

A MATTER OF MANAGING AN INNER CITY RESOURCE

Using Existing Buildings in Inner City
Areas to Provide Low-Income Housing

by

Lynda Henry Newman

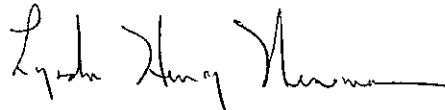
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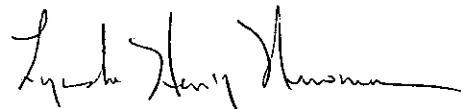
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ABSTRACT

In Canada, the late 1970's and 1980's are seeing an increasing proportion of private funds being invested in inner city commercial and residential property. The inner city's continuing role as a source of low-income housing is in doubt. This study considers how this private activity provides an interesting opportunity and challenge to planners to integrate public housing policy and programs with private goals and projects. To this end, the study reviews municipal planning policy and government housing programs as they relate to the provision of low-income housing in urban areas by utilizing existing buildings, of all kinds, in the inner city.

Two sources of information are used in the study - the literature and primary data collected from professionals involved in housing production and planning. For the latter, questionnaires were prepared and administered to four municipal planners and three financiers. Information was also solicited from other government officials.

The study concludes that low-income housing production can be increased through greater use of existing building stock in inner city areas. To this end, recommendations for both municipal planning and government housing programs are made.

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Chapter I

INTRODUCTION

1.1 STATEMENT OF PURPOSE

The inner city has always been a major source of low-income housing. It also provides employment opportunities and access to transportation, social service agencies, shopping and established social networks for low-income households. The inner city is that area located between the central business district (CBD) and the residential suburbs, which is characterized by a mix of continuously changing land uses and older than average buildings and infrastructure. Historically, the level of public concern with the inner city has fluctuated dramatically. Municipal planning and public and private financing have fluctuated concurrently. The most recent upswing in inner city interest has been triggered by national concerns such as the cost of energy and the relatively high public and private cost of suburban living. In Canada, the late 1970's and 1980's are seeing an increasing proportion of private funds being invested in central city commercial and residential property.

This study considers how this private activity provides an interesting opportunity and challenge to planners to integrate public housing policy and programs with private

goals and projects. This study will review municipal planning policy and government housing programs as they relate to the provision of low-income housing in urban areas by utilizing existing buildings, of all kinds, in the inner city.

There is a strong tendency, shown in the literature, to condemn private activity as being detrimental to social housing goals. In many instances this is true but this situation does not demand that planners 'fly in the face of private industry', in order to achieve social goals. This study will make a case for more sensitive planning which will maximize private/public interaction in policy and program development. The study will also explore the areas of complementarity and conflict which exist between the private and public sector in the development and delivery of programs for low-income housing.

1.2 SCOPE OF STUDY

The study was inspired by the author's personal involvement in both housing rehabilitation and social housing production. The author spent three and a half years working first for a small municipality administering the Neighbourhood Improvement Program, the Residential Rehabilitation Assistance Program, and the Ontario Home Renewal Program and secondly as the program manager for social housing for the Peterborough office of Canada Mortgage and Housing Corpora-

tion (CMHC). Through participation in tri-level government workshops, in-house CMHC seminars and discussions with many individuals participating in all phases of social housing production, the author concluded that the use of existing buildings in inner city areas to provide low-income housing was worthy of study. Many of the observations made in the study are drawn from this experience and combined with the research subsequently carried out have led to the formulation of the study's conclusions and recommendations.

The study draws on two sources of information - the literature and primary data collected through the interviewing of individuals involved in housing and inner city projects. The latter item is particularly important to the development of the second chapter and the basis for selecting interviewees is explained in section 2.1. To make the program review in Chapter IV as current as possible representatives of CMHC and the Ministry of Municipal Affairs and Housing were questioned.

¹ Frieden (1964), O'Loughlin (1979) and Lipton (1977) conclude that without a strong central core, there is no hope for the revival of older residential neighbourhoods. Peter Barnard Associates (1975), in a study on downtown decline in Ontario cities, concluded that central core deterioration was most severe in cities with populations between 25,000 and 100,000. Programs to stimulate reinvestment downtown were recommended. The Ministry of Housing implemented two programs - Main Street Revitalization and Ontario Downtown Revitalization for cities with populations less than 35,000 and 125,000 respectively. In contrast are Toronto and Ottawa with vital central cores and large scale reinvestment in older residential neighbourhoods. This study will look at those cities of populations great-

Medium-sized Ontario cities¹ are the focus of this study. Federal and provincial housing programs and municipal housing policy will be reviewed. Housing activities in other provinces and other countries will be considered only to illustrate policy and program alternatives.

Program statistics and guidelines for Ontario social housing initiatives will be evaluated for the period 1970 to 1980. Proposals for change are directed at activities in the 1980's. Planning for housing need, considering the variability of market trends, can only be done for medium-range intervals. Policy can reasonably extend 5 to 10 years. Programs of 3 to 5 years are feasible.

1.3 STRUCTURE OF STUDY

The remainder of Chapter I sets out the goal, objectives, limitations and definitions which are central to this study. In the section on limitations, areas of research are proposed. While relevant, these areas are considered beyond the parameters of the study. In the final chapter, further research is recommended which would explore in more detail issues raised in the study. The chapter concludes with a discussion of how this study relates to current activities in social housing and in the housing market, in general, and why the study is considered necessary.

er than 125,000 excluding Toronto and Ottawa. These are the cities with stable core areas and where limited inner city revitalization has occurred. (Frenette, 1978)

Chapter II considers the municipal role in planning for and managing inner city revitalization. The impact of both private and public reinvestment activity on low-income housing is of concern. Of particular interest are the possible avenues by which municipalities can encourage inner city revitalization and also maintain and increase low-income housing.

Chapter III reviews Canadian social housing activity, concentrating on provincial and federal programs operating in the 1970's. Also considered are statistical findings on Canada's low-income population. This discussion leads to a more detailed review of housing programs which can utilize existing buildings in inner city areas for low-income households. Chapter IV reviews the performance of the Residential Rehabilitation Assistance Program, the Ontario Home Renewal Program, and the Non-Profit and Cooperative Housing Programs. Chapter V presents recommendations for municipal planning and provincial and federal housing programs for the 1980's. In most cases, improvements to existing programs to allow for more effective use of existing buildings in the inner city for low-income housing, are recommended. The municipal role is also highlighted. The chapter ends with a brief conclusion to the study. In the conclusion, recommendations for further study are made.

1.4 GOAL

To identify municipal policy direction and to develop housing program proposals which can be implemented by government agencies in the Province of Ontario and which will increase the housing supply available to low-income households in the inner city.

1.5 OBJECTIVES

1. To review the literature on municipal forecasting of inner city revitalization. Of particular interest is the literature which considers ways of forecasting private reinvestment. From this review will come a discussion on municipal planning to enhance private/public interaction in the inner city.
2. To review low-income housing programs and their guidelines, in Ontario, to determine their strengths and weaknesses, thus identifying areas requiring change. The review will concentrate on programs which can utilize existing buildings. The study period is 1970 to 1980. Earlier initiatives will be considered only as part of the historical perspective.
3. To make proposals for program improvements to enhance the utilization of existing buildings in the inner city for assisted low-income housing.

1.6 LIMITATIONS

1. As stated by the Ontario Welfare Council(1973a), low-income people do not have a housing problem, they have an income problem of which poor housing is a symptom. Income deficiency is not being addressed in the study, although some of the problems generated by poverty are referred to. The study concentrates on one of the problems - the availability of adequate housing.
2. Housing production and housing policy are very complex. This study is looking at a small portion of the system and thus limitations are imposed on the study. In carrying out this study, many more areas of research have become evident. Further research is needed on:

- a) The planning implications of a shift of low-income households to residential areas traditionally not occupied by a group requiring a high level of government services.
- b) The relationship of inner city, low-income housing initiatives to programming for other areas of the city requires clarification.
- c) Technology for rehabilitation - construction materials, the construction industry and government building regulations.
- d) What is the impact of national lending mechanisms on subsidized housing programs? What are the policy implications of this impact?
- e) What are the methods which will allow low-income groups to enter the conventional financing stream?

1.7 DEFINITIONS

1.7.1 Inner City

L.S. Bourne (1978) identified three dominant and parallel processes which take place in the inner city. These are:

- aging and obsolescence of housing, social services, infrastructure and industrial base.
- land use competition through expansion of the central business district and institutional uses such as highways.
- demographic transition, notably the aging of the population and the loss of family households.

All of these processes lend themselves to measurement but the most commonly used measure for determining the inner city, is the average age of housing stock. CMHC (1979a) and earlier R. McLemore et al. defined "the inner city as those generally contiguous census tracts where the percentage of housing built before 1946 is more than double the metropolitan figure." (1975:1)

Using the concept of concentric rings (Park, et al., 1925), the inner city would be the ring between the central business district (CBD) and the first ring of mature suburban residential development. Both McLemore and Bourne omitted the CBD from the inner city while CMHC included it. Should the CBD be excluded? The answer is not clear but is perhaps contingent upon the purpose of the study. This study, which is interested in housing and the preserving and converting of existing buildings for residential use by low-income persons, will exclude the CBD from the inner city. Two major reasons are:

- the highest land values of the city are found in the CBD. To compete financially for this property for social housing is most difficult.
- the residential component in the CBD's of cities is small as is the quantity of building space which would be available for residential conversion.

In contrast to the medium-sized cities under study, smaller urban centres with underutilized second floors over the commercial establishments of the CBD present different housing opportunities. If this study was looking at smaller urban centres, the CBD would need to be included in the inner city definition.

1.7.2 Housing Need

Housing need and housing demand are two significantly different terms. Demand denotes the ability of the consumer to make his housing needs known. The consumer, who can af-

ford to pay, can affect the housing market. His need is a demand that the housing market can fulfill because he can pay for the product. Housing demand can be measured by the amount of housing, particularly new housing and resale housing, consumed annually. Housing need, on the other hand, may be fulfilled - it has then turned into demand - or may be unfulfilled. Need can be very difficult to determine when persons in need of accommodation do not make this fact known in the housing market. The poor are often part of this group with unknown housing need. They live in housing which often is inadequate, unsuitable or unaffordable but do not have the capability to articulate their need for improved housing.

In an attempt to overcome this problem, CMHC proposed a market value approach to determine housing need.

The average rents for different sized rental units in adequate condition are determined on a market by market basis. These rent levels are then examined in relation to the actual incomes of households of different sizes. If a household's income, including a hypothetical return on housing equity for a homeowner, does not permit the procurement of this basic standard at or less than what is considered an acceptable shelter-to-income ratio, then the household is defined as being in need. (1978:19)

This approach is very commendable as it would accurately evaluate the housing needs of low-income groups. The major drawback is the collection of data required for this method. No agency collects all of these data on a regular basis from an adequate sample of the Canadian population.

1.7.3 Affordable Housing

Due to the lack of data for the market value approach, affordability is the single measure commonly used to determine need. Housing is affordable when the shelter cost-to-household income ratio does not exceed 25 per cent.² Shelter cost includes repair and utility expenditures. Household income is gross income from all sources. It should be noted that data available on need varies as does the definition and thus comparability of data is suspect.

1.7.4 Least-Cost Housing

Least-cost housing varies from affordable housing in that it is the housing of least cost in a market area. It is not necessarily affordable by all. In this market no adequate housing may be available to the lowest income groups without subsidy by government or overspending on shelter by the households.

² The 25 per cent ratio has been in use for a considerable length of time. Its origin, while not established by a strong statistical test has proven, over time, to be quite fair. Its weaknesses are most evident in dealing with low-income housing where average ratios of 35 per cent are common. Many programs have flexibility to accept ratios of 30 to 35 per cent.

1.7.5 Low-Income Person

Low-income people have been defined as those whose incomes fall in the bottom two quintiles of the income distribution. (Epstein, 1974; Dennis and Fish, 1972) In 1975, a household with an income below \$9,793 would fit this category. (Caskie, 1979, Table 11, p.22) The Economic Council of Canada (1979) defined the Low-Income Cut-Off (LICO) as the ratio of family expenditures on food, shelter and clothing to family income at the level of 62 per cent. Based on the LICO, in 1975, a family of four in a medium sized city with an income below \$7,655 who purchased adequate food, shelter and clothing would spend more than 62 per cent of their income.

It becomes clear from looking at the above data and at data on poverty (See Table 1) that there is no concensus on what a low-income or poor household is. No absolute dollar figure is definitive. Relative measures which take into account household expenditure ratios as compared to the local population's spending ratios seem most valid. (Haworth, 1968; Harp, 1971; Orcutt, 1974)

Table 1
 Comparison of Selected National Poverty Lines
 Canada 1978

Size of Family Unit	Statistics Canada		CCSD	Senate
	Updated	Revised		
1 person	3,527	4,459	4,549	5,096
2 persons	5,878	6,281	7,572	8,481
3 persons	7,051	8,015	9,089	10,179
4 persons	8,226	9,531	10,605	11,876
5 persons	9,403	10,656	12,121	13,575
6 persons		11,696	13,638	15,209
7 persons		12,824	15,154	16,972
8 persons			16,660	18,660
9 persons			18,176	20,357
10 persons			19,692	22,055

Notes: Statistics Canada Updated is based on 70% spending ratio for basic necessities.
 Statistics Canada Revised is based on 62% spending ratio as discussed on page 9.
 CCSD is Canadian Council on Social Development.
 Senate is Special Senate Committee on Poverty.

Source: Donald Caskie (1979) Canadian Fact Book on Poverty.
 Ottawa: Canadian Council on Social Development.
 Table 5, p.11.

1.7.6 Rehabilitation, Renovation, Conversion

The Ontario Ministry of Housing (1980a) defines rehabilitation as the improving of a building up to minimum municipal property standards. Renovation improves a building to a standard beyond minimum municipal property standards. Conversion involves changing the use or types of units of the building either by rehabilitation or renovation. The above three definitions deal with the physical condition of the buildings being altered to an adequate state or beyond.

1.7.7 Gentrification

Gentrification (Frenette, 1978; Zeitz, 1979; Hamnett, 1973) is the physical renovation of a building. In residential gentrification, the occupancy of the units is transferred from low-income households to middle or upper-income households. In commercial gentrification, the use of the building is converted from residential to commercial or mixed commercial/residential. Again, low-income households are replaced by middle or upper-income owners.

1.8 DISCUSSION

As stated earlier, the general concern of this study is the provision and maintenance of affordable housing for low-income groups. The study will examine the following considerations with regard to the use of existing buildings in the inner city.

- Municipal planning - Does it assist or hinder production of housing for low-income households?
- Housing statistics - Do statistics on existing housing, by type, tenure and price match with housing need statistics? Does housing production reflect the housing needs of the low-income group?
- Social and economic factors external to the programs and to housing which affect the appropriateness and success of the programs.
- Program and policy changes

Existing buildings in the inner city are the focus for several reasons. Some relate to recent national developments - escalating prices for land, housing and energy and declining access to financial resources. These are stimulating new interest in the inner city. These developments increase the attractiveness of central city living to the general public. They are also reducing the housing options open to the public and thus forcing attention unto the existing residential areas. Other reasons are related to established patterns - social and municipal service arrangements which are presently serving low-income groups in the inner city. The following discussion will expand upon these ideas.

New forces are affecting the inner city. Private reinvestment is increasing,³ thus reversing past trends. Competition for space is occurring. Those who can not financially compete are being displaced.

Gentrification is a back to the city movement all right, but of capital rather than people. The people taking advantage of this returning capital are still from the city. If the city continues to attract productive capital (whether for residential or other construction) we may witness a fundamental restructuring of urban space comparable with suburbanization... the poor would inherit the old declining suburbs in a cruelly ironic continuation of the filtering process. (Sumka, 1979:547)

Displacement is not a new trend. Urban renewal displaced households and businesses.

If anything, those displaced by the financial bulldozer of the 1970's and 1980's may be worse off than those uprooted in the past. Certainly, the crisis of vacancy rates and rising housing costs relative to income has been getting more severe in recent years, making it even harder for lower-income people to find a decent place to live within their means. Furthermore, those earlier programs had relocation assistance elements (homefinding aids, moving expense reimbursement, housing subsidies) which, however inadequate, were much more than the cold 30-day notice,

³ U.S. figures for the period 1965 to 1975 show that annual expenditures on housing maintenance and improvement increased by \$3 billion while new housing construction decreased by \$8 billion. Owner-occupant activity in central cities show similar trends. Between 1970 and 1975 expenditures on maintenance, repair and construction improvements rose \$800 million far exceeding similar activities in the suburbs. (Black, et al., 1977:1) Canadian figures for the period 1978 to 1980 show a \$300 million decline in new residential construction; a \$350 million increase in major residential renovation; and a \$700 million increase in residential repair work. In 1978 renovation and repair work represented 35.7 per cent of residential investment and in 1980, it represented 40.9 per cent. (Ministry of Housing, Strategies for the 1980's Workshop, Kitchener, Ontario, March 1981)

which initiates relocation nowa-
days. (Hartman, 1979:22)

The success of earlier government steps to minimize dislocation can be questioned but their significance is the direct government support and the policy commitment which was made to improving the inner city while maintaining low-income housing. Also significant was the general move of the financially capable income groups to the suburbs at the time of urban renewal. Housing in the central areas and inner suburbs was being freed for use by displaced low-income households. This development removed much of the pressure from government to deal with the loss of inner city housing and low-income neighbourhoods.

The inner city has always been a major source of low-income housing consisting, for the most part, of older housing stock which has filtered down through the upper and middle income groups. This large existing housing resource has the potential of fulfilling a major portion of our housing needs for low-income groups. In Winnipeg, a study team from the Institute of Urban Studies found

... that loss of housing units from all causes is very great. Inner city areas have traditionally provided housing for varied population groups including a significant number of low-income people such as the elderly, the new immigrant, the student, the young worker and the single parent family. Under present policy arrangements, it seems unlikely that alternative accommodation can be provided for these groups without deep public subsidy. Also, there is a significant gap between the number of units lost and the number of units provided. (McKee, 1977:32)

Utilization of buildings which represent an existing capital investment, is a necessity in a time of economic recession and limited financial resources. (Hall, Ontario Re-
news, 1980) Past experience has proven that demolition of this resource and construction of new housing results in exorbitant capital costs and in rents that can only be reduced to low-income levels with very high, long term subsidy commitments. (Dennis and Fish, 1972; Frenette, 1978) It is proposed that rehabilitation and conversion of buildings for low-income households, while also involving a subsidy, can build upon a previous capital investment and result in lower capital costs and required subsidies. In a recent review of low-income housing projects in Winnipeg, it was found that "acquisition and renovation of structures from the existing stock can be accomplished for approximately two-thirds of the cost of new development." (Institute of Urban Studies, 1979:42) From this the study team concluded that

These cost differentials... suggest that a major program of rehabilitation represents a more cost effective means of improving the supply of sound and affordable housing in the inner city particularly if the effort can be financed for the most part with private sector capital. (Institute of Urban Studies, 1979:42)

The inner city presently provides many of the opportunities that low-income households need. There is access to transportation, employment, social service agencies, municipal facilities, shopping and established social networks. For those living in the inner city, a large portion of the

low-income group, a move away from the core means disruption or loss of these opportunities. (Caskie, 1979)

Movement of the upper income groups to the inner city, if it continues, will cause a severe dislocation of the lower income and working class residents of the city... These lower income groups will likely be forced to move to suburban locations, which may not offer the same level of convenience to services and facilities as could be offered in their inner city location... Services catering to the lower income group have been established where most needed - in the inner city. If the poor are forced to move away from these services we must be aware of the costs to be associated with the move. Regardless of where lower income residents live, they will place a demand for services and meeting these needs over a large geographical area will mean an increase in costs for these services. (CMHC, 1979b:39)

Thus planning low-income housing for the suburbs also means planning for transportation, employment and other services. The social and financial implications are great.

For most municipalities, the reinvestment is, as yet, small scale. An American study concluded that

... while displacement may be a serious problem in some neighbourhoods, there is little support for the notion that a substantial trend is occurring or that in the aggregate large numbers of poor households are being affected. (Sumka, 1979:480)

The Ontario Ministry of Housing found that in Ontario cities rehabilitation activity, both with and without public funding, was occurring extensively while the renovation of older housing was not as significant. Ottawa and Toronto were the exceptions and there they found that extensive renovation activity resulted in: overall loss of rental accommodation in or near core areas; decrease in population density; dis-

placement of lower-income groups by middle and upper income groups. (Ministry of Housing, 1980a:46) The experiences of Ottawa and Toronto can be instructive for other communities.

