Canada’s Housing System: The Public Policy Environment for Housing in Canada

Prepared for:
Canadian Home Builders’ Association

By:
Greg Lampert
Steve Pomeroy

September 1998
Canada’s Housing System: The Public Policy Environment for Housing in Canada

Prepared for:
Canadian Home Builders’ Association

By:
Greg Lampert
Steve Pomeroy
Acknowledgements

This report is the product of extensive background research, as well as consultations by the authors with a variety of participants in Canada’s housing system. The writing and rewriting process spanned more than a year – commencing in the Spring of 1997. In many ways, the process involved in preparing this description of the housing system reflected the complexity, breadth and depth of the system itself. Sources consulted for the research included an array of past reports on various aspects of housing in Canada, internet websites for various government departments and agencies, and discussions with many officials and other participants in the system across the country.

Two formal draft reports were prepared: one in September 1997 and the other in January 1998. Both drafts were circulated widely among various federal and provincial government agencies and departments across Canada. Officials in these organizations were very generous in providing comments and insights into the operation of various parts of the system – the final text presented here has benefited greatly from the input provided by these officials. This report is the product of a cooperative enterprise among the participants in the housing system.

The principal authors were Greg Lampert and Steve Pomeroy. In addition, Dan Clement undertook much of the background research – as well as preparing the initial drafts of many of the sections.

The report also benefited greatly from comments and insights provided at various stages by John Kenward, Don Johnston and Paul Gravelle of the Canadian Home Builders’ Association – the primary sponsors of the report. Extensive and useful comments were also received from several experts at Canada Mortgage and Housing Corporation, which also assisted in the funding of the report.

Greg Lampert
Steve Pomeroy
September 1998
Table of Contents

1. Introduction .......................................................................................................................... 1
   1.1. Focus of Report – the Public Policy Environment for Housing .................................. 2
   1.2. Report Structure .............................................................................................................. 3

2. Overview of Canada’s Housing System ............................................................................... 6
   2.1. Phases of Building and Maintaining Housing ............................................................... 7
       2.1.1. Planning Phase ......................................................................................................... 7
       2.1.2. Construction Phase ............................................................................................... 11
       2.1.3. Marketing and Sales Phase ................................................................................... 12
       2.1.4. Occupancy and Management Phase ................................................................... 13
       2.1.5. A Complex System .............................................................................................. 14
   2.2. The Public Policy Context ............................................................................................ 14
   2.3. Sum-Up – Overview of Canada’s Housing System ...................................................... 21

3. The Economic Policy Component ....................................................................................... 21
   3.1. Overall Economic Management .................................................................................... 21
   3.2. Financing ........................................................................................................................ 22
       3.2.1. Monetary Policy ................................................................................................... 23
       3.2.2. Legislative and Regulatory Component ............................................................... 24
       3.2.3. Innovation in Financing ....................................................................................... 27
       3.2.4. Sum-Up – Financing .......................................................................................... 31
   3.3. Taxation .......................................................................................................................... 31
       3.3.1. Federal Taxes and Charges ................................................................................... 32
       3.3.2. Provincial Taxes and Charges ............................................................................. 35
       3.3.3. Municipal Taxes and Charges ............................................................................. 37
       3.3.4. Sum-Up – Taxation ............................................................................................ 40
   3.4. Immigration ..................................................................................................................... 40
   3.5. Human Resources ......................................................................................................... 42
       3.5.1. Unemployment Benefits ...................................................................................... 43
       3.5.2. Education and Training ......................................................................................... 44
       3.5.3. Labour Mobility .................................................................................................... 48
       3.5.4. Labour Standards and Relations ......................................................................... 49
       3.5.5. Sum-Up – Human Resources ............................................................................. 51
   3.6. Business Legislation and Regulations .......................................................................... 52
       3.6.1. Business and Corporate Registration .................................................................. 52
       3.6.2. Business Licencing and Regulation ..................................................................... 53
       3.6.3. Legal Liabilities .................................................................................................... 55
       3.6.4. Professional Self-Regulation .............................................................................. 58
       3.6.5. Sum-Up – Business Legislation and Regulations .................................................. 58
   3.7. Export Development .................................................................................................... 59
8.1. Conclusions Relating to Canada’s Housing System

