

ment, the municipality is the obvious nominee for the task and with few exceptions, has been the housing authority in countries that have undertaken public housing. In spite of manifestations of a willingness to do so, Canadian municipalities have not demonstrated that they are in a position to enter the low-rent housing field. Agitation to give them powers to do so is limited, and only the municipalities of Saskatchewan and three or four others in other provinces could undertake housing programs at the present time. Under the circumstances, the Dominion's housing policy has been not to grant loans to municipal housing authorities, a policy that is likely to continue until a more satisfactory basis for making the loans has been worked out. The agency now designated to undertake low-rent housing is the limited dividend corporation. There is no reason why such corporations, apart from the question of subsidization, should not do a good job of providing and operating low-rent housing if they receive the active co-operation of the municipalities in which they operate.

Housing will be a problem for quite a few years even if actions looking toward its solution develop favourably. Accommodation has been and is being provided, but the hard core of the problem—low-rent housing—has been barely touched. Until a steady flow of low-rent units is started no Canadian can feel satisfied with what is being accomplished. Many things remain to be settled. In particular, there must be a clarification of the position of the Dominion, provincial and municipal governments in the field. The task is of such magnitude that no one level of government can see it through. The active co-operation of all three is required because the program, before it is completed, will have affected practically every phase of our social and economic existence. Meanwhile, the Dominion is discharging in full its responsibility for that part of that problem that is the direct result of the war, and is anxious to work out with the provinces and municipalities a basis for handling the long-term problem.

## Housing Accomplishments in Canada 1945-47

By ANDREW HAZELAND

THE present housing shortage is one of long standing. It is the result of the accumulation of the unsatisfied need for additional housing in the thirties intensified by developments during the war years. Even in the late twenties, when there was a relatively high rate of house building, it is probable that new units were being built sufficient only to meet the requirements of families in the upper and middle income brackets. Assuming that the population increases at an even rate, one method of estimating a normal need for additional housing is to add the requirements to meet population growth and the replacement of obsolete dwelling units. During the

thirties, additional housing was not built to meet such a normal need.

### Decrease in Production

The depression of the early thirties saw a rapid decrease of the number of new dwelling units produced; these fell off to a low of only 14,000 urban units built in 1933. In spite of this, housing vacancies increased because the marriage rate dropped and families doubled up to conserve smaller incomes. In the latter half of the thirties there was a slow improvement in house building which reached a peak of 32,000 units built in urban areas in 1939. With improving incomes, families once more felt free to demand better and more accommodation, the marriage rate increased and vacancies fell.

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Because of the low level of building in the thirties, coupled with the economic trend of the late thirties, which reduced vacancies, we entered the war ill-equipped to absorb the sudden demands and special impacts that developed during that period.

Besides a normal unsatisfied need for additional housing that existed at the end of the thirties, there developed rapidly all the other factors which create demand for shelter. There was an increase in family formation—in the marriage rate; there was enlarged and wider distribution of national income; there were unusual movements of population to urban areas. The war years saw the inter-play of all these forces which at first brought about a heavy demand for housing in the larger urban areas. This spread to smaller urban areas as war industries were dispersed and finally spread back to those areas that had initially lost population by migration to war production centres. The early restrictions placed on construction with the intention of directing maximum materials and labour to war production, accentuated the developing shortages. As evidence of the tight housing situation in urban areas early in the war, the 1941 census showed a vacancy rate of only 1.5% in such areas. A vacancy rate of about 4% is considered necessary to meet housing requirements in normal times.

By the end of 1944 there was little room for absorbing further demands for shelter. Such demands developed during 1945-46 as the armed forces were demobilized, warbrides arrived from overseas and the high rate of marriages continued. The impact of this further requirement for housing saw a sharp increase in involuntary doubling up—estimated to be in the neighborhood of 150,000 early in 1946—and an intensification of the effective demand for new housing.

#### Shortage of Supplies

The immediate post-war limitation on house construction was the shortage of

building materials. Production in 1945 was at a relatively high level, exceeding that of 1939 for all critical building materials. Requirements, however, soon exceeded supplies. As the building volume grew towards the end of 1945 with the lifting of all wartime construction controls the disparity between demand and supply increased.

During the difficult period of 1946, special groups, both in industry and government, devoted their efforts to finding ways of increasing production of critical items and obtaining the maximum use of existing supplies. Controls were used to channel basic materials to producers; price adjustments and incentives were made; incentive bonuses were offered for production over a base target; special steps were taken to channel labour to industries producing critical materials and arrangements were reached for the import of materials from foreign sources which were unobtainable in Canada. To supplement supplies, a plan was put in hand to demolish buildings declared as surplus; the reclaimed building materials were directed to priority housing, the remaining surplus finding its way to the open market. To keep immediate post-war industrial plant expansion down to the essential minimum, the period was extended to which double depreciation could be applied.

Despite the great difficulties brought on by the work stoppages during 1946 there was an overall expansion in the supplies of all materials with the exception of steel products. By the end of that year supply pipelines had been refilled and production continued to expand in 1947.

