

# Some answers to Canada's housing crisis

Even a new television series was considered by the Halton Liberal Association's special housing committee in their stone-turning for solutions to the national housing crisis in Canada.

An entertaining series along the lines of "Wojeck", but starring a municipal planning officer in a crusade for new types of housing rather than the former show's coroner, was suggested to educate the general public about new housing systems such as the well-known Habitat.

The idea was forwarded as part of an 18-page brief submitted to the Hon. Paul Hellyer, whose task force is studying the crisis and inviting briefs from across the nation.

The local committee condemned land speculators as a major factor in the housing problem, since they buy up large blocks of land and fail to develop the acreage into usable, serviced lots.

Because Canada operates on the democratic free enterprise system, the report noted, "It follows that the housing problem will be solved when it becomes profitable to produce housing in the price range an average wage earner can buy."

The most obvious cause of the housing shortage is high cost and unrealistic percentage of income the wage earner must devote to shelter.

While most financial institutions accept 27 per cent as the amount a man should spend on shelter, many families have to put 50 per cent or more into their home expenses.

Oakville claims the highest average income in Canada—\$6,235 annually—but a detached house in that town costs \$28,500. The purchaser must make a down payment of \$10,000 and be making \$8,000 per year to qualify for assistance from N.H.A. mortgaging.

This means all but 15 per cent of Canada's population is ruled out by the "\$8,000 or over" regulation, and many of those are cut off from assistance since they have neither \$10,000 available in cash or the wherewithal to afford the second mortgaging.

The more probable Canadian family with an income of \$5,000 should be able to put \$110 monthly towards his home payments, and when taxes (even at an admirable \$300 annually or \$25 monthly) are taken out of that, it leaves him \$85 monthly to put into a 25-year mortgage of \$10,000 at 8 and one-half per cent interest.

Meanwhile he would have to be saving 10 per cent of his gross income for five years and, at the end of this hard saving and Utopian taxation, he could afford a home costing \$12,500. By Oakville price standards, he would have gone through his five years of scrimping to place himself and his family in two plywood-lined rooms, a tubless bathroom and a half-basement—the complete shanty situated on a lot 35 by 55 feet.

His taking up residence in the building would depend, of course, on his being fortunate enough to close the deal before some other home-hungry citizen—since the home (an actual situation existing in Oakville last year) was the one and only structure at that price in the town when the committee members found it.

The report also points out the less tangible horrors created by the housing-cost conditions.

High mortgage payments and the unlikelihood of moving to better accommodation create family breakdowns since there is a lack of money for food and other essentials for the family—mothers often must work to supplement the income—the tension destroys the atmosphere of love in the marriage—children are abandoned—heads of families crack under the strain and desert—and some even turn to liquor or dope to ease their heartache.

Apart from the psychological destruction of Canadian families, the resultant welfare burden forces taxation skyward and yet another straw is added to the weakened financial backs of citizens.

Not only blatant speculation of undeveloped land and the world's increasing lending rates put home prices out of proportion. The methods still used for construction, utilities and financing are outdated, the brief claims.

"Since the housing problem is primarily one of money," the report states, there is a need for "cost analysis on the cost of a house from raw land to finished product," with an eye to cutting those costs.

The astronomical price tag lots bear when the prospective home-owner or builder views

them is due to the large number of profits made on the land between the time it leaves the original owner and the time it's ready for habitation. Among the hands it passes through are those of the original rural landowner, speculator, developer, builder, municipality and public utilities organization.

The excess of demand for land's short supply isn't caused by the usual free enterprise balance, however. It's not only land—but SERVICED land that is in starvation quantities.

Halton's brief suggests a municipality should have service on two or three times the number of lots it actually requires, and prices would at least remain steady if not begin backing down.

The main service required for development, of course, is trunk sewers. A solution offered is the running of large trunk sewers in a starburst from the centre of the municipality.

The report recognizes the large initial financial outlay required of the municipality, but notes the expense would be recovered over the years as the areas developed.

This sewer network would strike a blow against land speculators—and the report suggests following it up with establishment of a land transfer tax and a time limit tax on undeveloped property—exempting farmers and conscientious developers.

Trunk sewers, however, are themselves somewhat obsolete in the face of research done on sewage disposal.

Florida has a system of neighborhood tanks which the committee urged the National Research Council to study, along with the incinerator system.

Inconsistency of municipal regulations regarding housing and related subjects makes the going very rough, not only for municipal councils (who would prefer not to get into hassles with education boards, provision of services and other work), but also for the industries who would be welcomed warmly by local government since they are easy to care for and bring money.

High-cost or lacking housing makes industry hesitant to locate in a town, since their workers would have to either beg raises to meet the payments or commute from afar—also a costly project.

"Municipal governments," says the committee, "are also notoriously troublesome regarding responsibility for building standards. A developer working in Halton County may have to be concerned with dozens of municipal by-laws varying considerably."

Regional government, it is felt, would have a planning staff responsible for the development of land from a county perspective rather than the smaller-scaled municipal basis.

Other standardization procedures include the establishment of the National Research Council as the central and sole authority for building materials and systems approval. This would in turn encourage national-sized companies to research and implement prefabricated housing and possibly executives of large automobile manufacturing concerns could be loaned to or hired by the prefabricators to set up an assembly line system for their product.

Even when houses become available, and even should prices

established and development afterward be related to same, as to land price.

