings meant that the undesirable dwellings remained in the public sector.

For example, those people unable to buy their council dwelling were often left to rent the less desirable dwellings, such as flats located in poorer areas of the cities, which had proved to be unsellable. Those people in good economic standing, living in sellable dwellings, bought their dwellings, contributing to the residualization of council housing, and further stigmatising it as a 'safety net' for the economically disadvantaged (Forrest and Murie 1991, 174).

Even prior to the establishment of the 1980 Housing Act, academics believed that privatization would further contribute to the residualization of council housing thus, making it a form of housing for the poor, and in effect creating a "poor law" housing (Murie 1977, 46). Prior to the selling of council housing, Murie (1977) noted that:

the evidence about council house buyers and the properties which are sold offers a long term prospect of council housing dominated by the poor and elderly poor, living in difficult to let (and to sell) blocks of flats and short life properties. (ibid, 49.)

This statement indicates that, even with the discounts available, many council tenants would still not have the financial resources or desire to purchase their dwellings. The issue of home ownership affordability, even with discounts, and saleability of flats in the large council properties, was raised by both conservative and labour party members (Murie 1977). Schifferes (1979) indicated three reasons why Labour and some Conservative councils were opposed to unrestricted sales under the RTB. First, the sales of dwellings that were in short supply and high demand, such as smaller one bedroom units and larger units, would lead to a shortage in the supply of these dwellings for rent.

Secondly, the sale of dwellings in areas where replacement would be difficult, for example, dwellings sold would not necessarily be replaced by the same type of dwelling, would create a shortage of dwellings. Although the elderly would not be excluded from the RTB, the selling of units for the elderly, which are already in high demand, would decrease the supply of units available for relet. Thirdly, the sale of blocks of flats would create management difficulties (Schifferes 1979, 184). Though written prior to the RTB, Schifferes raised some important issues which have come to form the fundamental basis for the acceleration of polarization, marginalization and residualization within council housing.

There is no single measure to determine the degree of residualization in council housing however, Forrest and Murie (1991) have examined five elements which assist in determining the degree to which residualization has taken place.

1. The size of the public sector.
2. The quality of the public sector.
3. The characteristics of the tenants.
4. The nature of policy.
5. Means testing. (Ibid, 74).

Although these five topic areas are not exclusive measurements of the residualization process, by delineating measurement to these subject areas the degree and direction of change can be more accurately accessed.

The changing size of public sector housing does not provide clear evidence that the

residualization process has occurred. The selling of the public sector housing stock and the decline in new public sector building shown in Tables 3.4 and 4.2 demonstrate that significant changes in the size of the public sector housing stock have emerged. This change in the size of the stock has occurred primarily for two reasons. The first is the decrease in the number of homes built and, secondly, the selling of the stock, as a result of the 'Right to Buy'. Table 3.4 shows that the dwellings completed by local authorities, declined from 103,300 in 1974 to 1,800 in 1993 (DoE, 1993). The decline in the output of local authority dwellings has become particularly evident since the Conservatives came to power in 1979. Between 1974 and 1978, 580,200 local authority dwellings were completed. While only 273,500 dwellings were completed under the Conservative government between 1979-1984 (ibid). Another factor to address when examining the size of the public housing sector is to determine the number of dwellings sold under the RTB. Table 4.2 shows that the sales of dwellings, under the RTB, was considerably greater than dwellings being constructed by local authorities. In 1992-93, 58,899 dwellings were sold under the RTB, while only 1,800 were constructed (ibid). The cumulative sales by local authorities under the RTB in Great Britain, between April 1979 and Dec. 1993 amounts to 1,444,813 dwellings (ibid). Combining the decrease in local authority building with the sales of local authority dwellings under the RTB, the declining commitment by the central government as the main provider and producer of public housing becomes apparent.

Measuring the quality of the public housing stock is primary when determining the degree of residualization in council housing. Different time periods saw varying standards

emerge in the construction of council housing. Housing constructed under the guidelines of the Tudor Walters Report of 1918 were of high quality however, housing built during the post-war period was produced for the purpose of increasing supply and not necessarily the quality of the housing. Post-war houses were erected quickly and cheaply, and although they helped to meet the need for housing they were built with little consideration for durability. The ramifications of this cheap construction became apparent by the 1980s.

In the thirty-five years from 1945 local authorities failed to invest in repair and modernisation of the existing stock and favoured new construction in response to central government priorities. (Cole and Furbey 1994, 102.)

The immense scope and cost of the repair of the council housing sector was a major factor contributing to the Conservative government's desire to sell off the public housing. Pre-war and post-war housing required significant repairs. Post-war housing repairs alone amounted to about £15,000 million (Cole and Furbey 1994). The poor quality of the public housing and its deterioration implied that some degree of residualization had developed by the 1980s. Forrest and Murie (1991) however, point out that measuring the quality of public housing is only significant when comparing it to the relative quality of housing in Britain as a whole (ibid, 75).

Measuring the changing characteristics of public housing tenants may help determine whether or not residualization is underway in public housing. The changing socio-economic status of public housing tenants are measured by examining factors such as the marital status of head of households, incomes of head of the household and whether the head of the household is economically active.

Examining the marital status of heads of households indicates how the socio-economic status of public housing tenants has been changing and whether or not residualization is occurring. Examining the increase in the number of female-headed households living in local authority housing is important because female-headed households are often the poorest. Table 5.6 shows the tenure of households by marital status of head of household. Demonstrating that nineteen percent of single women and twenty-seven percent of divorced/separated women, are owners with a mortgage, while the numbers for single men who are owners with a mortgage is thirty-three percent and forty-one percent for divorced/separated men with a mortgage. The situation is quite different when examining the tenants of local authority housing. The percentage of single or divorced/separated men living in local authority/New town housing is twenty and twenty-eight percent respectively (General Household Survey 1986; OPCS 1989; in Clapham, Kemp and Smith 1990, 72). The percentages for women are higher, with thirty-three percent of single women and forty-eight percent of divorced/separated women living in council housing (ibid). These statistics indicate that women, who are already a marginal group, are being housed in local authority housing. The nature of housing policy itself is the fourth factor identified by Forrest and Murie (1991) as contributing to the residualization process. As Forrest and Murie (1991) note, however, these changes in policy cannot be examined in isolation from the changes occurring in public housing.