#### Priorities

In August 1945 priority assistance for building materials was given to housing being built by individual veterans and to government approved projects. Recognizing the important need of meeting the housing requirements of veterans of World War II, the first formal priority

order was issued by the Priorities Officer of the Department of Reconstruction and Supply on March 12th, 1946. This order has been revised and extended, but its underlying principle has always been maintained—to afford assistance to the individual veteran building his own house or to government sponsored projects carrying a veteran's preference and over which there is a control of the end sales price or rent. Some 11,000 units received priority assistance in 1945, 26,000 units in 1946 and 18,000 units in the first seven months of 1947.

### Labor

The shortage of skilled labour, to a much lesser degree than building materials, was in certain areas a limitation on the house building program. There has probably been at no time an absolute shortage of skilled labour—there existed an excess in one area and a shortage in another. Steps were taken late in 1944

to encourage the training of construction craftsmen. An agreement was reached between the Dominion and provinces whereby the Federal Government would provide a fund up to one million dollars to assist the provinces in the expansion of training facilities. While this is a long term operation it does, coupled with special courses in vocational and technical schools, provide a continuing supply of skilled labour.

With the one exception of the housing operations under the Veterans' Land Act, all the Dominion's activities in the housing field were consolidated in Central Mortgage and Housing Corporation during 1946. This meant that the Corporation administered the Emergency Shelter Regulations, Home Conversion Plan, Wartime Housing Limited and the National Housing Act which includes the Integrated Housing Plan. The building activities of these groups for the years 1945-47 are shown in the following table:

	Completions 1945 Dwelling Units	Completions 1946 Dwelling Units	1947	
			Completions January to June 30th Units	Units Under Construction June 30th
Emergency Shelter .....	1,051	4,642	2,106	245
Integrated Housing .....	.....	566	774	2,606
Wartime Housing .....	1,556	6,812	3,705	1,904

Estimating the probable availabilities of building materials and labour, housing objectives were set by government for the years 1945-47. At first the 1945 goal was fixed at a completion of 35,000 units and later enlarged to 50,000 units for the first full construction year following V-E Day. In 1946 the completion goal was raised to 60,000 units and again increased to 80,000 units for the calendar year 1947.

From 1945 to the middle of 1947 some 140 to 150 thousand units have been added to the supply of housing. Under the impetus of urgent demands, the

1945 and 1946 objectives have been met—the Dominion Bureau of Statistics gives completions as 48,599 units for the calendar year 1945 and 63,637 units for 1946. The 1946 volume of completions was greater than in any year except 1928 when some 65,000 units were completed.

### Achievements

The achievement of these completions was remarkable in view of the difficulties that had to be overcome—the shortage of materials and labour, the conversion of a wartime to a peacetime economy in

1945 and the problems arising from work stoppages in basic industries in 1946. There also developed during this period an all time high level of commercial, industrial and engineering construction. It is difficult to measure its effect on house building; its requirements for labour and materials are not wholly competitive. In this period of high costs, when such competition does develop, house building is at a disadvantage being limited by the purse strings of the average Canadian householder.

Against the creditable completions of 1945 and 1946 was the disappointing number of rental units produced. The majority of completions were built for home ownership in the medium price level. In 1945 it is estimated that only about 23% of the completions were for rental housing, and of these Wartime Housing Limited built 20%. Again in 1946 about 23% of all units built were for rental housing purposes and the number of units contributed by Wartime Housing increased for this year, representing about 45% of the total rental units built in the country. The requirements for rental housing have continued to increase. Early in 1947 double depreciation allowance was extended to new rental housing producing family units. This was followed by the removal of rent control from all new rental housing. No immediate large scale building of rental housing can be anticipated from these steps—the present high cost of construction continues to offset these incentives.

### Costs

Construction costs, both for materials and labour, have risen steadily in the post-war period. It is estimated that the cost of new housing has advanced from 1935-39 base of 100% to 147% at the end of 1945 to 160% at the end of 1946 and the first six months of 1947 has seen this figure lifted to 175%. These

figures are based on an index of absolute cost of wages and material. It is probable that a further 25 points could be added to reflect inefficiencies, low productivity and delays. Towards the end of 1946 there were the first indications that buyers were resisting the sale price of new houses. The continued mounting costs of 1947 began to price new housing out of the market. The result has been a lag in the building program. A monthly survey of dwelling units started in metropolitan areas and municipalities of a population of 5,000 and over gave an unsatisfactory volume of starts for the first six months of 1947. This survey showed that for the first four months house building starts were at a low level—partly attributable to bad weather. The month of May saw a high level of starts, but this was not maintained in June. There were, for the first six months, little better than 20,000 units started in the areas covered by the survey.

A survey of the number of housing units under construction at December 31st, 1946, reported 28,000 units in the metropolitan areas and municipalities of 5,000 population and over with an estimate of 40,000 units for all areas.

The bottlenecks of building material production and distribution have been largely overcome. Materials are in much better supply; construction delays are fewer with a steady reduction in the time taken to complete dwelling units.

The present period (July 1947) is one in which increasing costs have slowed the pace of new house building below the high rate reached in 1946. This lower rate of construction, together with the increase in building material supplies, should result in a levelling off of building costs.

The pressure for new housing continues; once it is recognized that building costs have stabilized, then a firm basis will have been reached for a continuing high level of activity in new house construction.