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1.1. The Federal Government</td>
<td>111</td>
</tr>
<tr>
<td>8.1.2. Provincial/Territorial Governments</td>
<td>111</td>
</tr>
<tr>
<td>8.1.3. Municipalities</td>
<td>112</td>
</tr>
<tr>
<td>8.1.4. Changes in Government Roles</td>
<td>113</td>
</tr>
</tbody>
</table>

8.2. Challenges

Appendix A – Acronyms Used in the Report

Index
1. **Introduction**

‘Canadians are among the best housed people in the world.’ Repeated countless times in speeches, articles and reports about Canada’s housing system, this statement reflects pride in Canada’s housing achievement.

Typical observations about the state of Canada’s housing, and the system which has evolved to produce and maintain this housing, include:

- Housing conditions in Canada have improved progressively over the post-war period. While the population has more than doubled, the average number of people per dwelling has declined, and fewer people live in inadequate or overcrowded conditions.

- Housing is mainly a private sector activity. Over 90% of the total housing stock is owned privately by individuals or companies. Only a relatively small proportion of the stock is owned by the public sector or non-profit groups – even for this stock, the actual construction of the housing is undertaken by private companies.

- Housing is predominantly built in urban areas. Almost 85% of the new housing built each year is located in large centres with populations of 10,000 or more. Much of the remainder is built in smaller communities rather than rural areas.

- Housing typically accounts for about half of the developed land in Canadian cities. When neighbourhood streets are added, residential development occupies roughly 70% of the developed area in a typical city.

- Housing development can take a variety of forms. It encompasses new low-density greenfield development on the edge of an existing urban area, major residential or mixed use developments (or redevelopments), conversions of existing buildings from non-residential uses, smaller scale infill housing in built-up areas, and individual homes built in rural areas. It also includes major and minor renovation work on the existing housing stock.

- Housing contributes to building strong communities. A secure home provides roots and stabilizes communities in which Canadians can achieve a high level of well-being. Housing conditions, and the overall level of amenity and security of neighbourhoods, help to define the high quality of life in Canada. The quality of life in Canadian cities is a key factor for Canada in attracting international immigration and investment in the global economy.

- Housing construction and renovation make an important contribution to the Canadian economy. In 1997, almost $40 billion was spent on new home building and renovations – equivalent to almost 5% of Gross Domestic Product.
Housing technology and productivity have improved progressively throughout the post-war period. The techniques, products and skills involved in building and renovating housing in Canada are world-class. They are constantly evolving as various parts of the industry explore innovations to produce high-quality housing cost-effectively.

Housing exports play an increasingly important role in the housing industry. With NAFTA and the increasing trend towards globalization, new opportunities have arisen for the Canadian housing industry – as well as challenges from exports from other countries.

This is only a cursory overview of some of the more important features of Canada’s housing system. More details on the various aspects of the system are contained in the following chapters of the report.

Despite these accomplishments, the Canadian housing system is not perfect. Any system can be improved. At any time, there are a variety of public and private sector issues and challenges which confront the housing system and, as a result, the system is constantly evolving and changing. For example, finding appropriate financing mechanisms to support homeownership as the nature of work changes, and encouraging innovation in various parts of the system, present on-going challenges. Also, those with low incomes or special needs represent a major challenge to the housing system – not all Canadians have access to appropriate housing at a cost which they can afford (despite the over 700,000 subsidized housing units maintained by all levels of government, in addition to other programs such as social assistance).

1.1. Focus of Report – the Public Policy Environment for Housing

Any discussion of Canada’s housing system must emphasize the key role played by the public policy environment. The focus of this report is on this important aspect of the system. The phrase public policy environment is used here to refer to both:

- The specific policies of government, and
- The institutions (themselves the product of public policy decisions) through which public policies are implemented.

The report is not intended to deal with policy issues or debates about the appropriateness of particular policies. Its purpose is to provide a description of the public policy environment for Canada’s housing system. The intent is to enhance Canadians’ understanding of this key aspect of the housing system – and the importance and interconnected nature of the various elements of the public policy environment.