The decline in private renting, the financial advantages attached to home ownership and increasing social polarization associated with recent social, economic and demographic changes have contributed to the residualization process. (Forrest and Murie 1990, 2.)

Table 5.6

Tenure of Household (%) by Marital Status of Head of Household

Marital status	Owner Occupied		Rented					
	Out-right	Mortgage	Council/ New Town	Private unfur- nished	Private fur- nished	Rented with job	Rented from H.A. or Co-op	
Married	22	50	20	3	1	3	1	
Single man	17	33	20	10	13	4	2	
Divorced or separated man	12	41	28	10	4	3	3	
Widower	43	8	37	8	1	1	3	
Single woman	25	19	33	10	9	1	4	
Divorced or separated woman	11	27	48	6	2	1	4	
Widow	42	3	43	8	1	0	3	

Source: General Household Survey, 1986; OPCS (1989: 57) in Clapham, Kemp and Smith 1990, Table 3.2

All of these factors, combined with the privatization programs, have contributed to an increased rate of residualization.

Means testing is the fifth component of the residualization process and is used to ensure that the only those people who truly need assistance are receiving help. Means testing emerged in Britain and Canada as a method of ensuring that decreasing government funds were allocated to people in the most need. Means testing is carried out by measuring several criteria to determine whether tenants are truly in need of government assistance. Criteria, such as income, employment and other socio-economic characteristics of tenants, must be examined in order for means testing to be carried out (Forrest and Murie 1991).

These five points help to determine whether or not residualization has taken place however, to measure the degree of residualization in council housing, it is also necessary to examine the socio-economic group of heads of households. Tables 5.4 and 5.5 also demonstrate the changes in socio-economic groups living in different types of accommodation over a ten year period. They show that the percentage of people working in the professional and managerial occupations as well as the intermediate and junior non- manual occupations living in council housing has declined between 1977-1987. When examining a combination of factors, the evidence is clear that residualization in the public housing sector has increased in the past decade.

Measuring the increase of economically inactive people living in council housing helps determine the degree of residualization. Table 5.7 shows that the

percentage of economically active heads of households living in local authority
rented housing declined

Table 5.7

Percentage of Households in each Tenure by Economic Activity of Head (EAH)
and Number of Earners 1978 and 1987.

	All tenures	L.A rented	Privately rented unfurnished	Owner Occupier with Owned mortgage out-right	
% households with EAH					
1978	70	60	56	97	47
1987	60	38	44	92	34
% households with no earners					
1978	25	32	39	2	44
1987	35	56	52	6	58
% households 1 or more earners					
1978	75	68	61	98	56
1987	65	44	48	94	42
% households with 1 earner					
1978	30	31	32	31	28
1987	29	26	NA	33	23
% households with 2 earners					
1978	34	26	25	54	20
1987	28	13	NA	49	13
% households 3 or more earners					
1978	10	11	4	13	8
1987	8	4	NA	12	6

Source: Housing and Construction Statistics; in Forrest and Murie 1990, Table 9,
16.

by twenty-two percent between 1977 and 1987 (Housing & Construction Statistics in Forrest and Murie 1990). The percentage of economically active heads declined by only five percent for home owners with a mortgage and thirteen percent for out-right owners. These dramatic changes cannot be solely attributed to the shifts in housing policy however, these changes to housing policy have "exacerbated rather than ameliorated the housing positions of the marginal poor in Britain" (Forrest and Murie 1991, 84). Another indication that public housing is occupied by the least economically established is shown in Appendix 4, which shows the occupation of people living in various types of accommodation. Of all public housing tenants surveyed, the occupational groups most highly represented in public housing were catering, cleaning, hairdressing & other personal service with twenty-one percent; clerical & related at twelve percent, processing, making, repairing, and related (metal & electrical) with eleven percent; and processing, making, repairing and related (excluding metal & electrical) with ten percent (Forest and Murie 1990, 24). These statistics support the idea that council housing is becoming increasingly occupied by those with the least economic means.

Forrest and Murie (1990) have noted other elements contributing to the increased rate of residualization, including the decline in private renting, the financial advantages of home ownership, and the increase in social polarization (ibid, 2). There is no single measure to determine the degree to which

residualization has taken place within public housing, nor is there one factor causing the residualization process to occur. By examining the changing socio-economic status of council tenants we are able to determine that council housing today is occupied by people of lower socio-economic status than it was twenty years ago.

5.2.4 Conclusions

The impacts of Thatcher's privatization program were much greater than creating a nation of home owners. Processes such as polarization, marginalization and residualization have come to play an important role in the housing system due to the privatization of council housing. There has been an increase in polarization between owners and renters and between areas within the country and cities, as those with the least economic means are unable to afford home ownership. The marginalization of disadvantage people has also increased as a result of changing public housing policy, resulting in people of lower socio-economic status living in the worst housing which has predominantly become council housing.

Residualization within the council housing sector is one of the most notable processes emerging as a result of privatization. Council housing has become an increasingly residual form of housing for those unable to afford home ownership. The overall impact of these processes is listed in Table 5.8.

Table 5.8
Changes in the Characteristics of Council Tenants

- Decline in economically active heads of household
- Decline in multiple earner households
- Decline in higher income households
- Declining in level of car ownership
- Declining family housing role

- Increase in households with no earners
- Increase in unskilled manual workers
- Increase in non-married households
- Increase in female headed households and single elderly households
- Increasing role in housing persons under 25
- Declining dwelling stock and new build
- Aging dwelling stock
- Declining proportion of 3/4 bedroom houses in stock and in new build

- Increasing proportion of flats and small houses
- Increasing proportion of lettings to homeless people.

Source: Forest and Murie 1991

These process have always been present in the British housing system however, this section has shown that the processes of polarization, marginalization and residualization have been accelerated since the privatization of council housing.

5.3 Canada: The Impacts of Federal Disentanglement

Although the processes of polarization, marginalization and residualization may not be as prominent in Canada as they are in Britain, they do exist. The difference in the degree of their development is due primarily to the vast size of the council housing stock in Britain compared to Canada's relatively small social housing stock. Due to the relative-

ly small size of Canada's public housing stock there has been little research done specifically addressing polarization, marginalization and residualization. Thus, the lack of data available on public housing means that this section will also include data on the changes occurring between owners and renters in the private sector as well as the public.