For those communities where reinvestment has been small scale but continues to occur, forecasting residential and commercial reinvestment is proposed. To be considered are:

- How municipal authorities can determine the amount of renovation which can occur without causing serious damage to the existing social fabric.
- How those areas which are not under pressure for reinvestment can be used to accommodate any who are displaced and seeking relocation locally.
- How public rehabilitation can be targeted for areas adjacent to renovation areas. Can all levels of government take advantage of the positive atmosphere created by private reinvestment to improve public input in central city areas? Lending institutions are renewing their interest in central neighbourhoods. Can federal and provincial housing programs, using private financing, take advantage of this opportunity? The construction industry is reorienting itself from exclusively new construction to a mix of new and renewal work. (Hall, Ontario Renews, 1980) Can government facilitate this by improving and increasing its rehabilitation programs?

Private investors are mixing rehabilitation and conversion with demolition and new construction. It is proposed that government can do the same and blend its activity with that of the private sector. Government has always indicated that its place was to supplement the private market by dealing with the housing needs of those private industry could not accommodate. The revitalization of the inner city provides a unique opportunity for concurrent action.

Chapter II

MUNICIPAL PLANNING FOR INNER CITY REVITALIZATION

Both American and Canadian agencies have acknowledged the need to inventory existing reinvestment activity and forecast future activity. Grier and Grier, in a report on urban displacement for the U.S. Department of Housing and Urban Development, stated the following

... we would like to suggest for HUD's consideration a few policy and research options which might help to deal with displacement in two respects: (1) to get a better "handle" on the problem in terms of predicting it, measuring it and analyzing its impact; and (2) to cope with the problems it creates for those displaced and for less-advantaged households in particular. (1978:26)

The Ontario Ministry of Housing also recommended further work.

The community planning implications of extensive rehabilitation, renovation or conversion activity have not been adequately assessed. Yet, as indicated in this report, the effect of such change on the surrounding community may be both serious and unanticipated...This (work) should include an evaluation of the positive and negative impacts on hard and soft services, the changes to socio-economic structure of the community and the implications for municipal planning practice. (1980a:48)

The following discussion is designed to explore the municipal aspects of inner city revitalization and the provision of low-income housing. Relevant questions are:

1. Are municipalities capable of forecasting where and when private reinvestment activities will occur? Can the extent of such activities be forecast?

2. Do present municipal policies and land use controls encourage, discourage or control private reinvestment? Do they have no impact?
3. Does municipal policy promote low-income housing in the inner city(its maintenance and creation)?
4.
 - a) Do municipalities perceive a need for policy to deal with the competition for land which can occur between reinvestment proponents and existing residents and owners?
 - b) What would this policy consist of and how could it be implemented?
5. What are the financial implications of reinvestment activities?
6. Can policy be created to promote the complementary development of private projects and public housing in the inner city?

2.1 SOURCES OF INFORMATION

Chapter 2 considers a subject for which little literature exists. The author found few case studies that provide empirical data on either the public/private interaction of inner city renewal activities or the forecasting of inner city reinvestment. Like the literature available, this chapter is exploratory in nature. It is hoped that this chapter will provoke further thought and research by the readers to produce statistical data to support or disprove the ideas presented.

To supplement the literature base, interviews were carried out with individuals who had practical experience in inner city planning and development. The following process

was used to determine whom to interview. From Sybil Frenette's thesis (1978) on whitepainting in Canadian urban centres, were drawn medium-sized Ontario cities which had experienced private reinvestment in the form of whitepainting. (See Appendix A for relevant tables) Next, two representatives of the Ministry of Municipal Affairs and Housing who both have experience in housing rehabilitation and inner city development, were asked to recommend appropriate municipalities for the study. The representatives were George Przybylowski of the Housing Renovation and Energy Conservation Unit and Wayne MacEacham of the Project Planning Branch. They were provided with the questionnaire and the introductory chapter of the thesis in order to familiarize them with the objectives of the study. A list of five municipalities was generated. These also appeared in the Frenette list. They were Hamilton, London, Kitchener, Sault Ste. Marie, and Kingston. From these five, the first three were chosen due to their accessibility to the author. Planners, involved in inner city planning and policy formulation, were interviewed.

It was considered necessary to speak to individuals involved in the financing and development of private inner city projects. Again, the Ministry of Municipal Affairs and Housing people were consulted as were the chosen municipal planners and it was determined that insurance companies who are increasing their investments in existing building stock

in the inner city, would provide interesting insights. Representatives from Mutual Life and Dominion Life, both major companies with active property development branches, were interviewed. The Mutual Life representatives also had development experience in all of the municipalities chosen.

The questionnaires used for these interviews and a list of those persons interviewed are found in Appendix A.

2.2 INTEGRATING PUBLIC REHABILITATION WITH PRIVATE ACTIVITY

This section addresses three questions:

1. What are the costs and benefits of both types of inner city renewal to the municipality?
2. How do public and private renewal activities conflict?
3. How do they complement each other?

2.2.1 What are the Costs and Benefits?

The municipality can find public rehabilitation and private reinvestment a financial benefit. First, and most obvious, is the increased assessment which can be gained by the improvement of the residential stock by both sectors. The municipality can also find that public costs accrue to each sector's activities. This section (2.2.3) outlines the costs and benefits for both public and private activity to the city. While data is not available to substantiate the supposition, it is supposed that using a combination of public rehabilitation and private reinvestment can minimize

many of the cost factors as the benefits of one activity counter the costs of the other activity. For example:

1. The displacement costs generated by private reinvestment can be countered by the increasing of low-income housing by rehabilitation and conversion.
2. The reduced population which private reinvestment causes can be countered by the increased population rehabilitation generates.

The following outlines costs and benefits for public and private renewal.

2.2.1.1 Public Rehabilitation-Costs

1. Increasing low-income population can require an increase in municipal staffing of services such as welfare.
2. A public investment in residential use commits the municipality to maintaining and protecting that use for an extended time from private residential, commercial or industrial encroachment. The alternative use may have more potential for generating municipal revenue.

2.2.1.2 Public Rehabilitation-Benefits

1. Improvements result in increased assessments and tax revenues.
2. Rehabilitation creates construction industry jobs which create dollars to be spent in the municipality.*
3. Reduction of fire and health hazards can lead to reduced municipal staff requirements.

* For every \$1.00 spent in the rehabilitation construction, \$0.66 of it goes to labour. This is twice as much employment as is provided by new construction. (Ministry of Housing, Strategies for the 1980's Workshop, Kitchener, Ontario, March 1981)

4. Maintaining or increasing population can generate a labour resource for inner city enterprise ; ensure continued use of municipal services and infrastructure; and generate federal and provincial grants based on population.
5. Provides housing for low-income groups at costs below those of new construction. (Frenette, 1978:78; Institute of Urban Studies, 1979:42) Relieves pressure for suburban housing projects which generate municipal servicing costs. The London planner noted this benefit. He was promoting the maintenance of enclaves of low-income housing in the inner city. He also noted that for those promoting change "it doesn't occur to them that tax dollars might have to be spent elsewhere to achieve a replacement for this housing."

2.2.1.3 Private Reinvestment-Costs

1. The new higher socioeconomic residents may make different, unexpected or more costly demands on local tax coffers than the more traditional inner city residents. The new residents demand:
 - a) streets improved,
 - b) police protection increased,
 - c) public schools improved,
 - d) parks upgraded.
2. The new owners may desire to see industrial and commercial uses reduced in their area. This eliminates inner city job opportunities.
3. Declining population, number of dwelling units and school age population decrease federal and provincial grants for services. Despite this, the municipality still has the infrastructure -water, sewer, public transit - and service system - schools - to maintain.
4. Displacement of low-income groups can create a cost for the municipality. While financing social services are a provincial and federal concern, provision of local services are a municipal concern. If low-income groups are displaced to areas which are not equipped to service their needs, municipal upgrading of public transit, parks and schools can generate municipal costs. Increased housing pressure in subur-

ban areas can lead to increased housing density which can in turn require upgrading of transportation networks, parking facilities, water and sewer systems.

2.2.1.4 Private Reinvestment-Benefits

1. Improvements result in increased assessments and tax revenues.
2. Commercial renovations can generate additional tax revenue and job opportunities.
3. Inner city revitalization can alleviate some of the suburban sprawl that is proving to be costly for municipalities.

Ironically much of the initial low cost and attractiveness of suburban sprawl has turned out to be short term. Servicing costs are now rising rapidly in suburban areas and property taxes have virtually exploded. The future promises more of the same. As the need to replace or extend public services in these low density suburbs increases, and as the cost of energy and the difficulties of commuting rise and when the social costs of underpopulated inner cities begin to appear in government expenditures, then perhaps the real long-run costs will be visible. At that time the social value of land, housing and location in the inner city may be better appreciated. (Bourne, 1978:53)

4. Private activity relieves the municipality of the cost of renewing or demolishing buildings which are in disrepair and abandoned.
5. Reinvestment creates construction industry jobs which create dollars to be spent in the municipality.
6. Reduction of fire and health hazards can lead to reduced municipal staff requirements.

2.2.2 How do Public and Private Renewal Activities Conflict?

Morrison, in studying Toronto, found that

The conversion of existing residential structures into a larger number of smaller dwelling units has historically been one of the principal sources of an additional supply of dwelling units for low-income groups in the inner city. However, in the last decade in particular, conversion of existing multiunit structures into smaller numbers of larger dwelling units has also served as a major process by which the private market has supplied inner city housing to higher income families. The result in many neighbourhoods is a direct competition between groups of low-income households and single high income households for the same building structures. (1980:2)

The Ministry of Housing (1980a) study of the City of Ottawa found that, contrary to their expectations, core area renovation has decreased both the number of dwelling units and the population of the area. For the most part, private reinvestment activity in Ontario cities has been directed toward deconversion of multiple unit buildings into single-family homes. This results in displacement of former tenants and owners, usually low-income persons, and diminished housing for low-income groups in the inner city.

Further displacement occurs when renovators as a group affect local tax levels. This occurs in two ways. Firstly, the improvements to individual homes increases the value of all housing in the area causing assessments to rise. Taxes may also rise. Secondly, the new owner may make new demands for municipal services, adding to municipal expenditures for the area. Taxes may again rise. When taxes rise, existing

low-income owners, who can not financially cope may be forced to sell. (O'Loughlin, 1979:52)

Conflict has also arisen when the intent of public programs has been thwarted by private action. Frenette (1978:15) found that in several municipalities, housing that had been rehabilitated using government funds soon came under pressure from the private market and was sold and renovated to standards well beyond the rehabilitation level. Rehabilitation was often the triggering mechanism for private reinvestment in an area. Rather than increase adequate low-income housing, government programs led to a diminishing of the supply.

Private reinvestment does not have to be widespread to affect a large area. Hamnett (1973) found that an enclave of renovated luxury housing can cast a price shadow on adjacent areas. Inflated, speculative housing prices can make a public program inoperable. The City of Toronto found this to be true of CMHC's non-profit program. (Frenette, 1978:81)

2.2.3 How do They Complement Each Other?

Phillip Clay, in reviewing American cities, sees the possibility of complementary action. "In the years to come there will be important interrelationships between gentrification and upgrading neighbourhoods." (1979a:83) He feels that gentrification that is limited in areal extent can lead to upgrading by residents who live on the fringe of the gen-

trification neighbourhoods. The old and new residents will influence each other's perceptions which will lead to an improved self-image and hopefully to physical improvements. New residents will affect the public by improving their perceptions of the inner city as: a good living environment; a reasonable residential investment for both owners and lending institutions; and a municipal political force which can effectively promote and protect local interests. Clay feels that private activity and perceptual changes should be encouraged and enhanced by public policy.

It would appear that Clay's complementarity can fall prey to the competition that can occur between private and public activities. The public programs and the existing low-income residents can only benefit from private reinvestment if the new investors choose not to invade the adjacent neighbourhoods or if the existing owners can withstand market pressures to sell and can counter renovators requests to the municipality which are detrimental to them. In other words, complementarity can only occur when the upgrading neighbourhoods are as 'strong' as the gentrifying neighbourhoods, or on a smaller scale, if the low-income household is as capable as the middle or upper-income household to maintain their housing and influence local planning decisions.

2.2.4 Summary

Conflict between private reinvestment and public rehabilitation, arises due to the variance in capabilities of the two client groups. Private reinvestment serves middle and upper-income people with the financial and political capability to satisfy their needs. Public rehabilitation serves low-income people with lesser financial and political capabilities. The low-income group becomes the inadvertent victim of private reinvestment.

There are possibilities for complementarity but for the two activities to be harmoniously integrated, the capabilities or strengths of the two groups must be equalized. All three levels of government can assist in achieving this. Two initiatives are proposed - municipal 'housing banks' and improvement of the non-profit and rehabilitation programs. These are expanded upon in following sections. Both these initiatives will raise the capabilities of the low-income group to compete. No approaches are recommended to deter the middle or upper-income groups. Facilitating both activities is far more advantageous than hindering private reinvestment for the sake of public rehabilitation. The financial benefits of complementary action to the municipality are great and thus both should be promoted.

To efficiently promote private and public action the municipality must understand why reinvestment in the inner city occurs and where it occurs. The following section explores these questions.

2.3 FORECASTING REINVESTMENT

The tables found in this section (2.3) are drawn from nine literary sources. The sources are:

1. Thomas Black, et al. (1977) Private-Market Housing Renovation in Older Urban Areas.
2. L.S. Bourne (1978) Perspective on the Inner City: Changing Character, Reasons for Decline and Revival.
3. City of Toronto (1980) Housing Deconversion.
4. Phillip Clay (1979a) Neighbourhood Renewal.
5. Sybil Frenette (1978) The Evolution of the Whitepainting Phenomenon in Canadian Urban Centres.
6. C. Hamnett (1973), "Improvement Grants as an Indicator of Gentrification in Inner London."
7. Ministry of Housing (1980a) Rehabilitation and Zoning Review.
8. Phillip Morrison (1980) New Dwelling Units from the Existing Housing Stock: A Location Model.
9. J. O'Loughlin and D. Munski (1979), "Housing Rehabilitation in the Inner City: A Comparison of Two Neighbourhoods in New Orleans."

Certain characteristics or factors, which influence the occurrence of private reinvestment in inner city areas, were commonly cited in these sources. The tables list the characteristics. Again, the sources provide little empirical data on the relative influence of the characteristics, so no attempt has been made to rank them. This is an area for which research is recommended.

2.3.1 External Factors

Table 2 deals with external factors, not inherent in the city or neighbourhood situation, but which directly influence private reinvestment activity.

The two external factors mentioned most often in the literature are financing and sociological changes. Under financing, one can consider house prices, both the land and construction components, and interest rates. When new house prices are rapidly increasing, the cost differential between existing units and new units can force the market to buy existing units. Interest rates, when very high, can make new housing unaffordable while existing housing provides the opportunity for assuming old mortgages at lower rates or of arranging with the present owner to hold the mortgage at lower rates. This may be possible if the owner is anxious to sell the property. A combination of increasing house prices and rising interest rates, a situation which presently exists in Ontario, encourages private reinvestment in existing housing.

Financial conditions are causing companies with large sums of investment money, to become developers or partners in development projects. This is significant for the trends it will create. Two large mortgage companies were contacted for their opinions and they both saw themselves moving, although cautiously, into developing their own projects. Due to their lack of experience in new construction but their

TABLE 2

External Factors Which Encourage Private Reinvestment

1. Financing - inflationary property and house prices and rising interest rates.
2. Sociological Changes - family size decrease; increase in females in the labour force; and baby boom maturation.
3. Rent Review - restricted rental prices discourage conversion of housing and encourages deconversion of housing.
4. Vacancy Rate - a low city rate encourages reinvestment particularly if rates are higher than average in the inner city due to earlier disinvestment.
5. Energy Costs - high and increasing.
6. Rise in Neighbourhood Consciousness
7. Slowdown in Urban Growth - leads to a reduction in neighbourhood transition and less rapid land use changes.
8. Building and Fire Codes - discourage conversions and moderate rehabilitation and encourage renovation and deconversion.

strong background in property acquisition and management, existing rental properties will be a major portion of their portfolio. Renovation, expansion and conversion of these properties is very likely. These companies will be purchasing properties as long-term investments and thus the need to hold properties through a period of renovation and limited financial return is not a deterrent.

The development of raw land for suburban housing is considered too speculative by these mortgage companies. Residential, rental properties are uneconomical due to rent control. Commercial and industrial properties are the prime target and many will be found in inner city areas. In fact, both companies indicated that downtown and inner city properties are of special interest at this time. When questioned further about guidelines for locational decisions, it was found that none existed. From this, it was concluded that mortgage companies and other lending institutions if active in a city as developers will be major actors in inner city reinvestment but forecasting specific locational choices would be difficult.

Sociological changes, such as family size decrease and the increase in females in the labour force, are contributing to reinvestment. The suburban home, which primarily served households raising children, is not as appealing to non-family units and families without children. Also with more females working, households wish to live near or have

access to the workplace. Inner city areas accommodate this desire. Households with two incomes are also more capable of financing a single-family dwelling and thus families which previously shared accommodation are undoubling. Along with these sociological changes, rent review and inappropriate building and fire codes, affect reinvestment in specific ways. They encourage what is known as deconversion - the changing of multiple unit buildings into single family homes or non-residential buildings. (City of Toronto, 1980; Morrison, 1980) It can be seen that these external factors encourage reinvestment to concentrate in certain kinds of private activities. Municipal studies (City of Toronto, 1980; Ministry of Housing, 1980a) show that deconversion is more prevalent than the conversion of buildings to multiple rental units.

2.3.2 City Characteristics

Table 3 identifies characteristics which are common to cities experiencing private reinvestment. They can be used by municipalities to gauge their predisposition to this activity. The more characteristics the municipality displays, the more likely it is to experience private renewal.

Clearly, a number of favourable circumstances must converge if people are to be willing to assume the risks inherent in pioneering neighbourhood rehabilitation. To reinvest is to run against the forces of decay and out-migration. Ironically, deterioration and out-migration are also the necessary forerunners of rehabilitation. (Black, 1977:4)

TABLE 3

Characteristics of (i) Cities and (ii) Neighbourhoods Most Likely to Experience Private Reinvestment

(i) Cities

1. Historic Significance
2. Significant Architecture
3. Administrative Central Business District
4. Lack of Heavy Industry in Inner City
5. Absence of Racial Conflict
6. Natural Environmental Amenities
7. Viable Public Transit System
8. Restricted Suburban Housing and Employment Opportunities

(ii) Neighbourhoods

1. Historic Significance
2. Significant Architecture
3. Smaller Scale of Buildings
4. Area of Settled Families - blue collar workers and elderly
5. Convenient Location
6. Housing Structurally Sound but Poorly Maintained
7. Moderate Population Density
8. All Residential Land Use and Stable
9. Low Purchase Prices - compared to urban area
10. Proximity to Commercial Upgrading

Table 3 continued...

Table 3 (cont'd.)

11. Younger Properties - are not well maintained but are structurally sound and servicing can be upgraded.
12. Nearer Higher Social Status Areas
13. Tenancy - areas have high percentage of rental properties.

The three characteristics which dominate city selection are: historic significance; significant architecture; and a large administrative component in the central business district. For this latter item, Bourne (1978) specifically identified government or service-based city economies. Ottawa and Toronto, both of which have experienced large scale reinvestment, typify these categories. Frenette (1978) was not so specific but indicated a large middle class population as significant.

Historic significance and significant architecture contribute to the positive image of a city and its inner city. The positive image can lead to interest in the central areas as living environments and can encourage leading institutions to make mortgage funds available. Architecture can also be important for its adaptability. A structurally sound building with an interesting facade and an internal arrangement which can be easily reorganized is very attractive to renovators. (Hamnett, 1973) Certain kinds of housing such as medium density, brick row housing are conducive to renovation and conversion. (Frenette, 1978) The London planner cited the lack of such housing as cause of limited residential gentrification in his city.

All three city planners, stressed during their interviews, that low house prices throughout their cities and short commuting times from the suburbs to the CBD were slowing reinvestment activity in the inner city.

... the ease of moving about London is such that the difficulty of travel isn't great enough to cause a great pressure for inner city houses ... But despite what I've said about travel, there is a demand, a small demand, among discerning people who want to be able to walk to work and to the downtown. (London planner)

They indicated that external factors and neighbourhood characteristics were more important in the decision-making of owner-occupants to invest in the inner city.