The various levels of government, as well as intergovernmental and quasi-public industry/government committees and councils, and organizations representing various parts of the housing system, all have a role in shaping the vast environment of regulations, legislation and public and
private sector initiatives which are an intrinsic and essential part of the housing system. This public policy environment continues to evolve and change as the housing system experiences new challenges and opportunities, both from within the system, and from external influences. Indeed, one of the remarkable characteristics of Canada’s housing system is its capacity to change and to anticipate future needs.

Part of the public policy environment includes activities which influence all sectors of the economy and society – for example, banking regulations and monetary policy affect not only mortgage financing, but also general levels of interest rates and lending practices in all sectors of the economy. Other parts of the public policy environment (for example, building codes, materials testing and municipal planning policies) address the technical aspects of construction and development – of which housing is a major component. Still others (for example, mortgage financing legislation and occupancy regulations) are more specifically directed at housing consumers and/or the housing industry.

Parts of the public policy environment fall within the jurisdiction of only one level of government, while others are shared among two or even three levels. In many cases, the responsibilities are clearly within the jurisdiction of provincial governments, and often are delegated to municipalities. In certain instances, where responsibility is clearly in the provincial domain, both a federal role and national intergovernmental bodies have evolved because of the need for coordination, cooperation and support at a national level – including the development of national standards and the need to respond effectively to issues of a national character. In most cases, organizations which represent private sector interests in various parts of the housing system participate in the formulation of the legislation, regulations and initiatives which comprise the system’s public policy environment. For this reason, the housing system is very much the product of a public/private partnership.

The interconnected and interdependent nature of the housing system means that changes in individual elements reverberate through the entire system.

The integrity of the overall housing system is important to the national economy, to Canadian society, to the housing sector and to individual consumers. Therefore, it is important to understand how the system works. That is the purpose of this study – to document the roles and responsibilities of the various public and quasi-public organizations in the housing system, and to examine recent trends in the evolution of the public policy environment.

1.2. Report Structure

In addition to this introductory chapter, the report is structured into seven additional chapters. The next chapter, entitled Overview of Canada’s housing system, presents a broad perspective of the overall housing system which has evolved in Canada and a snapshot of the phases involved
in building and maintaining housing. It includes an explanation of how the various elements fit together.

Chapters 3-7 examine the public policy environment for Canada’s housing system, and principal participants – the discussion is structured as follows:

3. **The economic policy component** – the elements which, while having direct significance for housing, are designed to achieve broader economic and social objectives. This includes legislation, regulations and initiatives which affect key areas such as overall management of the economy, financing, taxation, immigration, human resources and export promotion.

4. **The development, building and property transfer process** – the elements that relate to general construction, development and land transfer issues. This includes areas such as planning and land use, building codes, product standards and building practices, and land ownership registration and transfers.

5. **Housing stock management** – the elements involved in the process of ensuring that the dwelling stock is maintained in a safe condition, as well as regulations respecting the rights and obligations of property owners and occupants.

6. **Housing assistance** – the elements relating to activities designed to aid households unable to address their housing need in the private housing market.

7. **Research and information collection and dissemination** – the elements which seek to improve and support the efficient operation of the system through provision of information and research on various aspects of the system.

Of course, the housing system is not so simple that the various elements fit neatly under these three headings; however, these categories have been adopted because they are considered a useful way to structure the discussion.

For each of the elements of the system, the chapters discuss the roles and responsibilities of the various public and quasi-public sector players, as well as their actions as they affect the operation of the housing system – and the consumers and producers of housing.

The final chapter, **The Canadian housing system in transition**, provides a recapitulation and overview of how the Canadian housing system works, the major actors involved in the system, its importance to Canadians, and how it has evolved in recent years.