When examining polarization, marginalization and residualization within public housing in Canada, they form more of an innate part of the housing system than in Britain. This is due to the public housing system in Canada serving a more needy group than council housing in Britain. The changes to social housing policy in the mid-eighties have been a key factor in altering the socio-economic composition of the public housing tenants.

5.3.1 Polarization in Canada: Widening the Gap between Owners and Renters

The increase in the rate at which polarization between owners and renters, is occurring in Canada is becoming an important issue. This is due, in part, to the housing system in Canada being a market commodity, while in Britain, it is characterised as a public commodity.

In Canada, the majority of the housing stock is privately owned (ninety-five percent), with only about six percent being non-market housing, amounting to approximately 600,000 units (Pomeroy forthcoming, 1). This small amount of non-market housing is important when examining polarization between tenures because it indicates that non-market housing in Canada already forms a marginal component of the housing sector. Thus, an examination of the increase in polarization indicates the degree to which

it already exists between owners and renters.

Two factors contributing to the polarization between housing tenures are that "Canadian housing policy has relied on market forces" (Hulchanski 1988, 33), as well as the "ad hoc crisis management orientation of housing policy" (ibid, 46). This reactive, liberal world nature of housing policy pursued by the federal government has contributed to tenure polarization (ibid, 33). If tenure polarization is to be effectively addressed, then federal housing policies need to be proactive and address future issues so that the affordable housing needs can be met.

As Selby (1985) has noted, the lack of a rental policy in Canada is due primarily to four factors:

1. The reliance on the private sector for housing supply and housing program delivery.
2. The focus on home ownership as the desirable tenure option.
3. The belief that severe housing problems are temporary aberrations rather than manifestations of fundamental long-term problems.
4. The view that housing is largely a local matter with problems best left to municipalities and provinces to sort out. (Selby 1985, 212 in Hulchanski 1988, 33.)

These factors indicate that the lack of an affordable rental housing policy addressing low income housing needs has contributed to tenure polarization in Canada.

The lack of rental policy, and the promotion of development practices have contributed to an increase in tenure polarization. One of the most visible development practices contributing to polarization is the loss of rental units when they are converted to condominiums. This is because

those units previously available for rent have been sold, thus decreasing the supply of rental accommodation in Canada. However, new regulations have been developed, preventing the conversion of existing apartment buildings into condominiums. Hulchanski (1988) argues that the decrease in the supply of private rental units, caused by development practices, are unlikely to be reversed.

The post-war demand for home ownership and the creation of a new form of ownership, condominiums, which essentially permits higher income tenants to own what would otherwise be rental apartments and townhouses, has helped to create a socio-tenorial polarization of the country. (Ibid, 75.)

The increase in polarization in Canada is most evident when examining home ownership among different income quintiles. Between 1967 and 1986, the percentage of home owners in the lowest income quintile fell from sixty-two to thirty-eight percent (Statistics Canada 1987 in Hulchanski 1988, 7). Polarization is also occurring within higher income quintiles. In the highest income quintile, the percentage of home owners increased from seventy-three to eighty-six percent between 1967-1986 (ibid). Comparing home ownership rates between high and low income quintiles makes us increasingly aware of the disparity between high and low income group's ability to purchase housing. This disparity also indicates that the home ownership programs, such as the Canadian Home Ownership Stimulation Plan, which developed during the early 1980s, did little to increase home ownership among lower income groups. The increase in home ownership among higher income households and the decrease among lower income households implies that the gap between rich and poor is increasing, and is therefore contributing to increased polarization between tenures. Housing polarization between tenures will become

increasingly significant with the decline in private renting as well as the decline in new investment for social housing (Hulchanski 1988, 22).

Polarization in Canada also becomes evident when examining home ownership and rental rates within each income quintile. The changes in home ownership rates between the lowest and highest income quintiles between, 1967 and 1981 are significant. Table 5.9 indicates that home ownership among the lowest income quintile declined by nineteen percent between 1967-1981, while home ownership was more affordable for those households in the middle, fourth and highest income quintiles within the same period, increasing by four, eleven and ten percent, respectively.

Table 5.9
Changes in Home Ownership Rate, Canada 1967 to 1981
(as % of households owning their units)

Income Quintile	1967	1973	1977	1981	1967-81
Lowest quintile	62	50	47	43	-19
Second quintile	56	54	53	52	-3
Middle quintile	59	58	63	63	+4
Fourth quintile	64	70	73	75	+11
Highest quintile	73	81	82	85	+10
Total	63	62	64	63	+1

Source: Statistics Canada 1983; Hulchanski, David J. 1993. *New Forms of Owning and Renting. In House, Home and Community: Progress in Housing Canadian 1945-1986.* 1993 edited by J.Miron, Ottawa: CMHC, Table 4.1.

The increasing number of renters in the lower income quintiles also demonstrates that polarization is present. Table 5.9 shows a decrease by five percent of higher income households who were renters between 1967-81. The percentage of people in the lowest quintile who were renters

increased by eleven percent over the same period.

Table 5.10

Number of Renter Households, Canada 1967 to 1981

Income quintile	1967	1973	1977	1981	1967-81
Lowest quintile	20	27	29	31	+11
Second quintile	24	25	26	26	+2
Middle quintile	22	23	20	20	-2
Fourth quintile	19	16	15	14	-6
Highest quintile	14	10	10	9	-5
Total	100	100	100	100	

Source: Statistics Canada 1983; Hulchanski, David J. 1993. *New Forms of Owning and Renting. In House, Home and Community: Progress in Housing Canadian 1945-1986.* 1993. edited by J.Miron, Ottawa: CMHC, Table 4.2.

Tables 5.9 and 5.10 demonstrate that those with the least economic means are being housed in the rental housing sector, supporting the idea that the marginal poor are becoming residualized. The notion that the rental sector houses the poorest people is supported by the fact that twenty-five percent of the rental sector was in core need in 1991 (Carter 1993, 29). The high percentage of core need people in rental housing indicates that the rental sector is becoming a residual form of housing for the disadvantaged.

Carter (1993) has also noted the change in home ownership rates between different income quintiles between 1978-1990. Figure 2 shows that the ability to afford home ownership has increased only slightly for those people with the highest incomes, while home ownership among the lowest income quintiles has steadily decreased over the 12 year period, from approximately forty-five percent in 1978 to about twenty-two percent by 1990 (see Figure 2).