2.3.3 Neighbourhood Characteristics

Tables 3 and 4 provide indicators which can be used to forecast what neighbourhoods are more susceptible to private renewal activities. The characteristics most often mentioned are: significant architecture; areas of settled families; convenient locations; housing structurally sound but poorly maintained; historic areas; and small scale of buildings. Morrison (1980) found that the types of reinvestment influenced the factors which were of importance. In deconversion, where the owner is also the resident, neighbourhood factors are more influential than they are for conversion.

Deconversion by entrepreneurs is also influenced by neighbourhood conditions. London has one neighbourhood where two blocks are experiencing residential gentrification. One entrepreneur is responsible. The planner feels that two major commercial redevelopment projects slated for the area have sparked the gentrification.

Stability was stressed by the planners. Investors must feel confident that their investment will not be adversely affected and that they will not be forced to move by encroachment of incompatible land uses. Kitchener and London planners identified official plan policy and secondary plan designations as instruments used to create safe investment environments.

In Hamilton, the inner city is zoned 'I' which allows any use but heavy industry. Secondary plans are detailed but do not become part of the official plan. Development control is limited. It is argued that uncertainty is caused by such planning. Reinvestment is being discouraged rather than encouraged as local officials believe. Despite their large capital investments, private reinvestment is limited. While flexibility is needed, this arrangement is too flexible. As stated by the local planner "we should have more guidelines, more control over quality and site design."

TABLE 4

Characteristics of Neighbourhoods Which Will Not Attract
Private Reinvestment

1. Large Properties - discourage deconversion due to their high purchase prices and renovation costs but may lend themselves to conversion.
2. Old Properties - the oldest properties tend to be those in poorest condition and with antiquated servicing.
3. Unstable Areas - areas of land use change are unattractive to owner/residents fearful of proximity to unacceptable uses.
4. Incompatible Land Use Mix
5. House Prices - higher property values discourage deconversion but may not be detrimental to other types of reinvestment.
6. Immediate Proximity to Public Transit
7. Lack of Amenities and Aesthetic Appeal

2.3.4 Summary

External factors are creating an environment in which Ontario cities are very likely to experience some degree of private reinvestment in the inner city. The case studies found in the literature indicate that similarities exist between cities and neighbourhoods where private reinvestment has occurred. In studying New Orleans, where several neighbourhoods have experienced extensive private reinvestment, O'Loughlin and Munski concluded the following.

While the particular timing and scale of rehabilitation will depend on conditions in each city, we argue that the general reasons behind housing preservation and the stages through which a neighbourhood passes are similar from city to city ... an understanding of these factors helps in predicting future renovation areas. (O'Loughlin, 1979:54,55)

For a municipality wishing to promote both private reinvestment and public rehabilitation, it becomes important to understand the influences that these factors (Tables 2,3 and 4) will have on the success of municipal planning for inner city reinvestment.

Of the three municipal planners interviewed, only the London planner indicated that the planning staff attempted to forecast reinvestment activity.

Yes, we do attempt to predict reinvestment. Our Official Plan policies are based on predictions but we don't just accept these, we try to prescribe as well as predict. First, we try to predict and then we say, 'is this what we want to see happen or is there anything we can do to change what we predict or should we change what we pre-

dict?' These decisions then go into the Official Plan.

We also try to predict where reinvestment will not take place or where it need not take place. In other words, where are there areas of modest housing that can and should remain exactly as they have. This actually takes more predicting than the other and we spend as much time and energy predicting these areas and ensuring they will stay the same. (London planner)

Where it is occurring, they also attempt to forecast its extent and impact in order to determine if controls are needed - its growth will become detrimental - or if promotion is needed - its growth is not as great as the city would like. Forecasting the start of gentrification or redevelopment is much more difficult than forecasting the growth of reinvestment. (Grier, 1978:1; Frenette, 1978:56)

It became clear from the interviews that the planners were using land use controls to encourage, discourage or control inner city reinvestment. For this to be happening some decision-making had occurred concerning the appropriateness of the reinvestment activity in various areas and policy decisions had been made. The policy was not always specific and rarely was it directed at promoting or protecting low-income housing in the inner city.

2.4 MUNICIPAL PLANNING IMPLICATIONS

2.4.1 Familiarity

Frenette(1978) through her municipal questionnaire found that some city planning staffs encourage whitepainting. They see it as a means of improving inner city livability. Other city planning staffs recognized that negative consequences such as residential displacement would occur. A need to control reinvestment to ensure that low-income families could remain in the inner city was articulated.

While all municipalities did not agree on the costs and benefits of reinvestment or the necessity of controls, they did agree upon their capability to evaluate inner city activity. Their familiarity with the inner city makes them most sensitive to the local situation which is both physically and politically unique. Their familiarity also makes them most capable of defining controls for their inner city. Sumka(1979:486) speaking of the American situation, emphasizes the need for sensitive planning. He concluded that local officials who are familiar with local problems must be at the fore in the decision-making for revitalization. The role of senior levels of government is to make program resources available.

2.4.2 Tools

City officials are equipped with several tools for guiding development. Policy planning, which is usually done through official plans, secondary plans and zoning are powerful tools which can also be used to guide reinvestment.

Zoning can encourage or discourage certain types of reinvestment. It was found in Ottawa (Ministry of Housing, 1980a:28) that higher density residential zoning discouraged deconversion renovators. Official plans can articulate housing policy which provides investors with guidelines for inner city projects. The City of Toronto has clearly stated policy concerning the provision of low to moderate-income housing through the rehabilitation of existing units. (City of Toronto, 1974; Frenette, 1978:82) Secondary plans are detailed land use plans. They are often very specific about areas of residential rehabilitation, commercial renovation and conversion, and residential renovation and redevelopment.

These tools can be used to manage public and private reinvestment in the inner city. Many cities are using them, to a certain extent, but are guarded in the way that they articulate their goals and policies. This caution can be justifiable.

Indiscriminate policies to stem displacement may slow or erase the trickle of middle-class movement back to the central city. Keeping in mind that these families may help restore some fiscal balance to urban economies, all the poor residents of the city would suffer. Ultimately what is required is a careful analysis of the magnitude of

displacement along with a consideration of the benefits of revitalization. (Sunka, 1979:486)

Local government has the tools with which to plan for re-investment. What is needed is the information base and evaluation techniques from which politically acceptable plans can be made and the program or program resources with which to carry out the public portion of the plans.

2.4.3 Information and Evaluation

The American literature discusses the management of reinvestment to limit displacement. The first step in management is the collection and evaluation of inner city data on housing and households.

There is a critical need to develop "early warning" systems which can spot displacement in individual neighbourhoods at an early stage, and even better identify the conditions which are likely to lead to displacement. Such systems would enable local governments to set in motion whatever steps may be appropriate to try to head displacement off or ameliorate its effects. (Grier, 1978:26)

Since the early stages of gentrification and displacement are not easily recognized (Grier, 1978:1; Frenette, 1978:56), it becomes important to recognize the conditions which lead to gentrification. It is here that the characteristics discussed in Section 2.3 - Forecasting Reinvestment - become important. Information must be collected on these factors. To determine if a displacement problem will result from or is resulting from private reinvestment, other factors to collect data on are:

- number of households displaced

- number of low and moderate-income households
- characteristics of households
- potential, with assistance, to remain where they are
- probability of finding housing elsewhere

With this data in hand one can proceed to evaluate it. Clay (1979b:454) outlined four steps in evaluating and managing the reinvestment process. They are:

1. Analyze urban and neighbourhood housing markets relative to private reinvestment activity.
2. Classify neighbourhoods by type of reinvestment policy needed.
3. Identify reinvestment management goals for each neighbourhood.
4. Select tools for reinvestment management.

The first step analyzes the information collected to determine the susceptibility of the city to private reinvestment and of the individual neighbourhoods to reinvestment. It then determines the impact of present or future reinvestment on the existing residents. The next step is to classify neighbourhoods and set some preliminary goals. These goals could be as basic as deciding to carry out detailed planning for neighbourhoods where reinvestment is anticipated.

An evaluation of neighbourhoods based on sociological changes and land use trends has been done by McLemore, et al. (1975) and is shown in Table 5. This type of chart has been compiled by municipalities and can be useful in making decisions concerning development strategies. For it to be useful for determining reinvestment and rehabilitation

strategies more information must be used and the categories made more precise as shown in Table 6 . Of course, each municipality must define and classify neighbourhoods to most satisfactorily represent local circumstances. For this reason, definitions⁵ of neighbourhood types will vary from one municipality to the next.

The third and fourth steps involve the preparation of policy and plans and the implementation of them. The appropriate choice of tools becomes significant as does the availability of programming for the implementation of policy and plans.

In the classification of neighbourhoods and the determination of policy, the planner and politician are always concerned with the effects of the classifications. The London planner, while wishing to maintain the pockets of low and moderate-income housing which exist in the inner city, was hesitant to promote these as low-income neighbourhoods. It is feared they may become associated with decline or stagnation. The Kitchener planner supported this.

Every neighbourhood has a vocal resident group who want everyone to build and develop or rehabilitate to their standards which are more a renovation standard. In doing neighbourhood plans there is a problem of designating out higher density redevelopment and designating out the possibility for the kind of housing for low-income people. Areas are

⁵ Several authors have developed general definitions for neighbourhood types and these can act as guidelines for a municipality carrying out an exercise such as is proposed in Table 6. These authors are Clay(1979a;1979b); McLe-more, et al. (1975); McKee(1977); Institute of Urban Studies(1979); and Epstein(1974).

Table 5
Inner City Neighbourhood Types

	Decline	Stability	Revitalization	Massive redevelopment
Population	Continuing loss of population	No significant losses or gains	Little change	Gain in population
Socio-economic status	Decreasing	Stable	Increasing	Increasing
Family status	Increasing proportion of non-family and elderly	Maintenance of population mix	Maintenance of population mix	Loss of families, gain of singles, young couples
Ethnicity	Varies-can be influx of deprived ethnic group or breaking down of traditional community	Sometimes strong ethnic community	Sometimes loss of ethnic groups	Seldom important
Community organizations	Poorly organized, unstable	Varies	Increasingly well organized	Usually unorganized
Physical conditions	Worsening	Stable	Improving	Improved housing, possible environment problems
Housing/land costs	Increasing much less than metro average	Increasing at same rate as metro average	Increasing more rapidly than metro average	Increasing more rapidly than metro average
Tenure	Increasing tenancy	Varies, but often high ownership	Little change	Tenancy
Non-residential functions	Loss of commercial-industrial functions with no replacement	Maintaining a mix of functions	Maintaining a mix of functions	Losing some commercial functions, but gaining others
Pressure for redevelopment	Low	Low	Strong, but controlled	High

Source: R. McLemore, et al. (1975) *The Changing Canadian Inner City*. Ottawa: Min of State for Urban Affairs.

Table 6
Inner City Neighbourhood Types II

Characteristics	Declining	Stable	Upgrading	Fragmented Activity	Gentrified	Redeveloped
<p>a) Population</p> <p>Socio-economic Status (as %)</p> <p>Low-Income</p> <p>Middle-Income</p> <p>Upper-Income</p> <p>Dominant Family Status</p> <p>Income Trend</p> <p>Density</p> <p>Displacement</p>	<p>Large</p> <p>Small</p> <p>None</p> <p>Non-Family Groups</p> <p>Decreasing</p> <p>Low</p> <p>High</p>	<p>Varies by Neighbourhood</p> <p>Elderly, Families</p> <p>No Change</p> <p>Varies</p> <p>Low</p>	<p>Large</p> <p>Large</p> <p>Small</p> <p>Families</p> <p>Small Increase</p> <p>Low to Moderate</p> <p>Low to Moderate</p>	<p>Mix of Population Groups</p> <p>Mix</p> <p>Small Increase</p> <p>Moderate</p> <p>Moderate</p>	<p>Small</p> <p>Large</p> <p>Large</p> <p>Families</p> <p>Stable</p> <p>Low to Moderate</p> <p>Moderate to High</p>	<p>None</p> <p>Small</p> <p>Large</p> <p>Singles, Couples</p> <p>Stable</p> <p>High</p> <p>High</p>
<p>b) City</p> <p>Situation</p> <p>Infrastructure, Servicing and Transportation</p>	<p>Between CBD and Industrial Zone</p> <p>Old Infrastructure; Fragmented by Transportation</p>	<p>Adjacent to Older Suburban Area</p> <p>Convenient Location</p> <p>Servicing in Good Condition</p>	<p>Varies by Neighbourhood</p> <p>Varies by Neighbourhood</p>	<p>Adjacent to CBD & Other Upgrading</p> <p>Varies from Poor to Good</p>	<p>Adjacent to CBD & Higher Status Area</p> <p>Transit & Servicing Good; Services Upgrading</p>	<p>Adjacent to CBD</p> <p>Service Needs Reduced; Transit & Servicing Good</p>
<p>c) Neighbourhood</p> <p>Land Use Mix (as %)</p> <p>Commercial</p> <p>Industrial</p> <p>Residential</p> <p>Institutional</p> <p>Land Use Trend and Stability</p> <p>Environmental Conditions and Amenities</p> <p>Commercial/Industrial Condition</p> <p>Residential Component</p> <p>Building Types (as %)</p> <p>Single Detached</p> <p>Semi Detached</p> <p>Row/Townhouse</p> <p>Multiple</p> <p>Scale of Buildings</p> <p>Building Age and Condition</p> <p>Architecture</p> <p>Lot Size</p> <p>Tenancy</p> <p>Community Organization</p>	<p>Large</p> <p>Moderate</p> <p>Small</p> <p>Small</p> <p>Decreasing Residential; Rapid Change</p> <p>Poor</p> <p>Poor</p> <p>Small</p> <p>Very Small</p> <p>Large</p> <p>Large</p> <p>Large</p> <p>Oldest in Area; Poorly Maintained</p> <p>Mixed</p> <p>Mixed</p> <p>High</p> <p>Low</p>	<p>Moderate</p> <p>Small</p> <p>Large</p> <p>Small</p> <p>Little Change</p> <p>Good</p> <p>Fair to Good</p> <p>Large</p> <p>Moderate</p> <p>Moderate</p> <p>Small</p> <p>Small</p> <p>Small to Medium</p> <p>1920 - 1950</p> <p>Fair to Good Condition</p> <p>Mixed</p> <p>Mixed</p> <p>Moderate</p> <p>High</p>	<p>Moderate</p> <p>Small</p> <p>Large</p> <p>Small</p> <p>Little Change</p> <p>Fair</p> <p>Fair</p> <p>Moderate</p> <p>Moderate</p> <p>Small</p> <p>Small</p> <p>Medium</p> <p>1940 - 1960</p> <p>Improving</p> <p>Frame Construction</p> <p>Medium</p> <p>Moderate</p> <p>Moderate</p>	<p>Mix of Land Uses</p> <p>Unstable and Constant Change</p> <p>Fair by Varies</p> <p>Poor to Fair</p> <p>Mix of Building Types</p> <p>Varies</p> <p>Varies</p> <p>Mixed</p> <p>Mixed</p> <p>High</p> <p>Low</p>	<p>Small</p> <p>Very Small</p> <p>Large</p> <p>Moderate</p> <p>Stable</p> <p>Good</p> <p>Fair; Declining</p> <p>Moderate</p> <p>Small</p> <p>Large</p> <p>Very Small</p> <p>Small to Medium</p> <p>1930 - 1950</p> <p>Condition is Good</p> <p>Period Work; Brick</p> <p>Small to Medium</p> <p>Low</p> <p>High</p>	<p>All Uses but Industrial</p> <p>Stable</p> <p>Fair</p> <p>Good</p> <p>None</p> <p>Small</p> <p>Small</p> <p>Large</p> <p>Large</p> <p>New</p> <p>Modern</p> <p>Large</p> <p>High</p> <p>Low</p>

Source: Author

so small and to be so specific is difficult.
(Kitchener planner)

The classifications and policy should not isolate activities but mesh them where possible. The policy should be directed toward assisting existing households remain in the neighbourhoods while promoting private reinvestment. The London planner expressed this. He wished to maintain the low-income housing but felt that to do this on the large scale, small scale concessions must be made. Allowing some commercial conversions and redevelopments would not necessarily imperil the area as a modest residential neighbourhood. The level of promotion and the level of public housing assistance will be dependent on the level of reinvestment activity occurring and the housing alternatives available to the existing households.

Clay(1979b) notes that reinvestment activity is done predominately by individual owner-occupants or small developers who cater to middle and upper-income clientele. These participants have no incentive to rehabilitate and maintain units for low-income households. He proposes that municipalities promote reinvestment through policy, zoning and perhaps even through tax concessions. He also proposes as one goal the supporting of new participants - non-profit and co-operative groups - in the reinvestment process who will increase and stabilize the supply of low-income housing. The following discussion looks at the municipal need for federal and provincial program support for low-income housing in city renewal.

2.4.4 Federal and Provincial Programs

The Ministry of Municipal Affairs and Housing is concerned with the promotion of reinvestment and wish to see municipalities adopt policies and use their planning tools to this end. (Ministry of Housing, Strategies for the 1980's Workshop, Kitchener, Ontario, March 1981) Their preferred scenario is the promotion of renewal of the core for medium density, mixed use. To achieve this they feel that municipal planning techniques which traditionally separated land uses; promoted low densities; and developed land use plans and zoning which are inflexible must change. To be adopted are techniques which provide financial incentives; make approval procedures more efficient; and to be used are policy guidelines which allow a flexible land use range.

In order for these kinds of changes to occur, the municipality must feel confident about the policy direction it is taking. This comes from having information upon which to base decisions. For many municipalities this information has not been collected or is not complete. If the Ministry of Municipal Affairs and Housing wishes to see changes in inner city policy and techniques then it should consider a program to fund studies on inner city housing and reinvestment.

It is also proposed that the provincial and federal governments should consider strengthening the non-profit and rehabilitation programs which exist. Municipal and private

non-profit corporations can be instrumental in securing low-income housing in inner city areas. For a municipality wishing to limit the spread of private reinvestment and to maintain low-income housing, control of property is an effective means. Land ownership will hinder reinvestment if the property is not obtainable by the private market. Presently municipalities are reticent to become involved in non-profit corporations. As the London planner stated, "non-profit corporations are costly for the municipalities that have them and the benefits aren't that great." Non-profit corporations are seen as having potential, though. The Hamilton planner felt that a corporation "can have a major positive impact on the inner city and I feel that it would be a good approach to take."

The non-profit or cooperative housing corporation and the government programs which assist these corporations are the subject of Chapter 4. Chapter 5 will propose some methods to improve these programs and others and discuss means by which municipalities can use these programs to improve their inner cities and maintain low-income housing.

Chapter III

SOCIAL HOUSING PROGRAMS - HISTORICAL PERSPECTIVE

This chapter provides the historical perspective of Canadian social housing. It deals with statistics on low-income people for the purpose of relating them to data on housing stock, housing production and housing need. Agreement on the method of deriving these statistics is lacking and to endeavour to resolve the discrepancies⁶ and to produce an accurate set of data is a thesis in itself. It is not being attempted here.

For the purposes of this study, it will suffice to indicate the findings of the 'experts' on these subjects. The author is attempting only to give an indication of magnitude and to establish that:

- low-income people exist in Canada in large numbers.
- housing stock to adequately fulfill their needs is lacking.
- housing production (new house construction) has not been adequate in the past to fulfill their need, is not at present and will not be in the near future.
- existing housing stock forms a large portion of our total housing stock in any year and is a resource to be better utilized in providing low-income housing in inner city areas.

⁶ The definition of low-income people in Chapter 1, Section 1.6.5 points out this problem.

3.1 LOW-INCOME POPULATION

A major source of data on low-income people is the poverty literature.⁷ The Economic Council of Canada has produced several reports on poverty. The Council using the Updated Statistics Canada definition (See Table 1) estimated that in 1961, 4.2 million people or 27 per cent of the total non-farm population was in the low-income group. (1970:54)

Donald Caskie (1979) updates the statistics to 1977. (See Table 7) He finds that the percentage of people in poverty has been dropping since the early 1960's but no major decreases have occurred since 1973. In 1976, according to the three major national poverty lines, the following numbers of Canadians were living in poverty:

Revised Statistics Canada	2,831,000
Canadian Council on Social Development	4,423,000
Senate Committee	5,372,000

Caskie went on to speculate that "since Canada has experienced continuing inflation and increasing unemployment in the intervening years (1977-1979), it is possible that these numbers have grown." (1979:26) Considering that both inflation and unemployment have continued to the present, growth of the 1976 numbers is quite likely.

⁷ An abundance of data was produced in the late 1960's and early 1970's. Many references have been included in the bibliography.