Since many of the actors and programs involved in the housing system tend to be identified by acronyms (e.g. CMHC, NRC, WHMIS), and since these are used extensively in this report, Appendix A provides a glossary of acronyms for readers who may not be familiar with all of these actors and programs.
The report was prepared for the Canadian Home Builders’ Association. Funding support was provided by Canada Mortgage and Housing Corporation.
2. **Overview of Canada’s Housing System**

There are many different types of housing built and maintained in communities across Canada. Also, the volume and nature of new home building and renovation activity are affected by an array of factors which are particular to local markets, and to the circumstances and preferences of property owners. In fact, there is no *national* housing market – rather, there are only local housing markets which are particular to each community across the country. The system for producing housing is also very fragmented; it encompasses a large number of companies and individuals, each specializing in various aspects of housing and related activities. Nonetheless, there are a number of constants in the process of building and maintaining housing – wherever one lives in Canada. Examples of a few of these common elements include:

- **Housing finance** – the terms and conditions for mortgage financing are much the same in all parts of the country.

- **Building codes** – new home building and renovations to housing are regulated by municipal building officials through the application of provincial building codes. These codes are based on the rigorous testing and evaluation process that underpins the model National Building Code.

- **Building materials** – the building materials used in various parts of Canada are governed by building codes and product standards which are similar across the country.

- **Building practices** – most low- and medium-density Canadian housing is built with wood-frame construction techniques, either on-site or in a factory; high-density housing is typically built of masonry or concrete construction. There are differences in the typical finishes, styles and sizes of housing in various parts of the country; however, the basic construction practices, building materials, and labour skills involved in building and renovating housing are similar from coast to coast to coast.

- **Land use regulation** – municipalities regulate the form and character of development within their boundaries through planning and land use regulations which are similar across the country.

- **Legal arrangements** – the procedures, regulations and laws relating to the purchase, sale and management of property are similar across Canada. The only exception is Quebec, where a different civil code imparts a somewhat different system of registering ownership and mortgage charges.

These are but a few of the many common elements which reflect the fact that there is a definable *Canadian* housing system. This system has evolved over the years and has played a major role in making Canadians among the best housed people in the world. The system is comprised of a
vast array of private and public sector actors – companies, individuals, government departments and agencies, intergovernmental committees and councils, and industry organizations which represent various parts of the housing system. Most Canadian housing is produced, owned and managed by individuals and small and medium-sized companies which generally operate within only a relatively small local market. However, these private sector actors work within an environment of regulations, legislation and public and private sector initiatives which have played, and continue to play, a key role in Canada’s housing system – and which give the system definition.

This chapter presents a brief overview of the process of building and maintaining housing in Canada, and the public policy context that guides and regulates the provision of housing. This snapshot is intended as a reference point for the more detailed discussion of the public policy environment for the housing system presented in Chapters 3-7.

2.1. Phases of Building and Maintaining Housing

The process of building and maintaining housing involves four broad phases:¹

- **Planning** – planning and designing the housing, acquiring the site, and obtaining the necessary approvals;
- **Construction** – site preparation and construction of the housing;
- **Marketing and sales** – marketing and sale to the ultimate purchaser; and,
- **Occupancy and management** – maintenance and management of existing housing.

These phases apply to the development of both subdivisions of low-density dwellings and multi-family rental or condominium projects. In addition to new ‘greenfield’ developments, they also apply more generally to renovation and redevelopment projects. Each of the phases directly involves a number of private companies and individuals, as well as public and private sector organizations – a summary of the main ones is provided in the exhibit on the next page. These various participants interact to shape the housing which is ultimately produced and occupied. The following sections provide an overview of the process and actors which are directly involved in each of the phases.

2.1.1. Planning Phase

The key actor in the planning phase of a new housing project is the developer. Developers initiate and organize the project. The planning phase involves a myriad of steps – a brief summary of the main ones includes:

---

¹ These have been adapted from the four phases discussed in CMHC, *The Canadian Housing System in the 1990s*, Ottawa, 1995, page 34.
• Initial selection of the site,
• Market analysis,
• Conception of the type of project that could ‘work’,
# Public and Private Roles in the Planning, Construction, Marketing and Management of Housing