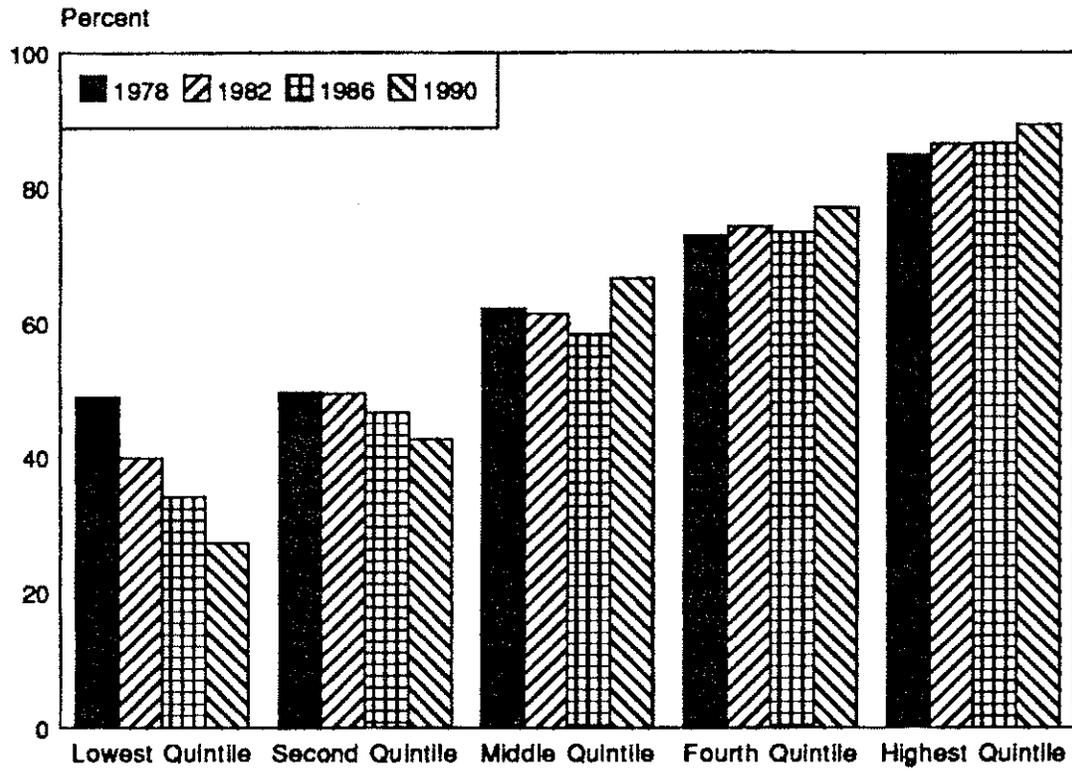
The decreased affordability of home ownership among lower income quintiles is also reflected in the number of renters in core needs, about 1.16 million in 1991 (Carter 1993). The decrease in home ownership among lower income quintiles further contributes to polarization in Canada, by widening the gap between owners and renters.

Due to the size of the public housing stock and the nature of Canadian housing policy tenure polarization has always been a central component of housing in Canada.

Changing government policies of the past decade however, have contributed to an increase in polarization between renters and owners in different income quintiles as seen in Tables 5.9 and 5.10.

Figure 2:

Home Ownership Rates by Income Group: Canada 1978-1990



Source: Statistics Canada, Family Expenditure Survey in Carter 1993

5.3.2 Marginalization of the Marginal Groups

The degree to which marginalization has occurred in Canada, in comparison to Britain, is low. This is particularly true when looking at the groups of people public housing serves. The purpose of this section is to demonstrate that the changes which have occurred in federal government housing policy in the mid-1980s have resulted in an increase in the marginal poor and disadvantaged living in public and private rental housing. Determining the effects of the policy will be done by looking at the affordability problems faced by renters, the abolition of income mixing and the changing economic trends.

In Canada, public housing was developed with the intent of serving people in need. Therefore, when exploring the issue of marginalization in Canadian public housing, we are most often referring to the people with the least economic means. The marginalization of lower income groups and, in particular, renters in core need, has emerged as an important issue which must be addressed. The best way to determine whether low income groups are being marginalized into poor quality housing is to examine the affordability problems faced by renters, because renters most often experience problems of adequate condition, suitable size and affordability. Table 5.11 shows that renters in the lowest income quintile are the ones paying more than twenty-five percent of their income on rent. This is significant in that a number of these households are also identified as being in core need (ie., their present accommodation is not meeting the standards for adequate condition, suitable size and affordability).

Table 5.11

Affordability Problems among Renter Households, Metropolitan Areas: Ontario 1972-1983.
(as % of all renter households in income quintile)

Household income quintile	Renters spending more than 25% of income on shelter			Renters in Core Need		
	1972	1976	1983	1972	1976	1983
Lowest quintile	87	93	93	86	93	90
Second quintile	53	53	46	15	40	19
Middle quintile	17	16	15	1	1	1
Fourth quintile	1	3	5	0	0	0
Highest quintile	0	1	2	0	0	0
Mean	32	32	32	20	25	22

Source: Arnold 1986; Streich, Patricia A. 1993. *The Affordability of Housing in Post-war Canada. Housing Home and Community: Progress in Housing Canadian 1945-1986.* 1993. edited by J. Miron, Ottawa: CMHC, Table 259.¹

Table 5.11 shows that between 1972-1983 the percentage of renters in core need, in the lowest income quintile, increased from eighty-six to ninety percent in Ontario. In contrast, Table 5.11 also shows that people in the second and middle income quintiles have been paying less of their income on rent. The percentage of people in the two highest income quintiles spending more than twenty-five percent of their income on rent has increased. This increase in the fourth and highest income quintiles is primarily due to people's choices of the type and location of their dwelling. These statistics indicate that, even prior to the Conservative government coming to power in 1984, there was a growing phenomena of low income renters being marginalized into housing which did not meet their needs.

While not all changes to federal government housing policy can be elaborated on in this chapter, there are those which emphasize the marginalization of lower income people into rental

housing. One of the changes to housing policy in 1986 resulted in an increase in the number of units available for low income people. This change in policy meant that in non-profit and co-operative housing projects, sixty to seventy-five percent of the units now had to be allocated to people in core need, where previously only twenty-five percent had been allocated to those in core need (Sewell 1994, 173). The re-orientation of housing policy facilitated the marginalization of lower income people into public housing and further established non-profit and co-operative housing agencies as the providers of housing for low income people. These changes in housing policy meant that all government sponsored housing programs, the old public housing programs (Sections 40, 43 and 44) and the non-profit and co-operative programs were now designed for people in core housing need only.