Table 7
Incidence of Low Income for Selected Years 1969-1977, Canada
(Using Statistics Canada Updated and Revised Cut-Offs)

	Updated Cut-Offs (1961)					Revised Cut-Offs (1971)				
	Unattached Individuals	Families	All Units	Persons (Pop.)		Unattached Individuals	Families	All Units	Persons (Pop.)	
1969	35.7	17.4	22.0	18.2		42.8	20.8	26.3	23.1	
1971	37.6	15.9	21.4	17.1		43.1	18.3	24.5	20.6	
1973	32.5	11.4	17.0	12.8		40.2	13.4	20.6	15.8	
1975	28.2	9.7	14.9	11.1		38.1	11.8	19.2	14.2	
1977	27.4	10.2	14.6	11.3		37.9	11.9	18.5	13.9	

Source: Donald Caskie (1979) Canadian Fact Book on Poverty. Ottawa: Canadian Council on Social Development. p.24.
Derived from Statistics Canada estimates for 1977 Survey of Consumer Finances.

Table 8
 Percentage Distribution of Low Income Families, Canada, 1967, 1976
 (By Selected Characteristics)

Selected Characteristics	1967		1973		1976	
	Low Income	Other	Low Income	Other	Low Income	Other
By Region						
Atlantic	15.9	7.0	12.5	8.3	11.2	8.6
Quebec	29.8	27.1	30.8	26.3	29.7	27.2
Ontario	24.4	39.6	29.8	38.5	30.8	36.2
Praire	21.0	15.9	19.6	15.3	17.2	16.8
British Columbia	8.8	10.5	7.3	11.6	11.1	11.3
Canada	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
By Size of Area of Residence						
500,000 and Over	17.9	35.4	26.4	32.0	34.0	30.0
100,000 - 499,999	12.1	23.2	19.5	22.4	18.6	26.6
30,000 - 99,999	4.8	7.8	6.5	7.3	7.7	7.8
Small Urban Areas	20.1	18.6	19.4	17.6	17.8	17.6
Rural Areas	45.1	15.0	28.2	20.9	21.9	18.0
All Areas	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Donald Caskie (1979) Canadian Fact Book on Poverty. Ottawa:Canadian Council on Social Development. p. 37.

Since this paper deals with medium-sized Ontario cities, it is imperative to look at the distribution of low-income people in Canada and Ontario. N.H. Lithwick(1971) in his report on urban poverty, found that in 1965:

- 1/3 of all poor lived in major metropolitan areas.
- 1/2 of urban poor are unattached individuals.
- disparities of income are greatest in major urban areas due to the greater inability of the poor to cope with local financial standards.

The Special Senate Committee on Poverty(1971) produced statistics to show the distribution of low-income families in Canada in 1967. Caskie builds upon the Senate findings to produce Table 8 . From the table, it can be seen that for low-income families in 1976:

- the largest percentage by region occurs in Ontario.
- the largest percentage by size of area of residence is cities of 500,000+.

Caskie had similar but more dramatic findings for unattached individuals.

3.2 HOUSING FOR THE LOW-INCOME POPULATION

3.2.1 Housing Stock and Housing Need

The Special Senate Committee on Poverty(1971:134) estimated that, in 1968, there were:

- 5,500,000 housing units in Canada.
- 500,000 of these units were substandard.
- 5,700,000 families and individuals required a housing unit.

The first and third points indicate a housing shortage of 200,000 units. Due to the poor's inability to demand housing,⁸ it can be assumed that much of the shortage is in low-income housing. An earlier study by M. Wheeler (1967) supports this hypothesis.

The second point on housing quality is most difficult to quantify and thus estimates vary widely. Dennis and Fish, considering housing stock condition, estimated that, in 1971, between half a million and one million units required "rehabilitation simply to bring them up to the standard of decent, safe and sanitary accommodation." (1972:4) While concluding that the exact amount of substandard housing is difficult to estimate, CMHC found that 15 per cent or 900,000 units of the entire Canadian housing stock were in need of some repair. (1978:17) The Ministry of Housing determined that in 1978, 657,000 dwelling units in Ontario or 23.8 per cent of the total dwelling stock was in need of some repair. Less difficult to determine is who resides in this inadequate housing. In the private housing market, the lower income groups are accommodated through the filtering down of houses.⁹ As this is usually the oldest housing stock and as

⁸ Demand denotes the ability to affect the market in a positive manner. Demand causes the creation of new housing. This is discussed in Chapter 1, Sections 1.6.2 and 1.6.3.

⁹ The filtering process is the changing of occupancy as the housing that is occupied by one income group becomes available to the next lower income group. The economic view implies that relative price decreases faster than the quality of the house. The social implication is that filtering allows upward filtering of income groups into bet-

maintenance and repair are costly items, low-income housing will make up a large portion of the substandard housing.

Besides the quantity and quality of the housing stock available to low-income households, another concern is its affordability. (See Table 9) Dennis and Fish estimated that in Canada in 1971, 800,000 low-income households spent in excess of 25 per cent of their income on shelter. (1972:4) The Ontario Welfare Council, in reviewing Ontario housing needs for low-income households, found that 300,000 to 400,000 families were presently in need of housing that they could afford. This was 1/6 of all Ontario families. (1973:32) Their other findings for Ontario were similar to Canadian trends: demand was concentrating in urban areas; was most serious for families; and was shifting from ownership to rental units.

ter quality housing. This appears to only happen in a rapidly growing market but not in general. As a result filtering does not lead to an improvement in housing quality but rather the perpetuation of marginal housing for low-income households. (R. U. Ratcliff, 1949; L. Grebler, 1952; B. Lansing, C. W. Clifton and J. N. Moizan, 1969)

Table 9
Indicators of Housing Need by the Poor, Canada 1972

	Childless Single Persons		Childless Couples		Families With Children			All Households
	Aged 20-24	Aged 25-64	Head Aged 20-64	Head Aged 65 and Over	1 and 2 Children	3 or 4 Children	5 or more Children	
Per Cent Household Type Poor ^a	16.1	20.7	10.3	39.0	12.3	16.5	23.7	18.9
Per Cent of All Poor Households	1.3	10.0	10.1	16.4	23.3	14.2	5.8	100.0
Per Cent Poor Renting	98.4	60.2	39.8	23.4	47.2	32.6	32.3	40.7
Per Cent Non-poor Renting	97.1	71.5	48.7	20.2	32.4	21.1	19.1	37.5
Per Cent of Poor With Main Source of Income Government Transfers	8.0	39.2	23.9	90.9	36.8	36.5	51.0	56.2
Per Cent Homes of Poor Home Owners with Mortgages	nil	10.8	4.3	6.2	24.7	26.8	16.8	14.9
Per Cent Homes of Non-Poor Home Owners with Mortgages	32.8	18.1	44.1	10.9	62.2	66.0	54.4	52.4
Per Cent of Poor, Unsubsidized Renters With Rent-Income Ratio > 25 p.c.	91.3	81.9	79.5	73.9	76.4	67.5	51.0	77.9
Per Cent Poor Home Owners with P.I.T. Ratio > 25 p.c. ^b	nil	82.7	87.4	93.1	83.6	80.6	49.3	81.5
Per Cent of Non-Poor, Unsubsidized Renters with Rent-Income Ratio > 25 p.c.	51.3	27.9	7.5	31.5	10.5	9.8	4.5	17.0
Per Cent of Non-Poor, Home Owners with P.I.T. Ratio > 25 p.c.	nil	33.2	10.4	42.2	10.8	10.1	6.5	11.3
Poor Renters with 1.01 more Persons Per Room	nil	nil	2.2	3.4	5.3	19.8	82.5	7.9
Poor Renters with No or Only Cold Running Water	2.5	12.1	13.8	6.3	8.7	8.2	15.1	10.6
Poor Home Owners With 1.01 or more Persons per Room	nil	nil	0.8	nil	3.7	26.5	78.6	10.3
Poor Renters with No or Only Cold Running Water	2.5	12.1	13.8	6.3	8.7	8.2	15.1	10.6
Poor Home Owners with No or Only Cold Running Water	100.0	30.3	21.8	16.0	19.8	23.2	33.4	21.7

Source: Canadian Council on Social Development (1977). A Review of Canadian Social Housing Policy. Ottawa: Canadian Council on Social Development. p.34.
Derived from Statistics Canada, Urban Family Expenditure on Shelter Household Durables, 1972. CMHC Tabulations.

a. Statistics Canada, Unrevised Poverty Lines. This level is generally three-fourths of level advocated by CCSD.
b. P.I.T. = Principal, interest and taxes.

3.2.2 Housing Production: Pre-1971

The enactment of the National Housing Act(1944) and the formation of Central Mortgage and Housing Corporation(1945), entrenched housing as a federal concern. Early activity was directed at creating a Canadian housing industry which was capable of producing large quantities of housing for the private market. While there was legislation for assisted housing, it was little used until the mid 1960's. Between 1945 and 1966, 0.1 per cent of all housing starts(21,000 units) were for public housing.(Wheeler,1967)

Due to major amendments to the National Housing Act (1964) which allowed for more assisted housing programs, an upswing in social housing activity occurred in the late 1960's. Also instrumental was the increased participation of the provinces. Ontario established the Ontario Housing Corporation(1964) to act as the provincial counterpart to CMHC. Provincial legislation and programs began to grow and their activity was concentrated in:

- urban areas.
- rental accomodation for families.
- new construction in the form of public housing projects.

Despite this growth of social programs, production levels were still considered inadequate.

As matters now stand, it is clear that despite the recent increases in public housing production, housing still remains largely a private market.

By the end of 1971, only 3.5 per cent of the 6,035,000 dwellings in the country had been built under what the Central Mortgage and Housing Corporation terms "NHA aid to low income groups" and only 1.5 per cent of the nation's stock consisted of subsidized rental housing. Fifteen per cent of the 1971 housing starts were designated for low income people. But since our annual increment to the stock is only about 3 per cent, production at this rate will take decades to furnish decent housing at a reasonable cost for all who need it. The fact is, despite a new concern with social housing, the prevailing creed continues to be that stated in the Hellyer report: "The housing needs of most Canadians can and should be met through the private market." (Audain, 1973:92)

Besides quantity, another concern with the early production of subsidized housing was the quality of it. The Senate Committee resolved that "large scale ghettos for users of public housing create as many problems as they solve." (1971:136) The undesirability of large scale projects has been discussed by many¹⁰ and will not be discussed here except to say that it led to some new thinking which affected the type of programs offered in the 1970's. Again the Special Senate Committee resolved that:

One answer to the housing problems of the poor may lie in more efficient use of the existing stock of housing, the 97 per cent or so which is not brand new. The importance of improving the existing housing stock cannot be overestimated, even though this requires re-thinking Canadian housing policies which have traditionally been concerned almost exclusively with new housing. The lack of incentive for more rational utilization of existing housing stock is apparent from the statistics. Last year only 9,142 loans (involving 11,572 units) were made by Central Mortgage and Housing

¹⁰ Strong cases against low-income housing projects have been made by Dennis and Fish (1972); CMHC (1979b); Ontario Welfare Council (1973); J.C. Turner (1972, 1976). The poverty literature also critically reviews this type of housing.

Corporation to cover both home improvements and extensions. (1971:137)

Melvin Charney (1971) supported the Committee, finding rehabilitation to be a highly productive and expedient means of providing low-income housing at costs generally less than new construction.

3.2.3 Housing Production:1971 to 1981

The last few years (1964-1969) have seen housing issues become a highly important concern, not only of various special interest groups, but also among the general public. Since our current bout of inflation began in the late 1960's, the federal government has received the reports of several major task forces, the most prominent being those chaired by the Hon. Paul Hellyer in 1968-69 and by Michael Dennis in 1970-71... In 1971, a new Ministry for Urban Affairs and Housing was created and in 1973 extensive amendments were made to the National Housing Act (NHA) which acted on many of these task forces' recommendations.

Over the same period the Ontario government has added substantially to both the programs and the budget of its housing agency, the Ontario Housing Corporation (OHC). In October 1972, they set up their own housing task force, chaired by Professor Eli Comay. In September 1973, their report was published along with the announcement of provincial reforms in the housing field. Primary among these was the creation of a Ministry of Housing. (Ontario Welfare Council, 1973:1)

Government agencies, legislation, programs and policies were rapidly growing in the early 1970's. (See Table 10) Much government activity was directed at creating low-income housing stock but the official policy as stated by both federal and provincial housing task forces (Government of Canada, 1969; Government of Ontario, 1973) was to allow housing to

be a private market activity. Many (Ontario Welfare Council, 1973a, 1973b; Dennis and Fish, 1972; Ontario Economic Council, 1976, 1979) condemned such 'non-policy' as being ineffective in dealing with low-income housing needs and statistics on assisted housing starts when compared to housing need, support these statements. Table 11 shows that in the 1970's, 320,625 units of assisted housing were produced under federally funded programs. Some of this housing particularly that produced under AHOP (44,559 units), assisted moderate-income families. In Ontario, between 1971 and 1979, 94,738 units of assisted housing was produced and AHOP accounted for 10.4 per cent of these units. (See Table 12)

It should be noted that rapid increase in household formation occurred in the 1970's - 373,000 new households in Ontario between 1971 and 1976. Considering this increase in new low-income households and the level of low-income housing production in the 1970's, the low-income housing produced through new construction or the subsidization of existing units, has had little impact on the housing problems of the poor.

In response to negative opinions of urban renewal programs, federal and provincial programs were launched to promote neighbourhood and housing rehabilitation. The housing programs relied upon the participation of the housing industry. Promoting private industry to work on rehabilitation programs in a period of rapid suburbanization and growth of

Assisted Low-Income Housing Programs in Ontario,
1971-

Program	Starting Date
1. Family Rental Housing (Geared-to-Income) and	January 1965
2. Senior Citizen Rental Housing (Geared-to-Income) Authority:Federal-National Housing Act (NHA) Sections 43 and 44 Provincial-Ontario Housing Corporation Act (OHCA) Sections 6 and 7 Housing Development Act (HDA) Section 6 Municipal-Resolution of Council	
3. Low Rental Housing Assistance:Entrepreneur Authority:Federal-NHA Section 15	1968
4. Rent Supplement Program Authority:Federal-NHA Section 44 Provincial-HDA Section 2(1)(f) OHCA Section 6	1971
5. Assisted Home Ownership Program (AHOP) Authority:Federal-NHA Section 34.15(Direct) Section 34.16(Private)	1975
6. Non-Profit Housing Assistance Authority:Federal-NHA Section 15	July 1973
7. Cooperative Housing Assistance Authority:Federal-NHA Section 34.18	July 1973
8. Residential Rehabilitation Assistance Program (RRAP) Authority:Federal-NHA Section 34.1	December 1973
9. Ontario Home Renewal Program (OHRP) Authority:Provincial-HDA	1974
10. Community Sponsored Housing Authority:Provincial-HDA Section 2(1)(e)(f)	July 1974
11. Non-Profit and Cooperative Housing Program Authority:Federal-NHA Section 6 Section 56.1	June 1979
12. Ontario Community Housing Assistance Program (OCHAP) Authority:Provincial-HDA	April 1981

Source: Ministry of Housing (1975) Housing Programs in Ontario
(Toronto:Queen's Printer)
Verbal Information provided by CMHC and MMAH
representatives.

Table 11
Federal Housing Production for Low-Income Households, Canada, 1971-1979

New Construction (Units)										
Program	1971	1972	1973	1974	1975	1976	1977	1978	1979	Total
Section 15 Entrepreneur	11,059	8,470	4,311	2,015	10,150	--	--	--	--	36,005
Section 15.1 Non-Profit	3,109	1,813	1,032	4,515	3,748	7,411	3,242	2,669	36	27,575
Section 34.15 AHOP	--	--	5,464	10,264	16,255	2,364	1,009	66	--	35,422
Section 34.18 Cooperative	--	--	191	615	1,365	948	1,565	654	--	5,338
Section 43 Geared-to-Income	19,234	14,297	10,915	9,954	12,545	12,168	5,246	5,932	76	90,367
Total	33,402	24,580	21,913	27,363	44,063	22,891	11,062	9,321	112	194,707
Existing (Units)										
Section 15 Entrepreneur	448	327	215	529	745	--	--	--	--	2,269
Section 15.1 Non-Profit	171	227	201	770	763	1,023	1,175	494	39	4,863
Section 34.15 AHOP	--	--	1,390	7,718	24	3	1	1	--	9,137
Section 34.18 Cooperative	--	--	--	387	116	737	313	804	2	2,359
Section 43 Geared-to-Income	126	312	29	49	37	31	208	42	67	901
Section 34.1 RRAP	--	--	--	1,496	4,848	14,500	22,151	33,374	30,025	106,394
Total	745	866	1,835	10,949	6,533	16,294	23,848	34,715	30,133	125,918
Grand Total										320,625

Source: Statistics Canada, CMHC Statistical Handbook, 1979.
pp. H-35, H-36, H-36a.

Table 12
Federal Housing Production for Low-Income Households, Ontario, 1971-1979

New Construction (Units)										
Program	1971	1972	1973	1974	1975	1976	1977	1978	1979	Total
Section 15 Entrepreneur	3,022	3,274	2,353	1,022	3,672	--	--	--	--	13,343
Section 15.1 Non-Profit	69	189	134	1,762	1,368	2,454	1,625	887	--	8,488
Section 34.15 AHOP	--	--	394	2,569	3,929	73	10	--	--	6,975
Section 34.18 Cooperative	--	--	--	154	365	164	933	563	--	2,179
Section 43 Geared-to-Income	9,839	7,685	7,098	4,032	5,386	5,783	2,275	2,113	--	44,211
Total	12,930	11,148	9,979	9,539	14,720	8,474	4,843	3,563	--	75,196
Existing (Units)										
Section 15 Entrepreneur	1	--	--	--	3	--	--	--	--	4
Section 15.1 Non-Profit	--	20	72	590	523	889	662	193	22	2,971
Section 34.15 AHOP	--	--	271	2,578	14	2	--	1	--	2,866
Section 34.18 Cooperative	--	--	--	162	54	305	56	345	--	922
Section 43 Geared-to-Income	14	151	1	13	25	--	11	12	--	227
Section 34.1 RRAP	--	--	--	831	1,217	3,133	2,828	2,582	1,961	12,552
Total	15	171	344	4,174	1,836	4,329	3,557	3,133	1,983	19,542
Grand Total										94,738

Source: Statistics Canada, CMHC Statistical Handbook, 1979.
pp. H-47, H-48, H-48a.

the private new house construction market was hopeful, indeed. The rehabilitation programs posed major technical problems for the new house construction industry and a scale of activity which contained little financial incentive for the private market. Thus, rehabilitation was faced with many problems in the early 1970's.

The late 1970's found housing conditions changing. Suburbanization decreased significantly. House prices and interest rates climbed steadily. Rent control had dropped rental construction to a trickle. Government programs were changing also. In 1978, the Minister of State for Urban Affairs outlined the federal government's 'New Directions in Housing'. The objectives were:

- increase substantially (19,000 to 30,000 units) the amount of housing produced annually for low-income people.
- disentangle arrangements under which federal and provincial housing and community service programs operate.
- use to the fullest private sector capital for activity previously funded by the federal government.

Provincial involvement in delivery of housing was increasing while federal involvement became more and more that of a funding agency. Programs such as AHOP and Geared-to-Income Rental Housing commonly called public housing, were being discontinued due to negative public opinion, their failure to function in new economic circumstances, and a move in government emphasis away from assisted home ownership and from large capital expenditures. Financing from the public

purchase was being reduced and lending from the private lending market was being sought. Programs were being designed to increase the participation of municipalities and private groups in the development of low-income housing.

Existing housing was becoming a recognized resource. Such early statements as Smith's (below) were now being quoted as justification for shifts in housing policy.

In fifty-one years, from 1921 through 1971, there were 4,294,000 dwelling starts in Canada. More than ninety-one per cent of these were required by the increase in the number of Canadian households, leaving some 365,000 units available to retire portions of the pre-existing inventory. This is almost precisely one-fifth of the number of occupied dwellings in 1920. At this rate it will require another two centuries - 250 years in all - to replace the 1920 inventory. This is not a level of performance which promises significant improvement in the quality of urban life, at least so far as the need for shelter is concerned. (Smith, 1973:118)

The 1980's are seeing a continuation and escalation of these trends and of such thinking. Rehabilitation, revitalization and conservation are being promoted most enthusiastically. Renewal of existing stock is growing as is its share of the housing industry.