<table>
<thead>
<tr>
<th>Planning Phase</th>
<th>Construction Phase</th>
<th>Marketing/Sales Phase</th>
<th>Occupancy/Management Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibility Analysis</td>
<td>Site Preparation</td>
<td>Sale and Resale</td>
<td>Maintenance</td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>Construction</td>
<td>Financing</td>
<td>Management</td>
</tr>
<tr>
<td>Planning</td>
<td>Financing</td>
<td></td>
<td>Improvement</td>
</tr>
<tr>
<td>Zoning Change</td>
<td></td>
<td></td>
<td>Additions</td>
</tr>
<tr>
<td>Design</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Private Sector Roles:

- Developer
- Landowner
- Lawyer
- Real Estate Broker
- Title Company
- Architect/Engineer Surveyor
- Soil and Environmental Testing
- Market Analyst
- Lending Institution
- Community Groups and NGOs
- Neighbouring Land Owners

### Public Sector Roles:

- Title Registration
- Lending Regulations
- Utilities*
- Environmental Regulations
- Planning Board
- Zoning Classification
- Subdivision Regulations
- Deed Restrictions
- Land Use Plans
- Building Codes

---

* Utilities can be either public or private sector.

Source: Adapted from CMHC, The Canadian Housing System in the 1990s, Ottawa, 1995, page 34.
• Feasibility analysis – cost and revenue estimates to ensure that the project is economically viable and marketable (and adjustment, as appropriate),
• Arrangements for interim financing,
• Purchase (or option to purchase) of the site,
• Discussion with the municipality (and, possibly, community groups and others) on development details,
• Finalization of a plan for development of the land, and
• Obtaining all necessary development approvals.

These steps do not necessarily occur in the sequence outlined above, nor does the developer act alone in undertaking these steps. In general, a number of steps would precede the developer’s selection of a site – especially the process whereby the municipality formally designates the types of development that are permitted on the site. The original owner of the land and/or other financial partners may also be involved in the project. Various consultants are required to assist the developer in establishing both the marketability of the project and the acceptability of the concept to the municipality. Land use planners, engineers, soil testing companies, surveyors, market and financial analysts, lawyers, and real estate brokers all provide services to the developer at various stages of the process. Lending institutions may also be involved if the developer requires financing for the project.

Market analysis is an important part of the planning phase. To be successful, developers and builders must attempt to ensure that their products will be attractive to potential customers – and, therefore, must carry out market analyses as part of the planning and design of the project. The design and location of the dwellings reflects the results of this market analysis.

On the public sector side, there are a variety of actors which are directly involved in the planning phase of a housing development. Municipal planning departments and provincial government departments review the proposed project to ensure that it conforms with various regulations and requirements. Municipalities often have overall land use plans which broadly define the type of development which is permitted on a site, and establish minimum requirements for parkland dedication, provision of school sites, environmental protection, and requirements for the design and installation of roads and services. Municipalities also use zoning regulations which specify in detail the range of potential land uses, density, size and height of buildings, and parking requirements. If the proposed development does not conform to these plans and regulations, the developer may apply to municipal council for official plan and zoning amendments. Many developers, especially those with large land holdings, often work closely with municipalities during the development of official plan and zoning documents.

Through the public review process, community groups, ratepayers and other interested parties may participate in the planning phase. It is common for municipalities and developers to initiate consultation with community groups early in the planning phase to avoid or resolve any potential conflicts or concerns that may arise as a result of a development proposal.
Utilities will ultimately provide electricity, water and sewage, gas, telephone and cable services to the completed development. These, plus other bodies such as Canada Post and school boards, all have requirements (and often fees) which the proposed development must also meet.

For a new low-density ‘greenfield’ development, one product of the planning phase is a plan of subdivision which is approved by the various regulatory authorities. If the developer specializes only in land development, the land may subsequently be sold to home builders prior to the design of the dwellings and the commencement of the construction phase. Even if the developer has a home building operation, some of the lots may be sold to other builders.

Another product of the planning phase is the actual design of the dwellings to be built in the development. The home builder oversees the design of the dwellings – a process which requires the involvement of various consultants such as market analysts, designers, architects and engineers.