As in Britain, there were external factors affecting the direction of Canadian housing policy in the 1980s which will continue to affect housing in the 1990s. Hulchanski (1988) outlines three economic trends which will affect housing in the 1990s.

1. The decline in Real Family Incomes. Average real incomes of Canadian families fell by 6 percent between 1980 and 1984.
2. More Low income Single Parent Families. Over the period 1966-1986 the number of single parent families rose 130 percent while husband wife parents increased by only 42 percent.
3. The Aging Population. The population aged 65 and over is the fastest growing age group and almost half (47 percent) of unattached elderly Canadians live in poverty (Canadian National Council of Welfare 1987a in Hulchanski 1988, 7.)

These economic trends make it apparent that Canadian housing policy in the 1990s must be proactive and address specific issues by pursuing solutions to affordable housing problems.

The increased rate of marginalization in the Canadian public housing sector has resulted, not only from changing federal government policies, but also from the external factors mentioned above, resulting in the present situation of people in the lowest income quintiles being renters in core need.

5.3.3 Residualization: The Decline of the Rental Sector

As with marginalization, residualization has not occurred in Canada to the same degree as it has in Britain. Due to the fact that Canadian public housing has always catered to a more economically marginal group than in Britain.

In the Canadian context, the residualization process more accurately refers to the increase in the number of low income people who are renters in the public housing sector. When examining residualization in Canada, the economic inability of people in the lowest income quintile to afford home ownership, (even with home ownership programs), has not changed in the last two decades. Tables 5.10 and 5.11. demonstrate the inability of low income groups to become home owners. These tables also show that it is the lowest income people who are unable to afford home ownership and that these people are in core need, occupying dwellings which lack one of the three components of core need: adequacy, suitability or affordability. Although the data in Tables 5.10 and 5.11 refers to the private rental sector, they show the difficulty people within the lowest income quintiles have in obtaining either home ownership or decent accommodation.

The prominence of low income people in the rental sector, both private and public has been documented by Murdie (1994). When examining the Metropolitan Toronto Housing Authority (MTHA), Murdie addressed two prime issues. The first was the increase in the number

of long term tenants in low income housing. The second was the domination of public housing by one parent families and families on welfare. Murdie (1994) stated that "public housing tenants were older than the general population (twenty-six percent of public housing tenants were 65 years of age and over compared with ten percent of the general population" (ibid, 297). Murdie further noted that there were more one-parent households living in housing provided by the MTHA, twenty-four percent compared with ten percent for renters in general. Tenants of MTHA also had incomes which were forty percent of average renter incomes.² Evidence that public housing has become a residual form of housing for low income people is evident from examining the change in the primary source of income. In 1970 fifty-seven percent of tenants in MTHA received their primary source of income from employment, while in 1989 only eighteen percent received their primary source of income from employment (ibid). Pomeroy (1994, and forthcoming) also argues that the incidence of people in the public housing sector on social assistance has increased from eighteen percent in 1982 to thirty-three percent in 1988 (Pomeroy, forthcoming).

Although this data is not as comprehensive as the data provided on residualization of council housing in Britain, shown in Tables 5.12 and 5.13 it does demonstrate that public housing in Toronto is being occupied by an increasingly marginal group of people. Between June 30, 1982 and April 7, 1995, the percentage of employed tenants living in housing provided by MTHA declined from thirty-four to twenty-six percent (MTHA, 1982-1995) At the same time, the percentage of people on general welfare increased from ten to twenty-two percent over the same period.

Table 5.12

Tenant Income Data Metropolitan Toronto Housing Authority 1982-1991

Income Source	Jun/30/82		Jul/08/85		Dec/01/91	
	31,784 (total units)	100%	32,690 (total units)	100%	31,858 (total units)	100%
Employed	10,836 (people)	34.1%	10,836 (people)	34.1%	8,740 (people)	27.4%
General Welfare	3,309	10.4%	2,402	7.4%	3,586	11.3%
Family Benefits	8,121	25.6%	10,905	33.4%	12,409	38.9%
UIC	549	1.7%	399	1.2%	684	2.1%
WCB	198	.6%	164	0.5%	181	.6%
Old Age Pension	6,163	19.4%	5,881	18%	4,128	13.0%
DVA & CP	1,878	5.9%	1,737	5.3%	1,621	5.1%
Other	730	2.3%	532	1.6%	509	1.6%
Avg. Mth. Rent Income	\$7,717		\$664		\$769	

Source: MTHA, Communications Branch

Table 5.13

Tenant Income Data Metropolitan Toronto Housing Authority 1993-1995

Income source	Jan. 01/93		Aug. 08/94		Apr. 07/95	
	31,789 (total units)	100%	31,475 (total units)	100%	31,612 (total units)	100%
Employed	8,062 (people)	25.3%	8,260 (people)	26.2%	8,374 (people)	26.5%
General Welfare	4,634	14.6%	6,573	20.9%	6,984	22.1%
Family Benefits	12,326	38.8%	11,116	35.3%	10,695	33.8%
UIC	696	2.2%	not avail.	-	not avail.	-
WCB	188	0.6%	not avail.	-	not avail.	-
Old Age Pension	3,492	11%	4,145	13.2%	4,000	12.7%
DVA & CP	1,855	5.8%	891	2.8%	963	3.0%
Other	536	1.7%	490	1.6%	596	1.9%
Avg. Mth. Rent Income	\$681		\$661		\$634	

Source: MTHA, Communications Branch

Pomeroy (forthcoming) further notes there is a lack of literature specifically referring to residualization of public housing in Canada and that there is no data available for the trends occurring in the 1990s. Based on the limited data sources and similar experiences occurring in Britain there are strong indicators that the residualization process will become increasingly important to public and private rental housing in Canada (Pomeroy forthcoming, 10). The lack of secondary sources on residualization in Canada has also been noted by Murdie (1994), who draws two primary conclusions from his research.

1. There has been a shift from a relatively high percentage of large family-orientated households in 1970 to a higher proportion of elderly in 1989.
2. There has been a change in the source of income from employment income to various forms of social assistance. (Ibid, 298.)