3.3 CONCLUSION

While the incidence of poverty in Canada has decreased in the last 20 years, the percentage of household units who are low-income is still significant. Using Caskie's figures for 1977, 15 to 20 per cent of all households requiring accommodation were low-income. Translated into absolute numbers,

between 3 and 4 million people existed on low-incomes. Considering that Caskie was using Statistics Canada's definitions which use the lowest annual income figures of the five definitions in use (See Table 1), this estimate is optimistic. Also to be considered is the impact of current economic conditions on low-income statistics. Since 1977, inflation and unemployment have been rising and the incidence of households exceeding the LICO¹¹ of 62 per cent will, in all likelihood, have been rising also.

It is important to consider distribution of low-income households. Ontario, with 30 per cent of Canada's low-income population of which one-half is in metropolitan areas, should be concerned with the provision of low-income housing in the city.

In 1971, it was estimated that in Canada:

- There was a housing shortage of 200,000 units.
- Between 500,000 and 1,000,000 dwelling units were sub-standard.
- Approximately 800,000 low-income households could not afford their accommodations.

In Ontario:

- Between 1976 and 1981, 440,000 new housing units were required. An additional 740,000 would be needed by 1991. (Peter Barnard Assoc., 1977)
- Approximately 650,000 dwelling units required repair in 1978.

¹¹ LICO is the Low-Income Cut-Off and is discussed in Chapter 1, Section 1.6.5. Being used is the Revised Statistics Canada definition which is considered to reflect more accurately present spending ratios.

- Between 300,000 and 400,000 families were in need of affordable housing in 1973.

Much of the substandard housing and the unaffordable housing is occupied by low-income households who can not effectively demand improved housing but who, nonetheless have a great need for it.

Social housing activity in the 1960's concentrated in urban areas. Rental accommodations for families in the form of new public housing projects predominated. Production was limited, the quality was questionable. The impact of the new housing on either the housing shortage or the affordability problem was small.

The 1970's witnessed increases in the number of assisted housing programs and in the number of new units constructed. Improvement of substandard housing was also being pursued. By the late 1970's rehabilitation and use of existing housing to meet social housing goals was being promoted by a wide spectrum of people and agencies. The Ontario Renewals forum held in 1980 and attended by 1500 delegates, highlights this point. The need to upgrade existing units and the potential of these units to fulfill low-income housing need is great. In 1971, approximately 10 per cent of Canada's housing stock was substandard and another 5 per cent was in need of some repair. To rehabilitate a portion of these 1 million units and provide them at affordable rent levels would greatly reduce the need for low-income housing units.

While programs proliferated, the commitment of government to low-income housing was still questioned. Government strongly upheld their position that housing was a private market activity and their role was one of a minor interventionist. With regard to low-income housing need and the alleviation of the three problems outlined above - shortage, affordability and quality - the intervention was indeed minor. Audain found the pre-1971 production level of 211,225 dwelling units inadequate and predicted decades of such limited production would be needed to alleviate the low-income need found in 1971. It would not address any subsequent need that new household formation or changing economic conditions might create. The 1970's saw a total production of 320,625 dwelling units for low and moderate-income people with the level of production decreasing dramatically after 1975. Ontario, with virtually no social housing activity in 1979, belies the promises made by the federal government in 1978 to significantly increase the production of low-income housing. While recognizing the need to increase production by 60 per cent, the federal and provincial governments seem unwilling or unable to act effectively against present economic trends which are adverse to housing production particularly that destined for low-income households. (Canadian Council on Social Development, 1977:xvii)

Chapter IV

ASSISTED HOUSING PROGRAMS UTILIZING EXISTING BUILDINGS, 1971-1981

The following is a review of the housing programs available in Ontario between 1971 and 1981 which could utilize existing buildings in inner city areas to provide low-income housing. The design and operation of these programs and the housing generated by these programs for low-income households are under consideration. While the second chapter concentrated on medium-sized cities, this review considers program performance in all participating municipalities. Inner city performance is of particular concern but is not dealt with exclusively.

There are two sets of standards which are closely tied to these programs but which are not being reviewed as part of the programs - maintenance and occupancy standards and building codes. Both of these items have a serious impact on the operation of programs to improve existing housing. Both are receiving considerable attention from federal and provincial agencies desirous of improving them with regard to renovation and rehabilitation work. But these issues are considered separate from program design and will only come into the discussion as part of the evaluation of the operation of the programs.

The programs being reviewed are - Residential Rehabilitation Assistance Program (RRAP), Ontario Home Renewal Program (OHRP), and Non-profit and Cooperative Housing. Federal home improvement loans under Section 28 of the National Housing Act (NHA) will be discussed as a complementary part of RRAP and the federal/provincial rent supplement program, under Section 44 of the NHA will be discussed with the non-profit housing program.

The Geared-to-Income Rental Housing Program, better known as public housing, is not being reviewed for two reasons. Firstly, while this program allowed for use of existing buildings, in the period 1971 to 1979, only 901 existing units were made available for low-income households. This represents less than 1 per cent of the total public housing produced during that period. Secondly, the public housing program has been phased out due, in part, to negative public response to the low-income housing projects which were constructed. Municipal non-profit housing projects are expected to fulfill the needs formerly met by provincially operated public housing. As the purpose of the review and the later evaluation is to propose directions for programs in the 1980's, it is felt that a review of the now defunct program which in name only allowed for the use of existing buildings is unprofitable. Public housing does provide some lessons to be considered in future program operations, though, and so it will be referred to in the evaluation.

4.1 PROGRAM REVIEW

4.1.1 Residential Rehabilitation Assistance Program (RRAP)

RRAP was initiated in December of 1973. It was designed as the sister program to the Neighbourhood Improvement Program (NIP) and so, for the most part, RRAP was offered to the residents of areas designated under NIP. The two programs addressed the problems of older residential neighbourhoods. NIP dealt with neighbourhood services and facilities. RRAP provided loans to homeowners for improvements. Federal, provincial and municipal agencies were involved in the operation of these programs.

RRAP was funded by the federal government through CMHC. Local officials were responsible for loan preparation. CMHC approved loans and allocated funds. Improvements were eligible for RRAP funding if they extended the lifetime of the housing unit by 15 years making it structurally sound and bringing services and facilities up to acceptable health and safety standards. Conversion of units was funded only for non-profit organizations and no work of a renovation nature was eligible. Another significant point was that these loans could be obtained only once for any unit. The municipal inspection officer was to list all the work which was needed to bring the property up to the standards and all of the work was to be done using the one loan. This, of course, was not always financially possible - the owner could not afford the loan or the loan maximum was not suffi-

cient. This point has caused some concern and will be discussed further in the evaluation.

RRAP was designed with three components - Urban RRAP, Rural RRAP and Non-profit RRAP. Urban RRAP was the most active and it functioned in NIP areas. Rural RRAP occurred in specially designated areas. As rural housing is not of concern in this study, Rural RRAP will not be reviewed. Non-profit RRAP was available to groups participating in the Non-profit and Cooperative Housing Programs and was not restricted to designated areas. Urban and Non-profit RRAP will be discussed further.

In 1973, Urban RRAP funds could be used by residential owners in designated NIP areas. Loans could be processed once the municipality was in the planning stage of NIP and had adopted standards from which to recommend work. This was done by passing a Maintenance and Occupancy By-law. Table 13 shows the basic program features in 1973 for homeowners and landlords.

The following changes took place in the program.

In 1976:

- The income restriction was removed. Households with annual incomes less than \$11,000 received a subsidized interest rate at 8 per cent and were eligible for grants to \$3,750. If the income was greater than \$11,000 annually, the interest rate was 10 per cent and no grants were available.
- The maximum loan was increased to \$10,000 per unit.
- The maximum landlord grant was increased to \$3,750. and was dependent on the cost of rehabilitation work being done.

Table 13

Residential Rehabilitation Assistance Program, 1973, 1981

Program Characteristic	1973 Homeowner	1973 Landlord
Maximum Loan	\$5,000	\$5,000 per unit
Grant (portion of Loan)	\$2,500 Based on income - maximum given if annual income is \$6,000 or less; earned at \$500 per year of ownership and occupancy	\$2,500 per unit Rental Agreement; earned at \$250 per year of agreement
Interest Rate	8%(subsidized)	8%(subsidized)
Maximum Amortization Period	20 years	20 years
Maximum Family Adjusted Income	\$11,000	--
Security	Loan secured by promissory note	Promissory note if under \$5,000; mortgage if over \$5,000
	1981 Homeowner	1981 Landlord
Maximum Loan	\$10,000	\$10,000 per unit Secured from private lender; insured by CMHC through Section 28, NHA
Grant (portion of Loan)	\$3,750 Based on income - maximum given if annual income is \$9,000 or less; earned at \$750 per year of ownership and occupancy	50% of total loan value not exceeding \$2,500 ; earned at \$250 per year of rent control agreement
Interest Rate	floating(subsidized)	floating(subsidized)
Maximum Amortization Period	20 years	20 years
Maximum Family Adjusted Income	No restrictions	--
Security	Loan under \$5,000- promissory note; over \$5,000- mortgage	Loan secured by first mortgage

Source: Derived from various sources.

- Loans could not be processed until the implementation stage of NIP.

In 1977:

- The interest rate for all homeowners was 10 per cent and then was a floating rate always somewhat less than current market rates.

In 1978:

- Loans over \$5,000 must be secured by mortgage. A first mortgage was not required but the mortgage had to be proven secure - the value of the building exceeded the value of all mortgages.
- The landlord interest rate increased to 10 per cent and the maximum grant was changed to 50 per cent of the loan amount up to a maximum of \$2,500.
- CMHC standards for RRAP work replaced the Maintenance and Occupancy By-law as the guidelines for designating required improvements.
- NIP was discontinued in favour of block funding to municipalities for physical services and social facilities. RRAP was now obtained on an independent application.

In 1979:

- Landlord loans were no longer obtained from CMHC but secured through the private mortgage market at current rates of interest. CMHC insured the loans through Section 28 of the NHA.
- The landlord loans must be secured by a first mortgage.

Table 13 shows the basic program features in 1981.

The 1979 changes to the landlord program of Urban RRAP meant the revival and updating of the Home Improvements Loan Program. This program was initiated under Section 28 of the NHA in 1955. The federal government insured private mortgages for additions, repairs and alteration to a maximum of \$4,000 for homeowners and landlords.

From 1955 to 1970, 40,612 housing units in Canada had been improved using the loan program. A steady decline in annual activity can be seen and was most dramatic in the 1970's. (See Table 14) Until 1979, the program was not designed to specifically assist low-income households. A slight increase in the 1979 statistics may be due to use by landlords through RRAP. While the loan ceiling was raised to \$10,000 in 1979, it can be seen that the per unit value of loans has not changed significantly. Considering inflation, the loans must be being used for smaller scale improvements than in the past.

Non-profit RRAP was available to non-profit and cooperative groups producing housing under Sections 15.1 and 34.18 of the NHA. RRAP had no geographical restrictions and unlike Urban RRAP, could be used for conversions in NIP areas as well as for repairs in other areas. The non-profit group was considered to be a landlord and so received the grants a landlord would under Urban RRAP. The 1973 landlord regulations and subsequent changes to landlord RRAP were applicable until 1979. In 1981 loans are secured from private institutions and are insured under Section 6 of the NHA by CMHC as are other non-profit loans. Grants are provided under Section 34.1. Maximum forgivable amounts are:

- \$3,750. per self-contained dwelling unit or
- \$1,250. for each of the first three beds and \$2,000. for each additional bed in a hostel project.

Table 14
 Home Improvement Loans, Section 28 NHA,
 Canada and Ontario, 1971-1979

Year	Canada		Ontario	
	Units	\$000	Units	\$000
1971	9,010	19,019	2,649	6,146
1972	9,573	10,039	2,608	5,883
1973	7,558	16,225	1,894	4,585
1974	7,724	8,642	2,089	5,408
1975	6,597	15,700	1,469	3,657
1976	4,972	10,588	911	2,242
1977	2,729	8,080	567	1,525
1978	1,433	4,196	241	617
1979	1,936	3,835	412	536

Source: Statistics Canada, CMHC Statistical Handbook, 1979

Forgiveness is earned over a 10 year period at 10 per cent per year.

4.1.2 Ontario Home Renewal Program (OHRP)

OHRP was started in 1974 to complement RRAP. In NIP areas, a housing unit could receive RRAP and also OHRP if additional funds were needed to bring the unit up to acceptable standards. This was called stacking loans. Low-income homeowners outside NIP areas, who could not get RRAP, could utilize the OHRP program for their home improvement needs. The Province concentrated on small municipalities, which the Province felt were being neglected by NIP and RRAP. OHRP operated without geographical limits in municipalities where OHRP agreements had been made.

At first, OHRP was a homeowner program but a landlord program was started in 1976 for low-rise buildings (maximum 4 stories) and for conversions. This program ended in 1978. Table 15 shows the basic program as outlined in 1974 and 1981 for homeowners and the landlord program which operated from 1976 to 1978.

Only two provincially initiated changes have occurred in the homeowner program.

- With the increase in maximum RRAP loans to \$10,000 in 1976, stacking of OHRP was discontinued. OHRP was no longer available in NIP areas.
- In 1980, the maximum annual income level was increased to \$15,500.

Ontario Home Renewal Program,
Homeowner, 1974, 1981, Landlord 1976-1978

Program Characteristic	1974 Homeowner	1976-1978 Landlord
Maximum Loan	\$7,500	\$10,000 per unit
Grant (portion of Loan)	\$4,000 Based on income; earned at \$600 per year of ownership and occupancy	\$3,750 per unit Rent control agreement; earned at \$375 per year of agreement
Interest Rate	0 - 8% Geared to household income	8%
Maximum Amortization Period	20 years	20 years
Maximum Family Adjusted Income	\$12,500	--
Security	Promissory Note	Promissory note if loan under \$5,000; mortgage if over \$5,000
	1981 Homeowner	
Maximum Loan	\$7,500	
Grant (portion of Loan)	\$4,000 Based on income; earned at \$600 per year of ownership and occupancy	
Interest Rate	0 - 8% Geared to household income	
Maximum Amortization Period	20 years	
Maximum Family Adjusted Income	\$15,500	
Security	Promissory Note	

Source: Derived from various sources

A significant difference between RRAP and OHRP concerns the financing and administration of the programs. CMHC approves RRAP loans on an individual basis and the local municipality is responsible for loan processing. CMHC tightly controls RRAP. The Ministry of Municipal Affairs and Housing, on the other hand, makes annual allocations to municipalities on a per capita basis.

Municipal Population	OHRP Allocation
under 10,000	\$4. per capita or \$4,000. whichever is greater
10,000-99,999	\$3. per capita
over 100,000	\$2. per capita

The municipality must make regular reports to the Ministry but otherwise is fully in control of loan approval. The annual allocation becomes a rotating fund which can increase over time if grants do not outstrip repayable loans. Since the allocation does go into a rotating fund, the Province allows the municipalities discretion concerning maximum loan amount, forgiveness and interest rates. As municipalities do have this authority, the program's operation can and does vary from municipality to municipality. (See Table 16) The loan ceiling and maximum grant are often reduced by the municipality in order to extend funds to more applicants.

Table 16
Municipally Altered OHRP Guidelines

Selected Examples	
Cambridge	Maximum Forgiveness = 80% of loan
Cornwall	Maximum Forgiveness = \$3,200
Kingston	Maximum Loan = \$5,000
Strathroy	No Forgiveness Interest Rate = 3%
Lindsay	Maximum Loan = \$5,000 Maximum Forgiveness = 50% of loan

Source: Ministry of Housing (1976) An Evaluation of the Ontario Home Renewal Program.
Toronto: Queen's Printer. Exhibit 01A, p.3.

4.1.3 Non-Profit and Cooperative Housing Programs

In the 1960's and early 1970's, non-profit organizations and continuing cooperative groups obtained government funding for housing through limited dividend loans. Under Section 15 of the NHA, private entrepreneurs and other individuals could obtain mortgages at subsidized interest rates (1 1/2 - 2 per cent below market rates) for 95 per cent of the lending value of the housing projects (90 per cent prior to 1969). In return, the proponent of the project entered into a 15 year rent control agreement which kept rents at \$25 per unit below the market rent of an equivalent unit. The tenants had to be of low to moderate income.

Non-profit groups tended to originate from clubs, churches or charities who wished to build housing for the elderly. With the limited government subsidization, most groups could not accommodate the lowest income groups. Municipal non-profit corporations existed and in some areas were more active than private non-profit groups. While provincial non-profit corporations were also an alternative, the Province of Ontario chose not to set up such a corporation.

Cooperatives started in the Atlantic Provinces in the 1930's as building co-ops. Once the housing was completed, the housing was purchased by each member of the co-op and the organization was dissolved. There was no government assistance and this housing was primarily for moderate income

households. Building co-ops have never been a significant element in Ontario housing production and have not contributed to the development of low-income housing. Building co-ops will not be considered any further.

Another form of cooperative called a continuing non-profit cooperative has assisted in providing low-income housing in Canada and Ontario. In the 1960's, CMHC first funded this type of co-op. While financing was the same as that for non-profit groups, CMHC was reluctant to fund such groups and their growth was more limited than that of non-profit groups. (Haire, 1975:2; Dennis and Fish, 1972:11)

With the 1973 amendments to social housing programs, there was a rise in neighbourhood groups, both non-profit and cooperative, wishing to develop low-income family and senior citizen units. This activity was commonly called third sector housing with private, profit motivated activity being the first and government activity being the second. The following looks at the programs for non-profit and continuing cooperative housing projects.

First, the difference between non-profit and continuing cooperative organizations should be made clear. Non-profit groups, as a corporate entity, are owners of housing which they rent to other people who are in need of assisted housing. The corporation runs the project at no profit. The corporation sees its function as one of providing a community service. On the other hand, cooperative group members

are the owners of the housing and are also tenants of the project. This corporation sees itself as a self-help group. Members wishing to leave the project can do so and sell their share at its original value plus some inflationary allowance. Community service also occurs when extra units are rented to non-members.

Both groups receive the same financial assistance although the authorizing legislation in the 1973 NHA amendments was from two different sections - Section 15.1 for Non-Profit Housing and Section 34.18 for Cooperative Housing. Table 17 outlines the 1973 program. The major change to the program was the addition of funds from the Ontario government. The Ministry of Housing initiated the Community Sponsored Housing Program, under Section 2(1) of the Housing Development Amendment Act in 1974. It allowed for:

- capital contributions of up to 10 per cent of the project's lending value spread over a 15 year period if 25 per cent of the units in the project were made available to households on the public housing waiting list for rent supplement.
- contributions would be paid out over a 15 year period coinciding with the length of the rent supplement agreement.
- funds under the rent supplement program would be provided for these units.
- a lesser capital contribution would be made for a lesser proportion of units allocated to public housing.
- an alternative grant was a long-term lease on provincial property where property could not be obtained by the group and where provincial land was available.

The Ministry of Housing provided financial and technical assistance and required a full review of project proposals before allocating funds.

In 1978, major amendments were undertaken and by June 1979, a new program existed. Table 18 outlines the new program. CMHC assists and reviews private non-profit and continuing cooperative projects. The Ministry of Housing assists and reviews municipal non-profit projects. CMHC provides an annual block of funds to the Province for municipal activity and the Province supplies data as required by CMHC on these projects.

As stated earlier, the Province of Ontario has no provincial non-profit housing and sees this approach as a last resort method. The Province, as well as CMHC, now sees the primary onus for fulfilling social housing needs as being the municipality's and the private sector. This, of course, raises questions of local ability and authority to organize, finance and administer which will be discussed in the evaluation.

In April 1981, the Ontario Ministry of Housing initiated a program called the Ontario Community Housing Assistance Program (OCHAP). Through this program the province provides assistance to non-profit and cooperative groups. An agreement is entered into which allows for up to 50 per cent of the units of a senior citizen project and up to 25 per cent of a family project to receive subsidy assistance thus re-

Table 17
 Non-Profit and Cooperative Housing Programs, 1973

Maximum Loan	100% of Lending value ¹ of project (95% for Provincial non-profit corporations); obtained from CMHC
Maximum Grant	10% of lending value to reduce mortgage to 90% or CMHC purchase land and lease back at subsidized rate for term of mortgage authorized under Section 21.1 in 1974
Maximum Amortization Period	50 years
Interest reduction grant is available making rate 3 to 3½% lower than market rates	
A maximum \$10,000 start-up funds are available for preparation of loan application under Section 37.1 of NHA	
Non-Profit RRAP grants are available if rehabilitating existing units under Section 34.1	
Rent based on per unit share of monthly mortgage payment plus operating costs	
Rental increases must be approved by CMHC	
CMHC requires full review of project proposals	
Note 1:	Lending Value includes cost of land, servicing, buildings, appliances, landscaping and playground facilities.