New housing developments can take many forms, depending on local circumstances. They can involve a new subdivision on a ‘greenfield’ site on the edge of an existing urban area, a major (or small) residential or mixed use (re)development, a conversion of a building from non-residential uses, or small scale infill housing. Each of these forms of development faces different planning, social, design and environmental challenges when proceeding through the planning system. As a whole, they help to address the diverse housing needs and market demands for housing that result from changing demographic, economic and lifestyle considerations. Redevelopment which results in the creation of new housing is often also a key ingredient in preserving the social and economic strength of inner cities.

2.1.2. Construction Phase

The construction phase consists of the actual development of the land and construction of the housing by the housing industry – which is mainly comprised of small and medium-sized private sector businesses. The developer is responsible for the installation of the necessary infrastructure (roads, sewer and water, and utilities such as electricity, cable and natural gas) to the building lots, and builders construct the housing.

In most cases, various specialized sub-contractors do the actual construction work on the housing and the installation of the infrastructure, under the supervision and coordination of on-site staff of the developer and builder. The construction of a house requires a variety of specialized trades. Concrete formers, carpenters, electricians, plumbers, drywall and insulation installers, painters, roofers and landscapers are only some of the specialists who are involved.

Factory-built dwellings (pre-engineered, panelized, modular and mobile homes) account for roughly 8-10% of all new single-family homes. In the case of mobile and modular homes, the
dwellings are completed in a factory, and site work is limited to foundations, utility connections and finishing details.

Lenders provide financing for the construction phase. The building materials used in the construction of the housing (e.g. lumber, cement, bathtubs, insulation, etc.) are provided by manufacturers, distributors and suppliers. Both the building materials themselves and the technologies used in their manufacture and installation are the product of extensive testing. They are subject to product standards which are referenced in the building codes. Third-party certification and evaluation agencies help to provide assurance that these products do indeed comply with the requisite standards and codes; this is especially important for complex products whose conformance cannot readily be determined on-site by simple visual inspection.

The direct public sector role in the construction phase of a housing project is primarily aimed at ensuring that the buildings conform to required standards of occupant health, safety and structural sufficiency, through the enforcement of building codes. This function is most typically performed by professional inspection staff employed by the municipality in which the development is located. In some cases, inspectors from provincial agencies (such as the department of the environment or natural resources) may also be involved – for example, in the case of building adjacent to a natural water course, or where removal of contaminated soils is required, or on a rural site where the installation of a septic field is required.

Utility companies are also involved either in installing services or in overseeing their installation.

In addition to ensuring that the building practices and materials used in construction are in conformance with codes and standards, public agencies are also active in training workers, and in protecting their health and safety. This involves provincial departments of education and labour, and various agencies such as the provincial workers’ compensation boards (WCBs), as well as joint department/industry (employer and union) committees concerned with training and safety issues. Local governments also are involved in regulation of the industry through the licencing of businesses.

Completed new dwellings are the product of the construction phase.

2.1.3. Marketing and Sales Phase

The marketing and sale of dwellings in a new housing project are two distinct exercises.

Marketing the dwellings involves the preparation of a marketing plan, defining the target market, determining how best to reach that market, and following through with appropriate promotional measures – e.g. radio and newspaper advertising, signage, brochures, model homes or sales pavilions, etc. The market analysis, which would typically be undertaken as part of the planning
phase, is instrumental in identifying the appropriate target market and the key features required to attract these potential buyers.

To complete the sale, builders may engage real estate agents and brokers or, in some cases, may have in-house sales staff. Both the builder and the purchaser require legal assistance to transfer the title of the property, as well as a surveyor to provide a certificate of the exact location of the dwelling and the lot. Purchasers generally also require mortgage financing to acquire the property, and this involves a mortgage lender or mortgage broker – as well as a mortgage insurance company, if mortgage insurance is required. The purchaser’s lawyer also is involved in arranging the mortgage.

The process involved in the resale of an existing dwelling is similar except, of course, that builders are not involved and the existing owner is the vendor.

Builders generally pre-sell their dwellings prior to construction – based on a range of alternative plans for dwellings which could be built in various locations within a development. Pre-selling not only minimizes the builder’s exposure to the risk associated with carrying the cost of completed but unsold dwellings, but also provides the opportunity for the purchasers to customize their homes according to their personal tastes and financial circumstances. Frequently, targets for a specified number of pre-sales are established by lenders as a pre-requisite for providing construction financing to builders.