From the data collected Murdie has concluded that:

The MTHA projects have become increasingly unlike the rest of Toronto, and a home for the most impoverished in society - one parent families, mostly female led, low income households that are not keeping up with income increases in the rest of society, the unemployed, those who are unable to work or have given up looking for work, and a relatively large number of visible minorities, particularly black who entered Canada in the 1970's. (Murdie 1994, 319.)

Due to a shortage of literature and statistical data available on the changing socio-economic characteristics of public housing tenants in Canada, the information presented here does not definitely establish that the rate of residualization in Canada will increase. These statistics

establish however, that residualization, along with polarization and marginalization, are present within the Canadian housing system, even though they have not yet developed to the degree they have in Britain.

5.3.4 Conclusions

The presence of polarization, marginalization and residualization in the Canadian housing system are different than in Britain. This is primarily due to the different groups which public housing serves. Nevertheless, the changes to government housing policies in the mid-eighties have had a significant impact on the processes of polarization, marginalization and residualization. In terms of polarization, the increase is most notable when examining the widening gap between those able to afford home ownership and those unable to afford it.

The marginalization process is the least evident in Canada due to the Canadian public housing system always serving a more needy clientele than council housing in Britain. The development of the core need model and the elimination of funding for new social housing however, will contribute to an increasingly marginal group living in Canadian public housing.

Due to the lack of data and literature available on residualization in Canada there can be no firm conclusions reached in this section. Although limited, the data supports the idea that public housing in Canada is increasingly being occupied by those relying on government assistance and other forms of income rather than employment as their primary source of income.

5.5 Conclusions

Polarization, marginalization, and residualization have come to play an increasingly important role in the public housing systems in Britain and Canada since the changes to public housing policy occurred in the 1980's. In Britain polarization has contributed to a widening gap between those able to purchase their council house and those unable to afford purchase. Polarization has also contributed to a greater disparity between the number of owner occupiers and renters in different regions in the country. Home ownership for those with high incomes has become more affordable than it was ten years ago and has become less affordable for those in the lowest income quintile.

Given that public housing in Britain and Canada served different groups, there is difficulty in comparing the degree of marginalization in each country. This thesis has demonstrated that, although British public housing originally did not serve the most marginal groups changes to public housing policy in the past fifteen years have resulted in an increase in the number of marginal groups living in council housing. Marginalization in Canada has always been more prominent than in Britain due to the groups that public housing serves, changes to public housing policy in the 1990s will also result in an increasingly marginal group in public housing.

The increase in the residualization of public housing in Britain has been one of the most significant effects of privatization. The decrease in economically active heads of households and the increase in lower income people living in public housing supports the notion of the residualization of council housing. In Canada, the research carried out by Murdie (1994) and Pomeroy (1994, forthcoming) also supports the belief that residualization is occurring in the Canadian public housing system.

Endnotes

1. Study based on the statistics Canada Household Income Facilities and Equipment (HIFE) microdata sets for 1972, 1976 and 1986.
2. For a more complete examination of the findings refer to Murdie, Robert. "Social Polarization and Public Housing in Canada: A Case Study of the Metropolitan Toronto Housing Authority." in The Changing Canadian Metropolis: A Public Policy Perspective. Institute of Governmental Studies Press University of California, Berkeley 1994.

Chapter 6

THE END OF PUBLIC HOUSING?

The purpose of this thesis was to provide a critical analysis, explanation and evaluation of how public housing, as one service provided by the welfare state, was targeted for dismantling in Britain and Canada between 1980-1995. This was done by exploring four themes: (1) the classification of the Swedish, British, Canadian and American welfare states, using Esping Andersen's welfare worlds model; (2) the political influence of the New Right and other economic and sociological factors which contributed to the unravelling of the welfare states; (3) the retrenchment of the public housing systems in Canada and Britain; and (4) the repercussions of these retrenchment policies.

While Chapter One provided an overview of the thesis Chapter Two demonstrated that not all welfare states provide the same level of social services and programs. Chapter Two demonstrated that, according to Esping-Andersen's welfare worlds model, the type of welfare state a country is classified as depends on the program being used in the classification. Esping-Andersen's welfare worlds model differentiates between the various types of welfare worlds. The welfare worlds model identifies Sweden as belonging to the social democratic world. The social democratic world is based primarily on prevention and the provision of benefits on a universal scale to its citizens. The liberal model, on the other hand, focuses on private production and means-tested public assistance, and is reactive rather than proactive in nature. According to Esping-Andersen's classification system, Britain, Canada and the United States belong to the liberal world.

The unravelling of the welfare state which emerged in all four countries occurred due to a combination of factors. Olsen (1996) has categorized these into three primary groups: political, economic and sociological factors. The degree to which these factors contributed to the retrenchment of the welfare state varies in each country. As outlined in Chapter Two, the shift to the right in the political spectrum has been the most notable and well documented factor contributing to the demise of the welfare state. The defeat of the Social Democratic Party in Sweden in 1991, the election of the Conservative government in Britain in 1979, the election of the Conservative government in Canada in 1984, and the election of the Republican party to power in the United States in 1980 were the catalysts for the unravelling of the welfare state in each country. The general fiscal crisis facing governments, and the shift in the balance of power, away from the labour movement facilitated the unravelling of the social programs and services, once considered a fundamental part of the welfare state. Chapter Two laid the foundation for the welfare state today, by establishing that the restructuring of the welfare state is not an anomaly, but rather a phenomena which has been occurring in many welfare states.

Examining the historical evolution of public housing in Britain and Canada provided a clear analysis of the development of public housing in each country. Thus, the convergence of public housing policies towards a non-interventionist perspective, in both nations, becomes clear with the analysis of the legislation and policies developed which promoted privatization in Britain and federal disentanglement in Canada.

The historical evolution of public housing presented in Chapter Three laid the foundation for examining the convergence of public housing in Britain and Canada. Chapter Four focused on how the right-wing governments of Britain and Canada have restructured their public housing

programs in the past fifteen years. Although Britain and Canada are classified as belonging to the liberal model, the retrenchment of public housing in both contributed to a movement to the right of the political spectrum, further away from the social democratic world. The first step towards the dismantling of the welfare state in Britain emerged with the introduction of the 1980 Housing Act under the Conservative Prime Minister, Margaret Thatcher. The first attack on the public housing system in Canada came in 1986 with the elimination of mixed income public housing projects, the Federal-Provincial/Territorial agreements and the development of the Core Need Model. These steps taken by the British and Canadian governments shortly after the election of right-wing conservative governments were indicative of the direction the governments would pursue for the next fifteen years. .