Source: Derived from various sources.

Table 18

Non-Profit and Cooperative Housing Program, 1981

Maximum Loan	100% of lending value if project, obtained from private lender and insured by CMHC under Section 6 of NHA. CMHC will act as a lender of last resort.
Interest Rate	Interest reduction grant to 2%. Grant authorized under Section 56.1 of NHA.
Amortization Period	35 years
Start-up Funds	Phase I maximum funds - \$10,000 for feasibility study, Phase II maximum funds - \$65,000 for project development. Repayable as part of loan.
Tenants are charged	rent geared to their incomes so have a mixture of income levels and rent levels in project.
Non-profit RRAP provides loan insurance under Section 6 of the NHA to a maximum \$10,000 per unit. Maximum grants under Section 34.1 are \$3,750 per self-contained unit. Grants are available for hostel beds. Grants vary with actual costs of rehabilitation.	

Source: Derived from various sources.

ducing the required rent of these units to low-income levels. The agreements are signed for 5 year periods and then are renewed on a 2 year basis. This program is funded entirely by the Province and thus is not part of the rent supplement program. Authorization is found the Housing Development Act.

4.1.3.1 Rent Supplement Program

The rent supplement program was started in 1971 under Section 44.1(a) of NHA. Its purpose was to obtain housing units in private rental projects for low-income households. The government would supplement the household's monthly geared-to-income payment to meet the market rent of the unit. Agreements between the government and the landlord were usually for 5 year periods. The Ontario Housing Corporation administered the program on behalf of the three financing agencies:

- federal government, CMHC 50%
- provincial government, OHC 42 1/2%
- municipal government 7 1/2%

The municipality to receive rent supplement must enter into a financing agreement by resolution of council.

In 1975, this program was extended to non-profit and continuing cooperatives under Section 44.1(b) of the NHA, when acceptance by the private market was limited and public housing could not accommodate the households on its waiting

list. In April 1980, the Ontario Ministry of Housing altered the funding arrangement so that the cost is now shared equally between the Province and CMHC. Municipalities no longer provide funds. New rent supplement units are no longer being advertised for. While some new units are added each year, some units are also lost and thus the level of assisted units remains the same. Only two areas - Hamilton and the Niagara Region - have experienced a decline in the number of rent supplement units. (Wilf Nox, Ministry of Municipal Affairs and Housing, October 8, 1981)

4.2 PROGRAM PERFORMANCE

This portion of the study is interested in the impact of the programs, under review, on:

- Ontario housing stock in need of rehabilitation.
- low-income housing need in Ontario which considers quality, quantity and affordability.

The evaluation employs program statistics in a review of program objectives. While production statistics are presented, of greater concern is the ability of the programs to meet their objectives and to serve the client group they were designed to assist.

4.2.1 Residential Rehabilitation Assistance Program

Urban residents of NIP areas form the largest client group using RRAP. Approximately 70 per cent of all RRAP funds have gone to Urban RRAP in any one year. Non-profit

Table 19

Urban RRAP Loans, Section 34.1, NHA,
Canada, and Ontario, 1974-1979
(Units, including hostel beds)

Year	Canada	Ontario
1974	2,118	1,268
1975	5,320	1,441
1976	15,598	3,739
1977	23,180	2,991
1978	33,765	2,646
1979	31,774	2,159
Total	111,755	14,244

Source: Statistics Canada, CMHC Statistical Handbook, 1979.

Table 20
Urban RRAP Funds Going to Landlord, 1974, 1980
(As % of Total Urban RRAP)

	1974	1977	1980*
Canada	7	53	25
Ontario	8	57	28
Ottawa (1975-1977)	81		
London (1975-1977)	41		

* Grants only

Source: K. Willson (1980). Housing Rehabilitation in Canada. Toronto: University of Toronto. Table 4, p.20.

Table 21
Urban RRAP Funds, Type of Tenure, Canada
and Ontario, 1979, 1980
(\$000)

Type of Tenure	Canada		Ontario	
	1979	1980	1979	1980
Ownership	25,283	27,167	4,021	3,116
Rental*	13,415	10,707	1,511	1,236
Non-Profit	4,529	5,484	764	69
Total	43,227	43,358	6,296	4,421

* Grants only. (1980)

Source: CMHC Canadian Housing Statistics. Ottawa: Queen's Printer. pp. 60, 66.

RRAP has accounted for approximately 10 per cent of the Urban RRAP funds. As Table 19 indicates between 1974 and 1979, 14,244 housing units in Ontario were improved through Urban RRAP. Both homeowners and landlords were utilizing the program. (See Tables 20 and 21)

In 1974 and 1975, program funds were not fully allocated. This was due largely to slow acceptance of the program by municipalities, homeowners and contractors. By 1976, this situation had changed and CMHC found that the annual budget was fully allocated by the fall of the year. Additional funds had to be added to the budget in order to keep the program operating. In consequent years, quarterly allocations to municipalities were made in order to control the program budget. The program was proving popular and many municipalities had lists of people waiting for loans.

Along with production statistics, another measure against which to gauge success, is the degree to which the program has achieved its objectives. The RRAP objectives are outlined in Table 22. The objectives have two main aims:

- to improve the quality of existing housing in Canada through rehabilitation.
- to improve the quality and increase the quantity of affordable low-income housing in Canada.

These aims, being quite different in orientation, have led to conflicting program requirements. For example, the program requires that a housing unit be upgraded to meet minimum health and safety standards. The program also requires

RRAP Objectives

Stated program objectives:

To provide sufficient financial assistance to low and moderate income homeowners living in substandard housing, and to landlords of substandard units occupied by low and moderate income tenants, for the purpose of rehabilitating their dwellings up to minimum standards;

To provide financial assistance for rehabilitation: without causing undue financial debt to homeowners, and without causing rent increases which could result in financial hardship for tenants;

To emphasize the repair and maintenance of structural and services components of units, while allowing limited work to improve the external appearance of the unit and its immediate surroundings;

To provide sufficient incentive to both landlords and homeowners to take advantage of the program;

To help in counteracting the rate of deterioration of specified areas by improving the quality of the housing stock;

To increase low rental accommodation by encouraging non-profit corporations to rehabilitate and/or convert dwellings;

To promote an acceptable level of maintenance of the existing housing stock by encouraging municipalities to adopt and implement maintenance and occupancy by-laws.

Source: Katherine Willson (1980). Housing Rehabilitation in Canada: A Review of Policy Goals and Program Design. Toronto: Centre for Urban and Community Studies, University of Toronto. p. 30.

Derived from Hussein Rostum, "An Evaluation of RRAP for Landlords in Seven Municipal Areas," Program Evaluation Unit, Corporate Planning Division, Central Mortgage and Housing Corporation, Ottawa, February 1978, pp. 77-78.

that the recipient of the loan be capable of carrying the loan without suffering undue financial hardship. For many low-income homeowners, the loan amount necessary to make all the required improvements would cause undue hardship. These households would be ineligible to participate in the program.

In order to accommodate both aims, the program contains compromises. For example, landlords are encouraged to improve their properties and for this purpose they are provided with grants but they must also agree to rent control for a 10 year period. While the rent control agreement limits increases in rental rates - an attempt to retain the unit as low-income accommodation, there is no effort made to determine whether the unit was affordable by low-income households prior to rehabilitation - an acceptance of the fact that landlords will not participate in programs if rentals will be reduced. The program, with regard to any one objective, would perform weakly. This is particularly true of the social housing objectives.

A strong criticism of the changes to RRAP came from J. Robinson who

... traced the history of RRAP to show how each change since 1974 has eroded the original concept into what exists today - a program beneficial to a very small minority of the population, a program that no longer improves the majority of housing stock, and perhaps, more importantly, a program that no longer answers the social problems of the people living in these houses. (1979:26)

The program has indeed served a limited group of people and the benefits to that group have diminished as the subsidies have been reduced. The largest client group is composed of senior citizens who are long-term residents and now own their homes unencumbered. This is due to the program guidelines which provide the greatest grants to low-income owners. The program also requires a low gross debt service ratio (GDS)¹² for borrowers requiring a loan. For a low-income household, with a mortgage or any personal loans, the GDS is often greater than 30 per cent. "Only older people who have paid off the mortgage on their home during their working life are likely to have low fixed housing costs and a low income, yet own their own home." (Willson, 1980:22)

With the reduction in the the interest rate subsidy, the number of households who seek loans and can afford them has declined. Over half of the recipients of RRAP are households who can complete the required work with the funds available as grants. (Willson, 1980:22) This means that housing in greatest need of rehabilitation may not be funded under RRAP due to the financial inability of the owners to repay the loan.

As Table 9 shows, 40.7 per cent of all poor in 1972 rented their housing. The percentage of poor in rental accommodations has increased during the 1970's. Much of this hous-

¹² Gross debt service ratio is the ratio of total monthly expenditures on shelter and loans to monthly income. The commonly accepted upper limit is 30 per cent.

ing is substandard. For RRAP to reach its objective of improving low-income housing, the program must effectively address rental housing. As the review of RRAP indicates, the landlord program has undergone significant change. Uptake by the target client group has declined and thus program effectiveness has declined. The program required that landlords maintain rents at pre-RRAP levels plus an allowance for repayment of the loan. No consideration was given to whether rent levels were originally at affordable levels for low-income households. No assistance was available to landlords or tenants to reduce rents to affordable levels. Subsidies and grants were reduced over time removing most of the incentive for landlords to participate. Requiring first mortgages for rehabilitation loans was a strong disincentive. When one considers the changes made to the landlord program, it becomes evident that the program was experiencing difficulties both in public acceptance and in government support.

It is difficult to accept RRAP as a solution to the social problems of low-income people as proposed by Robinson. While RRAP may improve the quality of housing a low-income person is in, it does little to address the question of housing affordability and nothing to address other problems faced by low-income persons.

Nowhere in the changes to RRAP, though, is there any strengthening of the social goals of the program. It could be argued that it would be inordinately difficult to ensure that the occupants of substandard housing receive the benefits of a re-

habilitation program... Unless a rehabilitation program is accompanied by subsidies for low-income households, there is no assurance that substandard housing will disappear. If the physical rehabilitation of dwelling units makes them too expensive, low-income tenants are likely to be faced with inordinately high shelter costs and/or substandard accommodation due to overcrowding. (Willson, 1980:32)

Willson realizes that a housing rehabilitation program cannot address social problems relating to financial ability. The program can only improve the quality of housing and this may or may not assist in improving the quality and quantity of low-income housing. Detomasi supports this view.

The fourth problem area revealed by the evaluation process involved some gaps in NIP and a lack of coordination and integration of the various federal housing assistance programs with NIP which resulted in a sub-optimal development in housing. Although tying RRAP to NIP-designated area (viewed by most as an undesirable restriction on RRAP) contributed to the improvement of privately-owned residences, the provisions of NIP permit it to function only marginally to increase or improve the supply of social housing. In some cases as NIP and RRAP projects work out to higher land values and housing prices, residents in need of low-cost housing find its availability diminishing in the area. (Detomasi, 1979:66)

Detomasi points out the need to utilize several programs in order to achieve social goals and that as NIP and RRAP operated, they actually contributed to the diminution of low-income housing. Frenette (1978) also reported this occurring as did Paul Ringer, a City of Toronto planner. He sees the need to secure ownership and stabilize rents and house prices.

... a cautionary note was sounded by Ringer, who outlined Toronto's dilemma: when a neighbourhood is improved it can become too expensive for the

original inhabitants. Those who stand to lose the most are the low and moderate wage earners.

"In the early days of NIP, for example, we approached the area south of Carleton (Street) in Toronto. The people there told us to go away because the property values would go up if we became involved in the neighbourhood. As it turned out, the white-painters and sandblasters moved in anyhow. The character of the area changed. Often, one finds that the statistics one relies on as a measurement of improvement are looking good at the expense of the people who live there."

For the future, Ringer emphasized, renewal programs should be concerned "not only with structures but with the people who live there. We are going to have to be careful that our programs take care of people in those neighbourhoods we are trying to improve." (Ministry of Housing, 1980c:31,32)

RRAP quickly became a high profile program. The public response was generally favourable and municipalities were enthusiastic about the possibilities that NIP and RRAP held for their older neighbourhoods. RRAP has been a good improvement program for certain segments of Ontario's homeowners but as the preceding review shows it has not been successful in achieving many of its objectives.

4.2.2 Ontario Home Renewal Program

Between 1974 and 1979, \$110 million was allocated to OHRP. In that period of time, it has rehabilitated twice as many units as RRAP in Ontario thus affecting approximately 30,000 units. Six hundred and fifty municipalities were participating in OHRP in 1980. Many of these are small urban centres and rural townships. (Ministry of Housing, 1976:8; Willson, 1980:35) The number of participating mu-

municipalities has risen continually while the annual provincial allocation of funds has remained constant at \$20 million since 1975. The annual budget is fully allocated every year.

OHRP Rental received \$4 million from 1976 to 1978. This program was considered experimental and so was authorized for only a two year period. The Province had hoped this program would complement their Ontario Downtown Revitalization and Main Street Programs. With this in mind, the program funded conversions as well as rehabilitation of existing rental units. When production of new units in downtown areas was very limited and municipal reaction to administering landlord loans and rental agreements was negative, the Province chose not to extend this program past 1978. The Province also felt that the landlord program did not meet the social objectives of the program. It was too difficult to ensure that subsidies benefited the low and moderate income tenants.

Again, it is felt that to determine the success of the program, one must look beyond the statistics to the program objectives. Table 23 lists the objectives. The two main aims are:

- upgrade existing substandard housing stock through rehabilitation.
- improve the quality of low and moderate income ownership housing.

Table 23
OHRP Objectives

Stated program objectives:

To provide financial assistance for rehabilitation of substandard housing owned (and occupied) by persons who could not have rehabilitated their units privately. For low and moderate income persons throughout a municipality.

To cause municipalities to actively pursue preservation of the housing stock through the adoption and implementation of maintenance and occupancy standards.

To commit all funds allocated to the program each year and to ensure that smaller municipalities receive an equitable portion of annual allocations.

To provide sufficient funding to improve individual housing units at least up to the minimum standard in model guidelines developed.

To ensure that the financial assistance provided does not cause increases in personal debt which would constitute a hardship for owner-occupants.

To increase the number of houses rehabilitated in NIP areas beyond those funded by RRAP alone.

Source: Ministry of Housing (1976). An Evaluation of the Ontario Home Renewal Program. Prepared by Peter Barnard Associates. Toronto: Queen's Printer.

OHRP was always a homeowner program. The program, with the exception of its short period of landlord loans, did not attempt to increase the quality or quantity of low-income rental housing available in Ontario. Also, no attempt was made to increase the quantity of low-income ownership housing. Due to the narrower scope of the social objectives, this program has been more effective in achieving them than has RRAP. This can be viewed as a more realistic view of what a rehabilitation subsidy program can achieve for low-income households.

Like RRAP, OHRP's main client group has been senior citizens on fixed incomes who own their homes unencumbered. Also like RRAP, the allocation of funds to this program has not increased despite rapid inflation of labour and material costs for renovation work. Municipalities, wishing to extend money to as many households as possible and to maintain a viable revolving fund of money, have altered program guidelines. This has affected the ability of this program to meet its objectives. For example, the Town of Lindsay issues loans no greater than \$5,000. and the forgivable portion can be no more than 50 per cent of the loan value. For anyone who can not afford the repayable loan or who needs more than \$5,000. to make necessary repairs, the program is inadequate.

In part because of this overall shortage of funds, housing requiring the most extensive repairs is (in some cases) excluded from the program and in others, required repairs are not being done. To stretch limited funds, some municipalities have

lowered the maximum loan available to well below the \$7,500. program guideline while others have lowered or eliminated the forgiveness portion of the loan and altered the interest rates. In a few municipalities surveyed, there was evidence to support the need for a higher than \$7,500. loan limit in order to get needed repairs done. (Ministry of Housing, 1976:vii)

Despite the recommendation of the Ministry's consultant to increase the loan ceiling and the annual program allocation, neither has occurred.

4.2.3 Non-profit and Cooperative Housing Programs

Between 1971 and 1979, the non-profit housing program provided 8,488 units of new housing and 2,971 units of existing housing for low and moderate-income households in Ontario. In that same period of time, the cooperative housing program produced 2,179 units and 922 units respectively. As Table 24 indicates production peaked in 1976 and declined dramatically by 1979.

Since the initiation of the present Non-Profit Program in 1973, the legislation has not been changed, while housing prices in Toronto have risen by more than 40 per cent. Thus, a unit which could have been purchased in 1973 for \$30,000 now likely costs at least \$45,000. Purchase, rehabilitation and conversion of this unit in 1973 would have resulted in rent levels at or below 25 per cent of the annual family income of a moderate income household (\$7,000-\$9,000) - the aim of both CMHC and the non-profits. However, because of the rise in prices with no corresponding change in CMHC funding, the same process today would result in rents of at least 35-40 per cent of annual family income of the same household. (City of Toronto, 1974:44)

Inflating house and land prices and construction costs, which affected Toronto's non-profit activity as early as 1974, made the program economically unfeasible in many municipalities. For those projects that did proceed, the client group served was restricted by the rents required. Few projects were able to provide rents significantly lower than market rates and this resulted in a high proportion of senior citizen complexes and family units for moderate-income households and the upper third of lower-income households. Cooperative housing was also unable to assist the lowest income groups.

Other results of changing economic conditions with no commensurate changes in the federal programs were:

- Project quality declined as project feasibility forced groups to use undesirable sites and minimize aesthetic features and recreational facilities. It should be noted, though, that third sector housing was generally of better quality than public housing.
- Charitable groups with financial resources and available land dominated activity. These consisted largely of church and service groups who concentrated on senior citizen housing.
- Housing groups, wishing to assist low-income households became frustrated with the 'high-grading' that the programs' economics required. High-grading was the term used when projects could not house the lowest income households.
- To remain within unit price restrictions, units tended to have to be small and thus were inadequate for many families.
- Cooperative groups were most seriously affected.

The entry of the Province into third sector housing assisted in counteracting some of the economic problems of the

Table 24
 Existing Units Produced Under Non-Profit and Cooperative
 Housing Programs, Canada and Ontario, 1971-1979

Program	1971*	1972*	1973	1974	1975	1976	1977	1978	1979	Total
Canada										
Section 15.1 Non-Profit	171	227	201	770	763	1,023	1,175	494	39	4,863
Section 34.18 Cooperative	-	-	-	387	116	737	313	804	2	2,359
Ontario										
Section 15.1 Non-Profit	-	20	72	590	523	889	662	193	22	2,971
Section 34.18 Cooperative	-	-	-	162	54	305	56	345	-	922

* Production was under limited dividend loans.

Derived from Tables 11 and 12, Chapter 3.

housing projects. With provincial grants and rent subsidization, projects were able to house some low-income households. By 1978, even with the Province's participation, low-income households could not be accommodated.

The City anticipated that considerable housing for low income households would be made available under the Province's Rent Supplement Program by both the private and non-profit sectors. However, historically the Rent Supplement Program has not proven to be a large source of low income housing. (City of Toronto, 1974:45)

The objectives of the 1973 programs are listed in Table 25. The main aims were to provide rental housing at below market rates; to increase low and moderate-income housing stock; and to develop a third sector housing industry. As the above discussion indicates, the programs had difficulties in meeting their objectives.

The objectives of the 1981 program (See Table 26) show that the federal government shifted its emphasis away from producing low-income housing to creating a third sector housing industry capable of accommodating low-income groups. This reflects the federal government's desire to reduce their direct involvement in social housing and their view that provincial and municipal authorities must take responsibility for socially-assisted housing. The Province, through OCHAP, assumed responsibility for providing low-income assistance.

Positive aspects of the new program are:

- Disentanglement would result in less cumbersome review processes.

Table 25

Non-Profit and Cooperative Housing
Programs' Objectives, 1973

Non-Profit Housing Program

To assist non-profit housing groups to develop low rental housing projects.

To increase the supply of low and moderate-income housing stock.

Cooperative Housing Program

To encourage and assist cooperative housing as an alternative kind of tenure.

Community Sponsored Housing Program

To provide additional assistance to non-profit housing corporations in housing low and moderate-income persons.

The program is another method of integrating low-income persons into the community.

Rent Supplement Program

To provide assisted rental housing for low-income residents through techniques in co-operation with the private sector as part of the Ministry's policy of integrating socially-assisted tenants into the general community.