9. Rent controls within general accepted norms of decrease in dollar value in upward movement of rent.

10. Consideration of lot sizes being normed for all future housing to be erected in Canada, all having standard footage.

The report was prepared by district council president G. G. Heym, secretary C. C. Dahmer and the council's executive board.

1. Further establishment in this area of low rental housing for those citizens in need of same.

2. The Federal Government to take initiative in conjunction with municipal and provincial government to erase housing shortage.

3. To assist municipalities in assembly of land and in processing basic services for opening of subdivisions.

4. To assist municipalities by capital grants toward school construction.

5. NHA mortgage interest rates to be available at 6% to anyone earning \$4500, and up.

6. Low rental (subsidized housing) to be made available to anyone earning less than \$5200.

7. Active encouragement by the Federal Government of Citizen Committees with broad recommendative powers as outlined before on the community level.

8. Speculators to be taxed full value of land or fair value be

drop, the \$5,000 per year wage earner will have problems finding the cash to get a home of his own.

Under present circumstances he is a likely candidate for public housing and rent subsidy.

Since rent subsidies are scaled to a man's income, a recognizable fair guideline, it has the negative factor of rising steadily with his income.

The report suggests subsidization of the family as a home owner rather than as a tenant in a public housing project.

Establishment of interest-free loans or subsidized mortgages would allow the family to still put a percentage of their income towards their home, the amount to increase in scale to the income, but they would then be working towards ownership of their home and escape the never-ending rut of the public housing tenant.

A second solution would be the dropping of necessity of a down payment for low-income families.

"The Federal Government," suggests the committee, "could insure these loans as they do now under normal N.H.A. regulations." With the previously

mentioned assembly line building methods the price of the actual house would drop and this, coupled with lowered lot prices, could bring good homes within the reach of lower income families.

The quest for money to buy a home of any price is a problem in itself.

It is inadvisable for the Federal government to pour an increasing amount of money into direct lending. This must be replaced by money from private sources.

Money could be introduced into the mortgage market through the establishment of a lending institution, comparable to the British building societies and the American savings and loan corporations.

The breakdown of various institutions' percentages of money in the mortgage field is as follows: life insurance companies spend 50 per cent in that field, trust companies 55 per cent, loan companies 75 per cent, pension funds nearly 10 per cent and banks less than three per cent.

To encourage chartered banks to participate more in lending money for mortgages, the report suggests they be permitted to

negotiate their interest rate on a five-year rather than a 25-year basis; or be allowed to introduce a variable interest rate.

Red tape is cited as another major cause of time and money waste.

Complications involving multi-page documents for mortgages and land transfers turn second mortgage marketing into what the Halton report describes as "an administrative jungle" for pension plan administrators who might want to get into long term investment via that market.

One administrator interviewed by committee members said second mortgaging was not worth the trouble when other sources of investment are available that are less complicated.

Also contributing to the cost escalation are the expenses a developer incurs in getting services for his homes.

Hydro companies (and the report suggests a provincial hydro company rather than numerous local ones) demand large sums for installation of underground wiring and the bill is handed to the new owner in a lump sum rather than spread out

over a negligible increase in rates.

Apart from the construction of lower-priced homes and easing of the path towards home ownership, the committee emphasized the need to maintain existing housing.

This could be ensured by a hard re-appraisal of the home improvement program, and inauguration of a better home improvement loan system to permit people to buy older houses in "slightly rundown areas" and renovate them.

Figures related to the housing shortage in Canada baffle the imagination. It's estimated by 1973, if present conditions are allowed to continue, the nation will be short ONE MILLION HOUSING UNITS.

This will be brought about by the fact 200,000 new housing units will be required annually for a decade just to keep pace with growth; and destruction of existing houses for expressways or due to obsolescence will contribute a further 1,000,000 units to the deficiency each year.

What caused this terrifying shortage of accommodation for Canada's citizens?

A total of around 13 unlucky

elements including the coming to maturity and establishment of families by "war babies"; large numbers of immigrants settling in cities, the "farm-to-city" movement; poor municipal planning which encourages speculation; desires of people to have more luxurious homes—thereby making builders include high-cost "frills" in most new homes (often raising a structure's price by \$7,000); the forcing of services' cost onto developers by municipalities, often making the amount spent on services close to \$3,500 per 60' lot, more than the land's initial cost; attempts by governments to prevent urban sprawl, resulting in loss of a reasonable price for rural land—and raising of minimum lot size requirements giving the same effect; the "ponderous" machinery of the provincial government for approving registered plans; the highest interest rates in world history; inconsistency in municipal building standards; clinging of the building industry to antiquated methods and lack of research; the unbelievably twisted bundle of real estate

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(Continued on Page C6)

## Oakville Labour Council presents housing brief

A brief submitted to the task force on housing directed by Minister of Transport the Hon. Paul Hellyer by Oakville and District Labor Council recently attached much of the blame for lack of housing and high prices on existing accommodation to the federal Liberal government, and proceeded to offer recommendations on behalf of some 14,000 union members from the Golden Horseshoe area including Mississauga, Burlington, Milton, Port Credit and Oakville.

Their recommendations included:

1. Further establishment in this area of low rental housing for those citizens in need of same.

2. The Federal Government to take initiative in conjunction with municipal and provincial government to erase housing shortage.

3. To assist municipalities in assembly of land and in processing basic services for opening of subdivisions.

4. To assist municipalities by capital grants toward school construction.

5. NHA mortgage interest rates to be available at 6% to anyone earning \$4500, and up.

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