These initial developments represented the first in a series of legislation and policy developments which focused on decreasing government responsibility for housing low income people, either through privatization or by increasing the responsibility of other levels of government and non-governmental organizations. The decreased government commitment resulted in more reliance on private production and means-tested public assistance programs, placing Britain and Canada firmly within the liberal world.

The privatization of public housing in Britain had the obvious consequence of increasing the rate of home ownership in Britain (see Table 4.1) and decreasing the availability of rental housing for low income people. Although the privatization of the public housing in Canada has not yet occurred, there were significant repercussions emerging from the policy developments in the 1980s. The most notable was the decrease in money allocated for social housing, resulting in a decrease in the construction of units and an eventual decline in the supply of social rented

housing. This decline is the most prominent issue to emerge out of the retrenchment of the public housing systems in Britain and Canada. Chapter Five pointed out however, that the decline in the construction of social rented housing and the increase in home ownership are not the only issues to emerge out of the privatization program in Britain and federal disentanglement in Canada.

The repercussions of the dismantling of the welfare states is something that may not be fully realized for sometime to come. The elimination of funding for public housing in Britain and Canada will have significant repercussions. As presented in Chapter Five the processes of polarization, marginalization and residualization are issues which will play an increasingly important role in the development of government housing policy in the future. The acceleration of these processes and their repercussions on public housing in Britain and, to a lesser extent in Canada, cannot be ignored. The increasing polarization between owners and renters, and the rising proportion of disadvantage people living in public housing combined with the subsequent decline in the supply of public housing have all become issues at the forefront of public housing policy.

In the future the degree to which governments will allow this decline in public housing to occur must be addressed. Will governments intervene to bridge the gap between home owners and renters in core need? Will legislation be developed to ensure that once the administration of the social housing stock is transferred to the provinces that this housing will remain as social housing stock and not be privatized as has been done in Britain? Will programs be developed to ensure that the economically disadvantage are housed in housing meeting all of the Core Need Model requirements of adequacy, suitability and affordability? Will steps be taken to ensure that

the remaining public housing stock does not deteriorate to a condition similar to the public housing ghettos of the United States?.

This thesis has demonstrated that the changes occurring to the British and Canadian welfare states will have an important impact on the availability affordable rental housing. The retrenchment of the British and Canadian public housing programs are not anomalies but form a smaller component of the general restructuring that is occurring in many countries due to changing political, economic and sociological factors.

Appendix 1

Table 1

The Development of British Public Housing Policy

Pre World War I (Pre 1919)

- 1848 Public Health Act.** Established the general Board of Health and enabled local boards to be set up.
- 1868 Artisan's and Labourers's Dwelling Act (Torrens Act).** Authorities given the power to demolish individual unfit houses. No compensation for owners and no municipal rebuilding.
- 1890 Housing of the Working Classes Act.** Consolidated and amended earlier legislation. Part I dealt with areas of unfit and insanitary housing and rebuilding powers. Part II dealt with individual unfit houses. Part III dealt with local authority powers to build housing for general needs.

World War I to World War II (1919-1944)

- 1915 Increase of Rent and Mortgages Interest Act (War restrictions).** Fixed rents and interest rates at their August 1914 levels.
- 1919 Housing and Town Planning Act. (Addison Act)**
- 1923 Housing Act (Chamberlain Act).** Introduced a new subsidy with fixed Exchequer liability and not mandatory rate contribution. Intended mainly to stimulate private builders. Withdrawn in 1929.
- 1924 Housing (Finance Provisions) Act (Wheatly Act).** Introduced a new, higher subsidy with mandatory rate contribution. Withdrawn 1933.
- 1930 Housing Act (Greenwood Act).** Intended to promote slumclearance; new subsidy calculated on the number of people rehoused from clearance areas. Permitted local authorities to operate rent rebates.
- 1935 Housing Act.** New subsidies to help with the relief of overcrowding. Local authorities required to operate one Housing Revenue Account, and permitted to pool rent and

subsidies.

Post World War II (1945-1979)

- 1954 Housing Repairs and Rent Act.** Restarted slum clearance and encouraged private sector improvement. Introduced 12 point standard' for improvement.
- 1955 Policy shift**
- 1969 Housing Act.** Raised level of improvement grants and introduced 'general improvement areas'
- 1974 Housing Act.** Introduced Housing Action Areas and expanded the role of the Housing Corporation.

Thatcherism (1980-1992)

- 1980 Housing Act.** Introduced 'Right to Buy', Tenants Charter and New Housing Subsidy System. Changes to Rent Act.
- 1984 Housing and Building Control Act.** Extended and tightened 'Right to Buy'.
- 1986 Housing and Planning Act.** Extended 'Right to Buy' discounts, but Lords' amendment excluded dwelling suitable for the elderly. Facilitated block sales of estates.
- 1988 Housing Act.** Deregulation of private renting. New financial arrangements for housing associations. Tenants Choice and Housing Action Trusts introduced.

Source: Forrest and Murie 1990.

The Development of Canadian Public Housing Policy

- 1935 Dominion Housing Act (DHA)** was introduced. Under the DHA, a \$10 million fund was established to help prospective builders and home owners secure loans. Loans were provided jointly by the federal government and authorized lenders. Replaced by the NHA in 1938
- 1938 National Housing Act (NHA).** Marked the beginning of a greater federal role in housing. Primary intent was to stimulate housing production and employment. A direct federal role in the provision of housing for low-income households was created.
- 194 Wartime Housing Limited (WHL)** was established. It was a crown corporation whose mandate was to construct, purchase, rent and manage rental housing for war workers in areas experiencing housing shortages absorbed and dismantled by CMHC in 1948.
- 1946 Central Mortgage and Housing Corporation (CMHC)** was established. Canada's national housing agency, renamed Canada Mortgage and Housing Corporation 1979. CMHC is the crown corporation responsible for administering housing legislation, such as the NHA.
- 1954 Federal/Provincial Public Housing Program** was introduced under NHA Section 40. The program stipulates that the capital costs and operating losses incurred by the creation of public housing projects be shared on a 75%-25% basis between the federal and provincial government. CMHC assumes responsibility for approving, planning and designing these projects.
- 1956 Montreal's first public housing project (Jeanne Mance)** was approved. Vancouver's first public housing project (Strathcona) was developed.
- 1964 Urban Renewal and Public housing Programs** were expanded under NHA Section 35.