Start-Up Funds

To develop third sector housing groups capable of developing and managing social housing units.

Source: Ministry of Housing (1975). Housing Programs in Ontario. Toronto: Queen's Printer.

Table 26

Non-Profit Housing Program's Objectives, 1981

Non-Profit Housing Program

To assist people who have difficulty finding affordable or suitable housing.

To support the efforts of community-sponsored groups, whose members take responsibility for planning and operating modest housing.

To promote a range of tenant incomes to avoid undue concentrations of either low or high income people and to ensure the financial feasibility of the project.

Ontario Community Housing Assistance Program

To enable private non-profit and cooperative housing groups to make available units on a geared-to-income basis where the Ministry agrees there is a definite need.

Source: Derived from CMHC Non-Profit Housing Program brochure and from Ministry of Housing's Outline bulletin on Ontario Community Housing Assistance Program.

- Increase of technical assistance from government in project development. Cooperative groups could use the Community Resource Organization Program to employ a knowledgeable third sector group to assist them.
- A large interest rate reduction grant on loans.
- Substantially increased start-up funds.
- Increase in rehabilitation grants.

Negative aspects are:

- Financing must be obtained from the private market. Lending institutions were not quick to accept such activity as sound. Until lending institutions are comfortable with third sector housing loans will be difficult to obtain. Activity in 1979 and 1980 suffered due to this requirement.
- Federal funding assistance does not make low-income family housing economically feasible in most municipalities and so activity again is concentrating in senior citizen projects with high-graded clientele. Only with the initiation of the Province's OCHAP was it possible for non-profit projects to reach low-income family households. (John Doherty, CMHC Kitchener, October 7, 1981) For cooperative groups, the Province's participation was necessary for their projects to proceed.

In 1974, the City of Toronto was finding that the only activity financially feasible under the old program was acquisition and rehabilitation. (1974:43) Early studies by the Institute of Urban Studies in Winnipeg, had similar findings for the new program.

Although development under the new program does not appear to be as cost effective as it was under the old program format, our analysis indicates that a strategy of acquisition and rehabilitation by non-profit corporation is substantially more cost effective via the new framework. (1979:45)

Table 21 shows that while non-profit RRAP expenditures increased in Canada by approximately \$1 million from 1979 to 1980, in Ontario expenditures dropped by approximately \$700

thousand to a very low level of \$69,000. While other provinces are taking advantage of the new program to upgrade existing housing, Ontario is not.

The new program places the burden for social housing on local agencies. Municipalities and private groups have the primary responsibility and the federal and provincial responsibilities are to provide guidance and funds. The program also endeavours to disentangle federal and provincial activities to expedite the review and approval process. The disentanglement is occurring slowly as both parties hesitate in yielding authority to the other.

For the private groups, greater responsibility is accompanied by increased start-up funds for project development and by increased access to CMHC technical assistance. For the municipality, project funds are not available and technical assistance is provided by provincial staff in centrally located offices. Access from field offices does not yet occur. Many municipalities see municipal non-profit housing as a costly undertaking with limited social returns. (See Chapter 2, Section 2.4.4) Presently, municipal activity is limited, with a large portion of the 1980 funds not being committed to projects. (John Doherty, CMHC Kitchener, October 7, 1981) Support of private groups is preferred. For municipal non-profit to be successful, the senior levels of government must address the municipal concerns:

- Preparation of municipal housing statements which are required for participation in the program.

- Initial costs of project preparation and staffing.
- Administration costs and staffing.
- Access to technical staff of Province.

4.2.4 Conclusion

It was found that, in 1977, 23.8 per cent of Ontario's dwelling stock was in need of rehabilitation. (See Table 27) The level of rehabilitation activity, both public and private, in that same year was 22,993 units or 3.5 per cent of the Province's total dwelling stock in need of rehabilitation. OHRP activity, at 7,200 units, affected 1.1 per cent of the total dwelling stock in need of rehabilitation. (Ministry of Housing, 1978:4,20) Urban RRAP activity, at 2,991 units, affected 0.5 per cent. (Derived from Table 19) A potential market for expanded government rehabilitation programs exists. What is needed is the political and financial commitment of government for at present both housing rehabilitation subsidy programs operate on funds far exceeded by demand and need for them.

RRAP and, to a lesser degree, OHRP, have difficulty fulfilling their low-income housing objectives. For the low-income homeowner, the benefits are direct but for the low-income tenant, it is more difficult to ensure that a subsidy will yield him an improved dwelling unit at affordable costs. Quality of housing is improved for a few but quantity of housing has not increased and some municipalities claim that low-income housing has actually decreased. Af-

Table 27

Rehabilitation Need* by Tenure as of December 31, 1977

Ontario	Total Dwelling Stock	Rehabilitation Units	Need % of Total	Units Beyond Repair	Repair % of Total
Ownership	1,780,770	435,835	24.5	36,460	2.1
Rental	984,544	221,105	22.5	15,106	1.5
Total	2,765,314	656,940	23.8	51,566	1.9

* Rehabilitation need is taken to cover dwelling units which have inadequate facilities; have been allowed to fall into disrepair; or are partially obsolescent, in, for example, wiring or plumbing. (p. 2)

Source: Ministry of Housing (1978). Analysis of Residential Rehabilitation Need and Activity in Ontario. Toronto: Queen's Printer. p. 7.

fordability of housing has not improved. In fact, the decreased affordability of improved housing has added to the decrease in housing stock for low-income households.

The majority of rehabilitation work, 1.9 per cent in 1977, is being carried out by the private sector. The work, more accurately called renovation, is providing moderate and upper-income housing. OHRP and RRAP have been found to be a stimulant to the further improvement of an area by renovators. Low-income housing is being lost through this process. (See Chapter II, Section 2.2.1)

Both RRAP and OHRP, allow one loan per housing unit. At the time of that loan, all work is to be done to bring the unit up to program standards. At the same time, the loans are limited to a certain amount and households must be able to carry the loan without exceeding the GDS of 30 per cent. This is not always possible and highlights the conflict which these programs encounter in trying to implement all of their objectives. Municipalities find themselves in the position of refusing loans or proceeding contrary to program guidelines and recommending partial lists of improvements for funding.

Another area needing attention is the standards for rehabilitation work. Two reasons that this is of concern to government are:

- Work must be carried out at reasonable costs for government programs to be operable. Present standards were developed for new construction and when applied to the upgrading of existing structures are costly to implement. This is particularly true of conversions and rehabilitation of multiple dwellings.

- The housing industry is showing greater interest in the rehabilitation field than in the 1970's but are concerned with the difficulties of pricing and carrying out work which must conform to new house standards. To encourage the participation of private industry, government wishes to work with industry to develop viable standards.

In Ontario, the Housing and Urban Development Association of Canada (HUDAC) is working with government.

In particular, HUDAC Ontario will be working closely with government officials to review legislation and regulatory problems affecting the renovation sector. This is a vital area of government/industry liaison and the formation of quality standards and compensatory guidelines is essential to the renovation field.

The Ontario Building Code applies strictly to new construction. Section 26 of the Code provides only for designated heritage buildings. Multiple conversions can be very expensive when required to meet code provisions and in fact, the economic feasibility of the work can be undermined. New provisions must be developed to accommodate rehab and conversion in a practical and economic manner and can be accomplished without sacrificing safety features.

Building code provisions for rehabilitation and conversion of existing buildings are particularly important to non-profit BRAP where multiple unit structures are often the desired housing type.

The 1973 amendments to the National Housing Act raised the expectations of third sector housing proponents. Both the non-profit and cooperative programs underwent favourable changes, substantially increasing government assistance. As Table 24 shows production increased significantly from 1971 to 1974. Production remained high until the mid-1970's when inflation started to seriously erode the economic feasibility

ty of the programs. By 1979, the program was functional for only a small portion of the target market.

Concerned with the operational problems of the 1973 programs and responding to other economic concerns (discussed in Chapter 3), CMHC initiated a new program in 1979. Non-profit housing, which incorporated cooperative activity, formed the central element of the federal social housing package for the 1980's. Public housing was discontinued in favour of third sector activity and local municipalities and private groups were strongly urged to use the new programs. Also, the changes in landlord RRAP reduced its effectiveness and increased the need for non-profit RRAP. (Institute of Urban Studies, 1979:44,45)

The new program supported both a mix of tenant incomes and the acquisition and rehabilitation of existing housing. Both objectives are an attempt to develop housing which would be acceptable to the community. This recognizes the problems which public housing faced in setting up large projects of low-income households. Community acceptance and integration were lacking. The new program also emphasizes local initiative, another means of gaining the acceptance of the community.

It is still early to comment on the new programs' performance but the main areas of concern are:

- limited use of acquisition and rehabilitation as a means of providing units.
- limited participation of municipalities.

- limited ability of programs to accomodate the lowest income groups.

Chapter V

RECOMMENDATIONS AND CONCLUSION

5.1 RECOMMENDATIONS

The following recommendations are directed at:

- RRAP,
- OHRP,
- the Rent Supplement Program, and
- the Non-Profit Housing Program.

The purpose is to rationalize these programs into effective social housing programs that can use existing building stock in inner city areas for low-income housing. Again, it should be noted that while the discussion in Chapter 2 concentrated on medium-sized Ontario cities, the program review in Chapter 4 considered program performance for all participating municipalities. It is felt that the following program recommendations are significant to the operation of these programs in a wide range of municipalities. It is important to note that no legislative changes would be needed to implement the recommendations. Hopefully, this rationalization, if adopted by federal, provincial and municipal housing agencies, would be effective in reducing the housing need of low-income households in the Province of Ontario.

Administration of programs and decision-making authority has always been an issue in government housing production. As Chapter 3 indicates, the lack of clear division of authority between the three levels of government has hindered the production of housing.

An ever-present fact in the housing picture in this country is the divided jurisdiction among municipal, provincial and federal authorities. Indeed, this is frequently the biggest stumbling block or bone of contention in housing, often generating tons of paper and miles of red tape that slow down action and production of housing. As one writer sees it: "... the Federal Government has the money but not the power, and constitutionally not the problem; the provincial governments have the power but not the necessary money; and the municipalities face the housing problems but they have neither the money nor the power." (Laidlaw, 1973:3)

Recommendations have been made for all programs with regard to division of authority and administrative duties.

Specific aims of the recommendations are:

- to decrease duplication of programs.
- to expand the programs using existing housing stock and increase the funds going to them.
- to establish the viability of the housing rehabilitation program for landlords and to complement it with a program to assist low-income households.
- to expand the client group of the housing rehabilitation program for homeowners.
- to encourage municipal action in non-profit housing and to increase municipal and private non-profit interaction.

Financial statements have not been produced for the proposed programs but it is felt that only the recommendations for expansion would cause increased government expenditures. Other changes would cause reductions in staff and costs.

Recommendations will be made concerning municipal planning for inner city areas. The main aims are:

- to promote the use of existing building stock in both public and private housing activity through policy and local action.
- to promote the development and use of inner city housing data for forecasting and managing inner city reinvestment activity.

5.1.1 Rehabilitation Assistance Programs

5.1.1.1 Homeowner Loans

Chapter 4 concludes that assistance programs for homeowners are assisting limited numbers of people and limited types of people and that "a potential market for expanded government rehabilitation programs exists." (p. 114) The following recommendations are an attempt to broaden the low-income user market of the programs.

1. All homeowner loans should be administered by the municipalities. They should continue to receive funds from the Province as they now do under OHRP. RRAP, as a separate program entity, would disappear. The federal government should provide block funds to the Province who would, in turn, provide annual allocations to the municipalities for the establishment of a revolving fund.

Municipalities have developed staff to administer OHRP and RRAP and only a small increase in staff would be needed to deal with the full operation of

homeowner RRAP. CMHC would be able to reduce staff in proportion to their reduced responsibilities. It is anticipated that a saving in staff and administrative costs would be realized by the amalgamation of programs and the decentralization of authority to the municipalities.

Municipal/provincial negotiations should be held to ensure that the percentage of the annual allocation that municipalities receive for administration is adequate. This arrangement should be reviewed annually. Table 28 outlines the proposed administrative duties and the authority of the three levels of government.

2. The homeowner program should operate without geographical limitations within participating municipalities. Priority areas should be established by the municipalities based on housing condition. Municipalities should also provide funds based on need so that the lowest income owners and the most inadequate housing are assisted.
3. In the past, municipalities have altered OHRP guidelines in order to extend limited funds to more housing units. This has also limited who could participate in the program. It is recommended that additional funds be made available by both the federal and provincial governments for this program and

Table 28

Residential Assistance Programs-Administrative
Duties and Authority

Federal Government (CMHC)

- * fund homeowner program
- * fund and administer landlord program until Province or municipal agencies are capable
- * fund rent supplement program

Provincial Government (MMAH)

- * fund homeowner program
- * fund and administer rent supplement program
- * fund landlord program and assume administration after making appropriate staff arrangements

Municipal Government

- * administer homeowner program
- * prepare loan applications and carry out inspections for landlord program when capable
- * facilitate rehabilitation programs through planning policy and through developing staffing needs
- * tax incentives
- * carry out complementary neighbourhood improvements

Funding agencies should establish program policy and regularly review program guidelines and funding levels in conjunction with administrative agencies.

Source: Author

that municipalities be restricted in the alterations they can make to it. Increased funds should eliminate the need to alter guidelines.

4. Where municipalities are unable to administer the homeowner program, the most capable senior agency should do so. In this instance, capable means:
 - a) have staff who can carry out necessary functions within reasonable time allowances.
 - b) staff is located near the municipalities so clients do have easy access. Without efficient and easy processing of loans, the program would not be successful. This will be discussed further under the landlord program and the non-profit program.
5. Changes to program guidelines are recommended. (See Table 29) Grants are earned by entering into a 5 year rent control agreement which sets rents at the low end of the local rent scale. While the reduced length of the agreement will attract landlords, some will not accept rents at the low end of the rent scale.
6. Loans should continue to be available from the government. For any eligible homeowner who can secure a private loan, the municipality should provide a grant of 50% of the cost of repairs earned over a five year period.
7. A major problem with the homeowner program is the inability of some low-income people to carry repayable portions of loans. As one loan is available and it

Table 29
 Proposed Rehabilitation Assistance Programs,
 Homeowner, Landlord

Program Characteristic	Homeowner Loans	Landlord Loans
Maximum Loan	\$10,000	\$10,000 per unit
Grant (portion of loan)	40% of cost of loan earned over 5 years of ownership and occupancy or 50% if loan secured from private lender	50% of cost of loan earned over 5 year period of rent control agreement
Interest Rate	2%	Current Market rate
Maximum Amortization Period	20 years	20 years
Maximum Family Adjusted Income	15,500	--
Security	Promissory Note	Mortgage
Lending Agency	Government or Private Lender	Private Lender
Conversions	Maximum Loan Grant	-- 50% of loan not to exceed \$5,000

Source: Author

must deal with all the necessary repairs, the loan amount is often beyond the means of many and thus the user group is restricted. An alternative which is recommended for consideration is the use of moderate rehabilitation standards as well as full rehabilitation standards. American agencies have been using moderate rehabilitation with success. (Fox, 1978; J. Noonan, 1980; R. Noonan, 1980) In moderate rehabilitation, only the most necessary work is carried out. This usually deals with basic structural and service problems.

5.1.1.2 Landlord Loans

In Chapter 4, it was concluded that...

RRAP and, to a lesser degree OHRP, have difficulty fulfilling their low-income housing objectives. For the low-income homeowner, the benefits are direct but for the low-income tenant, it is more difficult to ensure that a subsidy will yield an improved dwelling unit at affordable costs... The decreased affordability of improved housing has added to the decrease in housing stock for low-income households. (p. 114)

As has been stated, municipalities are hesitant to administer landlord loans due to the accompanying rental agreements. The Province is now dealing with rent control and the rent supplement program but does not show interest in initiating a new landlord program. CMHC is the only agency providing rehabilitation assistance to landlords but it is very limited. It is felt that a landlord program should ex-

ist and that its importance in rehabilitating rental housing should be recognized. Secondly, it is felt that assistance to landlords must be accompanied by assistance to tenants in order for the program to improve low-income rental housing. The following recommendations are made:

1. The Province, due to its involvement with rent control and the rent supplement program should administer the landlord program. As with the homeowner program, it is believed that the administering agency should be immediately available to the client group besides having the staff capable of efficient processing. At present, the Province does not have this capability. It is recommended that CMHC continue to handle landlord loans until the Province is properly staffed. It is also recommended that the Province consider means of decentralizing staff to handle the responsibilities of the landlord program. A similar recommendation is being made for the non-profit program and the two should be considered together. Another means by which the Province can accommodate its staffing needs is to enter into agency agreements with municipalities to carry out loan preparation and inspections.

When the Province is prepared to assume the landlord program, CMHC should turn over the program and provide annual block funds to the Province. See Ta-

ble 28 for an outline of administrative duties and authority.

2. It is recommended that the senior levels of government increase financial support for the landlord program.
3. Program improvements are recommended. (See Table 29)
4. The mortgage securing the loan when combined with other liens on the property should not exceed the market value of the property. The ranking of the mortgage is not as crucial as the above stipulation.
5. Consideration should be given to prioritizing rental rehabilitation need. It may be beneficial to direct the majority of funds to small rental complexes and duplexed and triplexed properties.
6. The above recommendations will improve rental units and maintain them at reasonable market levels. To make them available to low-income households, tenants must be subsidized and the most appropriate tool is the rent supplement program. (Hale Jr., 1978; Staff Report, 1973) It is recommended that this program be extended to complement the housing rehabilitation program for rental units. To be reviewed is the percentage of units in a project which can receive rent supplement. The percentage should vary with the size of the project.

7. Conversion of non-residential properties to residential use and conversions increasing the number of units in a structure should be funded under both the housing rehabilitation program for landlords and the non-profit housing program. Rent control agreements with private owners would be required and units would rent at the low end the local rent scale. Rent supplement should be added to landlord units. Non-profit units would receive subsidies available under that program.

Again, administration should be with the most capable and accessible agency. This is particularly important with conversion work. Conversion is a difficult undertaking to cost and it is in conversions and rehabilitation of multiple units that building code enforcement is being questioned. At present, CMHC is the most capable agency. It is also felt that the agency now handling landlord loans and private non-profit housing is the logical choice to handle conversion loans. CMHC administers both but it is recommended that CMHC and the Province schedule to transfer administration to the Province.

Municipal incentives are significant in any housing project but are seen to be particularly important in conversion work. It is recommended that municipalities adopt policy providing tax concessions for

this type of work when directed to low and moderate-income households.

5.1.1.3 Other Initiatives

1. At present, private industry and government ministries are developing a rehabilitation code to complement the building code. When in place, the agencies administering rehabilitation assistance programs should adopt the code as the inspection standard and review the guidelines for designating acceptable work. If moderate rehabilitation is to be implemented for homeowners, guidelines would have to designate priority work items such as plumbing, wiring, insulation and repair of exterior cladding. It is recommended that work on the new code should be a priority item with the Ministry of Municipal Affairs and Housing and the other involved agencies. A deadline sometime in 1982 should be set for completion of this task.

5.1.2 Non-Profit Housing Program

In Chapter 2, Sections 2.2.2 and 2.2.3, the difficulties of securing housing in the inner city were discussed. It was proposed, in Section 2.4.4, that...

the provincial and federal governments should consider strengthening the non-profit and rehabilitation programs which exist. Municipal and private non-profit corporations can be instrumental in securing low-income housing in the inner city. For

a municipality wishing to limit the spread of private reinvestment and to maintain low-income housing, control of property is an effective means. Land ownership will hinder reinvestment if the property is not obtainable by the private market. (p. 52)

The non-profit corporation has capabilities which low-income groups need in order to compete with private reinvestment. Corporations have the funds and organization to:

1. buy housing and rehabilitate it for low-income tenancy.
2. increase low-income housing by converting buildings to multiple residential tenancy.
3. gain a political voice as an entity representing low-income households and protect their interests in the inner city.
4. withstand pressure from private reinvestment interests to sell low-income housing stock.
5. act as a deterrent to entrepreneurs and renovators seeking to convert a neighbourhood to upper-income housing. Anyone who wishes to see a complete change in population will find an area with many corporate-owned properties lacks such potential.
6. moderate house prices by maintaining modest housing in the area.
7. 'bank' houses in a fashion similar to landbanking. Banking adjacent houses, in areas of large lots, can generate land for infill projects thus achieving greater densities as the Ministry of Municipal Affairs and Housing suggests. (See Chapter 2)
8. strengthen the upgrading neighbourhoods so that they can exist with the private reinvestment areas without being encroached upon or eliminated. All of the above points cumulatively create this strength.