1965 Federal/Provincial Public Housing Program under NHA Section 40 was expanded in the prairie provinces to include housing for indigenous persons.

1968 Hellyer Task Force was established.

Federal government imposed a moratorium on all new urban renewal approvals and on the development of large public housing projects.

1969 Public Housing Program under NHA Sections 43 and 44 was introduced.

1973 Assisted Home-Ownership Program (AHOP) was introduced.

Neighbourhood Improvement Program (NIP) was introduced.

Residential Rehabilitation Assistance Program (RRAP) was introduced.

Nonprofit and Cooperative Housing Programs under NHA Sections 15.1 and 34.18 was introduced.

More unilateral federal and provincial measures began in place of joint cost-shared federal-provincial activities.

Urban Renewal Program was terminated.

1974 Multiple Unit Residential Building (MURB) scheme was introduced.

Registered Home Ownership Savings Plan (RHOSP) was introduced.

Rural and Native Housing (RNH) Programs were introduced.

British Columbia became the first province to deal with the loss of rental units resulting from condominium conversions by amending its legislation to give municipalities the ability to stop the conversion of rental units.

1978 Non-profit and Cooperative Housing Programs under NHA Section 56.1 were introduced.

AHOP, ARP, NHA Sections, 15.1, 34.18, 40, 42 and NIP were terminated.

1982 Canadian Home-Ownership Stimulation Plan (CHOSP) was introduced.

MURB was terminated.

1983 NHA Section 56.1 evaluation was produced.

CHOSP, CHRP and CMRP were terminated.

1985 Federal Consultation "Paper on Housing" was published.

1986 Federal-Provincial/Territorial Agreements. New Federal/Provincial cost-sharing and delivery arrangement for social housing was introduced.

Income Mixing in Federal Social Housing programs ended and was replaced by specific targeting to only the most needy households.

1992 Co-operative housing program was terminated

1993 Elimination of funding for new social housing

Source: Miron 1994.

History of Reductions to CMHC's Budget, 1984-1993

Year	Budget Reductions
November 1984	<u>Economic Statement</u> The Nov. Federal Budget reduced Non-Profit and RNH subsidy units, eliminated Non-Profit RRAP & reduced Research budget. The impact over the 7 year period covering 85/86-91/92 was \$127.8 m.
February 1986	<u>Budget</u> The Feb. Federal Budget reduced Rental RRAP, Research & Communication. The impact over the 7 year period covering 85/86-91/92 was \$80.3 m.
April 1989	<u>Budget</u> The April Federal Budget eliminated Rental RRAP. The impact over the 5 year period covering 87/88-91/92 was \$146 m.
February 1990	<u>Budget</u> The April Federal Budget reduced new commitments by 15%, across the board reduction and reduced the research budget. The impact over 2 year period covering 89/90-91/92 was \$54.8 m.
February 1991	<u>Budget</u> The Feb. Federal Budget continued the 15% across the board reduction to new commitments, reduced Operating Budget, Research and imposed various efficiency measures. The impact over the 1 year period covering 91/92 was \$54.8 m.
February 1992	<u>Budget</u> The Feb. Federal Budget terminated the Coop-ILM program, imposed CAP to Social Housing new commitments to limit new delivery to a \$70 m Cap in 1992 and \$45 m thereafter, reduced by 3% the Non-Salary Personnel Reduction, imposed various efficiency measures, & continued the reduction in Research & Communications. The impact over the 5 year period covering 92/93-96/97 was \$664.8 m.
December 2, 1992	<u>Economic and Financial Statement</u> The Dec. Economic Statement imposed a CAP to Social Housing new commitments to limit new delivery to a \$41 m Cap in 1993 and \$37 m in 1994 onwards, a 2 year wage freeze & further reduced the Research budget. The impact over the 5 year period is included in the April 1993 Budget below.
April 26, 1993	<u>Budget</u> The April Federal Budget eliminated the new Social Housing Commitments in 1994 onwards except for On-Reserve programs and again reduced the Research budget. The impact over the 5 year period including the 1992 December Economic Statement and 1993 Federal budget (93/94-97/98) was \$600 million.

Source: CMHC, in Carter, Kastes and Patterson 1994.

Labour Force Survey 1986 Housing Tenure (By Occupational Group) (Persons in Employment)

	Pro-fessional, Mgt., Admin.	Pro- fessional, education, welfare, health	Literary artistic music	Prof., science, tech.	Manage- ment	Clerical & related
Public Tenants %	1	3	0	1	3	12
Outright Owners %	6	8	1	5	12	18
Mortgaged Owners %	9	11	1	5	9	17
H.A. Tenants %	3	7	1	2	7	16
Private Furnished Tenants %	11	14	3	7	10	13
Private Unfurnished Tenants %	3	9	1	2	19	11
Other %	6	9	3	3	14	14
All % Households	7	9	1	1	4	16

Table 2

Labour Force Survey 1986 Housing Tenure (By Occupational Group)(Persons in Employment)

	Selling	Security	Catering, personal service	Farming Fishing	Processing excl. metal & electrical	Processing metal & electrical
Public Tenants %	6	1	21	2	10	11
Outright Owners %	7	1	11	2	6	9
Mortgage Owners %	7	2	9	1	6	10
H.A. Tenants %	6	1	19	2	8	9
Private Furnished Tenants %	6	7	12	2	4	4
Private Unfurnished Tenants %	6	5	15	8	6	5
Other %	6	3	13	2	5	7
All Households %	7	2	12	2	7	10

Source: Forrest and Murie 1990, 24 Table 13b.

Table 3

Labour Force Survey 1986 Housing Tenure (By Occupational Group) (Persons in Employment)

	Painting repetitive assembling	Construction & Mining	Transport operating materials, moving and storing	Miscellaneous	Inadequately described/ not stated
Public Tenants %	7	5	10	3	1
Outright Owners %	4	3	5	1	0
Mortgage Owners %	3	3	5	1	0
H.A. Tenants %	4	4	9	1	0
Private Furnished Tenants %	2	1	2	1	0
Private Unfurnished Tenants %	2	3	4	1	0
Other %	5	3	5	1	1
All Households %	4	3	5	1	>1%

Source: Forrest and Murie 1990, 24 Table 13b.

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