Considering the above, it is recommended that:

1. Administrative duties and authority be set out as in Table 30. Again, it is important for the adminis-

tering agency to be easily accessible to the client group and to provide efficient processing. Funding agencies should establish program policy and regularly review program guidelines and funding levels in conjunction with administrative agencies.

2. To date, municipal non-profit activity has been limited. (Wilf Nox, Ministry of Municipal Affairs and Housing, October 8, 1981; John Doherty, CMHC Kitchen-er, October 7, 1981) As has been stated earlier, municipalities feel that staff costs of developing and operating projects outweigh the benefits which accrue to the municipality. To overcome this, two courses of action should be considered:

- a) Municipalities are not eligible for start-up funds for the development of projects as are private groups. It is assumed that municipalities have the staff capabilities to carry out the work or can finance the costs of consultants. This assumption is not always true. It is recommended that the administering agency should make consulting staff more accessible to municipalities and that funds for inner city housing studies be made available. This latter item will be discussed further under municipal planning recommendations.
- b) While municipalities may have some difficulty in carrying out project development, it is felt that the main problem area is the continuing operation of projects. It is here that staffing costs become prohibitive. It is recommended that municipalities be offered another non-profit housing alternative which allows them to acquire properties and perhaps improve them but then sell them to private non-profit corporations for operation and maintenance. This proposal has two advantages: it allows municipalities to participate directly in housing production without making long-term staffing commitments; and it can stimulate the development of private third sector activity in the municipality. The following points expand on this theme.

Table 30
Non-Profit Housing Program-Administrative
Duties and Authority

Federal Government (CMHC)

- * fund non-profit housing program
- * administer private non-profit and cooperative projects until Province is capable

Provincial Government (MMAH)

- * fund OCHAP
- * administer municipal non-profit projects
- * assume administration of private projects after making appropriate staff arrangements

Municipal Government

- * participate in municipal non-profit program
- * promote private non-profit projects through tax incentives and planning assistance and any other cooperative approaches

Source: Author

3. Municipal non-profit corporations can serve three purposes and the municipal non-profit housing program should support municipalities using any of the three approaches:
- a) purchase, rehabilitate and operate non-profit housing.
 - b) purchase, rehabilitate and sell housing to non-profit groups for operation.
 - c) purchase and sell housing to non-profit groups to rehabilitate and operate.
4. 'Banking' housing, through municipal non-profit housing corporations, should be encouraged by the federal and provincial governments. Banks can be operated on a long-term basis or as a short-term turnkey operation. In the short-term, properties are acquired and sold, either improved or as is, to private non-profit corporations for operation. Municipalities have the expertise in land acquisition to carry out this function. Who improves the property will be dependent on the participants' varying abilities. It is assumed that with this type of public/private interaction, private groups would develop expertise in all areas of production and soon be capable of operating independently.

Housing banks can be used to purchase large single-family lots which can then be subdivided into smaller units yielding lots for infill housing.

These lots can be held as part of the project or sold off to generate additional funds.

5. Municipal housing banks which operate as turnkey operations and particularly those generating additional lots, can be combined with another financing technique called revolved funds.

In inner city neighbourhoods of a number of cities, structures capable of housing people decently, if not luxuriously can still be obtained at quite reasonable prices. Some need little if any restoration... using privately-solicited funds to buy up modest houses... and hold them at present cost levels as a permanent low-cost housing resource. In some respects the practice is an urban counterpart to the open space "land banks" established in Washington and some other metropolitan areas... HUD should consider supporting such "rehousing banks" on a revolving fund basis, preferably at no interest, with the funds to be made available to local non-profit organizations as well as public agencies with a minimum of regulatory "strings" attached. This is basically a conservation option, which would do nothing to increase the low and moderate income housing supply but would help retard its further erosion through market pressures. (Grier and Grier, 1978:28)

The American approach quoted here stresses retention of housing stock but the two approaches can serve a greater purpose. As the Ministry of Housing proposed for the rehabilitation and conversion of property in Ontario, housing banks can generate new housing stock.

Being realistic, though, a revolving fund approach in Ontario would probably work best if it were to be administered by a non-profit organization (perhaps like a

non-profit housing corporation) working closely with the local municipal government.

Some sort of "start up" grant would probably be necessary, with the Ontario Ministry of Housing perhaps providing additional funding and/or technical assistance.

The grant could be for the amount of money that it takes to purchase, rehabilitate and administer the first property by a non-profit organization; a key requirement would be that the number of residential units in that property be increased by that rehabilitation (and conversion) and that the units be for rent. The non-profit organization could either sell the property (provided that the units be rented) or rent the units, possibly for moderate rents. The profit or income would then be used on succeeding properties. (Ministry of Housing, 1980a:60)

If this method of retaining and increasing housing is to proceed, then two aspects of program operation will need particular attention. These are discussed by the City of Toronto concerning the use of the landbanking program in the core area but the comments are applicable to house banks.

The first is that there must continue to be an adequate flow of funds over the next few years to ensure that the bank of land is sufficient to deal with a long term housing production program. The second concern relates to the Federal Government's regulations under its Land Assembly Assistance Program. This Program is considered as a full recovery program and, as meritable as this may be in principle, consideration should be given to provisions for write-downs of land values in specific circumstances. This might be of particular benefit in assisting some non-profit groups to get under way. (City of Toronto, 1974:46)

5.1.3 Municipal Planning

In Chapter 2, Section 2.4.3 and 2.4.4, the need for information and an evaluation technique for analyzing inner city housing and reinvestment activity was cited. It was concluded that...

If the Ministry of Municipal Affairs and Housing wishes to see changes in inner city policy and techniques then it should consider a program to fund studies on inner city housing and reinvestment. (p. 52)

In Chapter 4, Section 4.2.3, it was concluded that the senior levels of government must address municipal non-profit housing concerns...

Preparation of municipal statements which are required for participation in the program.

Initial costs of project preparation and staffing (p. 113)

Municipalities can not use start-up grants but can obtain funds for the preparation of housing statements. It is recommended that this program be expanded or complimented by another funding program for in-depth inner city housing studies. Both municipal policy development and program operation could be facilitated by such studies. Funding and administration of the program should be the responsibility of the Province.

It is recommended that municipalities use provincial research funds to develop information such as that discussed in Chapter 2, Section 2.4.3. Table 31 expands on Table 5 and 6 by identifying goals to be established and tools to be

used in planning for and managing inner city revitalization. Each municipality would develop its own neighbourhood designations and subsequent goals. Measurable objectives should be established and can be stated in both housing statements and secondary plans. Table 31 stresses the use of existing building stock and the use of third sector housing in the inner city.

TABLE 3: Neighbourhood Types, Goals and Tools

Neighbourhood Type	Goals	Tools
Declining	<ol style="list-style-type: none"> 1. To promote all types of reinvestment. 2. To obtain a mix of compatible land uses. 3. To obtain a mix of population. 	<ol style="list-style-type: none"> 1. Prepare secondary plan and put in place appropriate zoning. 2. Provide incentives to investors. 3. Provide financial assistance to incompatible uses to relocate. 4. Upgrade services and infrastructure. 5. Use municipal non-profit corporation to 'bank' and rehabilitate low-income housing and to construct new units.
Stable	<ol style="list-style-type: none"> 1. To maintain stability. 2. To promote rehabilitation where needed. 3. To ensure the maintenance of existing low-income housing both ownership and rental. 	<ol style="list-style-type: none"> 1. Monitor area for land ownership and land use changes. 2. Enforce maintenance and occupancy by-laws. 3. Participate in rehabilitation programs. 4. Promote co-operative purchasing of properties for rental by private non-profit housing corporation. Limited activity is needed.
Upgrading	<ol style="list-style-type: none"> 1. To support the upgrading process. 2. To ensure continuation of the present mix of population. 3. To discourage large scale gentrification or redevelopment activity. 	<ol style="list-style-type: none"> 1. Improve infrastructure, transportation and services where necessary. 2. Improve amenities such as parks. 3. Limit number and size of high density zones. 4. Initiate municipal non-profit housing corporation and promote private non-profit activity in the area. Limited activity is needed.
Fragmented Activity	<ol style="list-style-type: none"> 1. To stabilize area. 2. To promote private reinvestment. 3. To maintain and increase low-housing. 4. To control design and quality of development. 	<ol style="list-style-type: none"> 1. Prepare secondary plan and put in place appropriate zoning. 2. Implement site design controls. 3. Provide tax incentives to investors. 4. Provide financial assistance to incompatible uses to relocate. 5. Upgrade services and infrastructure where necessary. 6. Use municipal non-profit corporation to 'bank' and rehabilitate low-income housing and to construct new units. 7. Promote private non-profit housing activity.
Gentrified	<ol style="list-style-type: none"> 1. Since promotion of reinvestment is not needed, the goal is to control design and quality. 	<ol style="list-style-type: none"> 1. Sensitive enforcement of building and safety codes. 2. Implement site design controls. 3. Use historical designations where appropriate.
Redeveloped	<ol style="list-style-type: none"> 2. Since low-income households have been eliminated, the goal is to re-introduce low-income households in the redeveloped area. 	<ol style="list-style-type: none"> 1. Use non-profit housing program to construct subsidized multiple unit housing complex.

5.2 CONCLUSION

Canadians are seeing a change in federal/provincial/municipal relations. The federal government has used various avenues to shift authority for many areas of interest to the Provinces. In housing, CMHC has relinquished the authority for several social housing programs to the Provinces and are now providing annual block of funds to the Provinces for their operation. CMHC is also shifting responsibility to the municipalities by requiring the use of third sector organizations to develop assisted housing. Ontario's provincial government is also seeking change. In the proposed Planning Act, the Province will decrease its role and increase the autonomy of municipalities in local planning.

This study supports the movement towards locally planned and administered housing. This study also recognizes the financial implications of this shift and urges all levels of government to jointly seek means of providing the Province and the municipalities with the resources to carry out their new functions.

While the shift in authority will not necessarily lead to an increase in production of low-income housing units, it will lead to housing production more sensitive to local needs and more acceptable to the immediate community. To increase production, one must look to program allocations and operation. The study has spent some time considering

these issues and it is concluded that low-income housing production can be significantly improved by:

1. reorganizing program administration.
2. expanding and improving existing programs.
3. increasing funds allocated to these programs.
4. emphasizing the use of existing buildings through rehabilitation and conversion.
5. complementing the housing production programs with a new municipal housing study program.

It has been found that the inner city is an urban entity which is just now being rediscovered. This rediscovery is generating the need for good predictive tools for forecasting inner city decline or reinvestment. These tools will be very important to the successful operation of housing programs using existing buildings in the inner city to provide low-income housing. To follow up on the exploratory discussion of Chapter 2, and to complement the recommendation for a new program for inner city housing studies, it is recommended that further work be carried out to develop an information system and evaluation technique to test variables significant to private reinvestment activity. As has been stated in Chapter 2, public housing activities using existing inner city building stock can only be successful if a complementary relationship can be achieved between private reinvestment activities and public housing activities. Besides having a satisfactory method of forecasting where private activity will occur, the social housing proponent must

have a means of securing and maintaining property. To this end, the study proposes expanded use of third sector housing programs.

Appendix A

INTERVIEW LIST AND QUESTIONNAIRES FOR CHAPTER II

Table 32

Whitepainting Inventory Categorization By City

Cities with...

Whitepainting as Defined*	Commercial Whitepainting	Sporadic Whitepainting	Government Assisted	No Evidence of Whitepainting
Montreal	Winnipeg	Hamilton	Quebec	St. Catherines
Toronto	Brantford	Edmonton	Chicoutimi	Oshawa
Vancouver	Hamilton	Calgary	Calgary	Dartmouth
Ottawa	Burlington	London	Peterborough	Oakville
Kingston	Saskatoon	Halifax	Saint Foy	Guelph
		Sudbury		Mississauga
		Sault Ste. Marie		Thunder Bay
		Peterborough		Regina
		Fredericton		
		St. John's		
		Kitchener		
		Charlottetown		
		Windsor		
		Sherbrooke		

*Whitepainting is the gradual takeover of central city neighbourhoods by renovation entrepreneurs. The target neighbourhoods are often those which are vulnerable to change due to their high tenant population and comparatively low housing costs.

City Medium-sized Ontario Cities chosen from this study.

Source: Sybil Frenette (1978). "The Evolution of the Whitepainting Phenomenon in Canadian Urban Centres." Waterloo: Master's Thesis, University of Waterloo. p. 38.

Extent of Residential Whitepainting by Urban Centre

City	Population	Year of First Evidence	Number of Neighbourhoods Affected
Large Scale*			
Montreal	2,757,132	1965	several
Toronto	2,753,082	1952	several
Vancouver	1,138,159	1971	3 neighbourhoods
Ottawa	672,166	1965	3-4 neighbourhoods
Kingston	89,532	1960	2 neighbourhoods
Small Scale**			
Hamilton	525,222	1972	1 neighbourhood
Edmonton	543,841	--	1 neighbourhood
Calgary	457,828	--	sporadic
London	264,639	1972	1 neighbourhood
Halifax	261,384	1976	1 neighbourhood
Sudbury	155,013	1976	1 neighbourhood
Sault Ste. Marie	81,270	--	sporadic
Peterborough	64,618	--	sporadic
Fredericton	24,254	--	1 neighbourhood
St. John's	140,883	--	sporadic
Kitchener	269,828	1973	1 neighbourhood
Charlottetown	24,608	--	sporadic
Windsor	243,319	1973	sporadic
Sherbrooke	102,468	1972	1 neighbourhood

Source: Statistics Canada Daily. "Municipalities of 50,000 population and over showing percent change 1971-1976." Catalogue 11-001C May 18, 1977. (population statistics only)

*whitepainting has occurred in more than one neighbourhood.

**whitepainting is limited to one neighbourhood or part of a neighbourhood.

City Medium-sized Ontario cities chosen from this study.

Source: Sybil Frenette (1978). "The Evolution of the Whitepainting Phenomenon in Canadian Urban Centres". Waterloo: Master's Thesis, University of Waterloo. p.41.

The following is a list of the people who were interviewed concerning the municipal role in planning inner city revitalization and forecasting private reinvestment in the inner city. The four planners interviewed were:

1. Judy McLeod, City of Kitchener, June 8, 1981.
2. David Godley, Regional Municipality of Hamilton-Wentworth, June 10, 1981.
3. Robert Tracey, City of London, June 16, 1981.
4. Laverne Kirkness, City of London, June 16, 1981.

The three financial people interviewed were:

1. Erv Derksen, Mutual Life Assurance of Canada, Kitchener, June 23, 1981.
2. Monty Caplan, Mutual Life Assurance of Canada, Kitchener, June 23, 1981.
3. Bryan McLellan, Dominion Life Insurance, Kitchener, June 23, 1981.

The planners answered the questions found in the questionnaire entitled 'Inner City Reinvestment Questionnaire.' The questionnaire entitled 'Questionnaire - Inner City Investment' was used with the financial people.

The following is a summation of the interviews held with municipal planners. For the first question dealing with the occurrence of reinvestment, all municipalities indicated that further reinvestment, particularly commercial gentrification, had occurred since the time of Frenette's work. The occurrence was concentrated in a few areas; was limited in extent; and had significantly altered the socioeconomic mix of these areas.

With regard to predicting when and where reinvestment will take place, the answers varied widely. The London planner strongly expressed that predicting trends in inner city and core areas was done. The Kitchener planner stated that the forecasting process was more intuitive and less formal. The office has in place zoning and secondary plans which channel types of investment dollars to certain areas and then the planning staff reacts to proposals for those areas. All four planners indicated that in predicting or reacting to inner city investment, consideration for loss of low-income housing was limited. This was especially so where the housing was tenant occupied.

In areas where reinvestment was ongoing, predicting its extent was considered a necessary and easily handled task because a direct connection was made with putting in place zoning and land use policy to direct and control reinvestment. If you could control it then you could predict it, was the general thinking.

All municipalities encourage reinvestment. This is usually done by putting in place zoning which allows changes in the land use. Discouraging reinvestment was considered too strong a statement. Most municipalities attempt to channel reinvestment to the most appropriate locations and support this through zoning and municipal services.

All planners agreed that policy to protect existing residential property from reinvestment, particularly gentrifica-

tion, was weak. Low-income tenants were most susceptible to displacement. To put policy in place which could encourage the maintenance of low-income housing was considered to be difficult politically, especially if the policy involved the discouraging of reinvestment dollars. More general statements about mix of population and housing types was preferred due to their flexible use.

To conclude, the interviews did not provide as much information as was hoped for but did highlight the lack of a comprehensive view of how private reinvestment influences low-income housing in inner city areas. The planners either did not know or had little knowledge of the literature on gentrification and the forecasting or managing of it. The information which was most significant from these interviews has been used in Chapter 2 of the study where applicable to the discussion.

Dear

I am a graduate student in urban planning at the University of Waterloo. My thesis is concerned with inner city revitalization and the provision of housing. I wish to learn whether municipalities are capable of predicting private reinvestment activity and whether it is felt that policies are needed to deal with the land use competition which could develop between reinvestment proponents and existing residents and owners. The influence of existing policies and land use controls are also of interest to me.

Your assistance in providing me with some information about _____ would be greatly appreciated. I have enclosed a brief questionnaire, for your perusal, and I propose to conduct a personal interview with you after you have had a chance to consider the questions. I feel that the interview format is easier and more stimulating for the interviewee answering open-ended questions. I am concentrating on the Ontario situation and am interviewing in only three municipalities. I hope you will find the time for this endeavour.

Since this area of research has received little attention,

-2-

I feel that this type of inquiry is most necessary, and should be useful to municipalities experiencing inner city revitalization.

I will contact you in the near future to arrange a convenient time for an interview.

Thank-you.

Yours truly,

Lynda Henry Newman

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Definitions(for use in conjunction with questionnaire)

Inner City is that area located between the central business district(CBD) and the residential suburbs, which is characterized by a mix of continuously changing land uses and older than average buildings and infrastructure.

Please note that the CBD is omitted from the study area.

Residential Gentrification is the process by which dwelling units are physically renovated and occupancy of the units is transferred from low-income households to middle or upper-income households.

Commercial Gentrification is the process by which buildings are physically renovated and the use of the buildings is converted from residential to commercial or mixed commercial/residential. Again, low-income households are replaced by middle or upper-income owners.

Redevelopment is the clearing of existing buildings and construction of new residential or commercial buildings by the private sector.

INNER CITY REINVESTMENT QUESTIONNAIRE

(This questionnaire is for your preliminary consideration. You need not complete and return it. I WILL BE CONTACTING YOU TO ARRANGE AN INTERVIEW.)

1. For the reinvestment categories listed below, please indicate: if it has occurred in your inner city; when it started; and the present extent of it.

Reinvestment Types	Occurence (Yes/No)	When Started (Year)	Extent (house/block/neighbourhood (dispersed/compact))
a) Residential Gentrification			
b) Commercial Gentrification			
c) Redevelopment- Residential or Commercial			
d) Mixed Redevelopment/ Gentrification			

2. Does the municipality attempt to predict when and where reinvestment will take place? In areas undergoing reinvestment and those areas where it is anticipated, is its extent predicted?

-2-

3. In what ways is reinvestment encouraged, discouraged or controlled in the inner city?

4. Is there municipal policy concerned with the impact of reinvestment on existing residential properties and on inner city residents?

5. Is there municipal policy for maintaining and increasing low-income housing in the inner city?
If so, what is it?
If not, do you think there should be? Why?
If you think there should be policy, how can it be implemented?

QUESTIONNAIRE
INNER CITY INVESTMENT

1. The late 1970's and 1980's are seeing a general slowdown in urban development and thus a decline in the number of developers seeking capital for development projects. Due to this trend, it is felt that companies, with large sums of money to invest, are finding it necessary to function as developers in order to capitalize their funds. This means that the company must become involved in the planning and promotion of projects rather than participating solely as the lender.

Do you think this is true of your company?

2. Now let's look at the company's recent development history - 1960's to the present. I would like to concentrate on investment projects (buildings not used solely by the company) which are in the downtown or central area of the city.
- a) Type of projects and when undertaken
 - b) Company involvement
 - c) Factors which led to decision on location of project.
3. Is your company now concentrating on:
- a) redevelopment projects (acquisition, clearance & new construction)
 - b) commercial/office projects
 - c) high-rise residential projects
4. Is there any experience or movement to become involved in renovation and/or conversion of existing buildings in the inner city?

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