The public sector actors involved in the marketing and sales phase include the land titles/registry office. In addition, public sector agencies establish the legal framework for the transaction and mortgage financing, as well as regulating the various actors, including real estate agents and brokers.

The product of the marketing and sales phase is the transfer of the dwelling to the purchaser from the builder. In the event of building defects, the purchaser has recourse through the builder’s after-sales service and new home warranty programs.²

### 2.1.4. Occupancy and Management Phase

With possession of the dwelling, an owner becomes responsible for its operation and maintenance, as well as pursuing opportunities to undertake improvements – e.g. landscaping, additions, new finishes. A renovation contractor or specialist trade contractor may be hired to do some or all of the maintenance or improvement work. Alternatively, this work can be undertaken by the owner of the property.

² New home warranty programs operate in all ten provinces and Yukon, but not in the Northwest Territories. See Section 3.6.2 (Business Licencing and Regulation) for a discussion of warranty programs.
Many of the actors who participate in the planning and construction phases may have roles here as well – especially for significant projects such as additions, or other major renovation work. Architects, designers, engineers, contractors and trades, as well as building product manufacturers, distributors and suppliers, municipal planning and building departments, building inspectors, and others may all have roles to play – depending on the extent of the work involved.

In the case of rental housing, a leasing/renting agent is required to advertise and rent-out the units. A property manager is also required to collect rents, and schedule required cleaning, maintenance and improvements to the building. In general, many of these functions must also be performed by an owner-occupier – they are more formally carried out in the property management function in a rental property.

Management of the over 10 million dwelling units in Canada is an on-going process as the needs and resources of the occupants and owners change, and as the buildings age and various components may become obsolete and require improvement or replacement. Ultimately, as buildings age beyond their useful life, redevelopment and replacement may occur – involving a repetition of the four-phase process (planning, construction, marketing and sales, and occupancy and management) which has been described above.

2.1.5. A Complex System

Canada’s housing system is much more complex, and involves many more actors, than is apparent from the preceding, relatively cursory, description of the phases involved in the process of building and maintaining housing in Canada. The intent here has been merely to provide an introduction to the main focus of this study – the more detailed discussion (in Chapters 3-7) of the specific responsibilities of various actors in the public policy environment which forms a key part of the housing system in Canada. Prior to this more detailed discussion, the next section reviews the role of public policy in Canada’s housing system.

2.2. The Public Policy Context

Public policies, which both guide and regulate the provision of housing, are a key part of all of the four phases of the housing system described above. These public policies involve and reflect the legislative decisions and actions of all three levels of government. They include specific housing legislation, such as the *National Housing Act* (NHA), as well as legislation, regulations and initiatives at the federal, provincial and municipal levels of government which regulate matters such as property rights, financial institutions, consumer protection, health and safety standards, property development, and a host of other things. Generally speaking, these public policies fall into two broad categories:

- The first relates to the regulation or control of the physical characteristics of property and improvements. The purpose of this legislation is to ensure that buildings meet certain
minimum standards with respect to design, construction standard, occupant and worker health and safety, and the environment. Much of this legislation falls within the provincial domain; however, it is greatly influenced by the actions of both the federal government and inter-governmental agencies.

- The second relates to, or facilitates, the planning, construction, purchase, financing, and management of housing – including assisting those who cannot obtain suitable housing at a cost they can afford. The purpose of this legislation is to provide a framework within which the provision of essential elements of the system can operate effectively – and an environment which promotes competition, efficiency and innovation. At the enabling level, federal legislation is important here, although a body of provincial legislation also falls under this category.

Housing is not explicitly mentioned in the division of powers in the Constitution Act (1980), which simply adopted the original sections 91 and 92 of the British North America Act (1867). Areas of explicit provincial government responsibility in the housing system fall under the provincial jurisdiction for civil and property rights, including land use regulation and planning. Federal legislative jurisdiction is most evident through the system of housing finance, the macro economic management of the economy, and the federal government’s broad responsibility for ‘matters of national interest’ (e.g. national standards).

At the provincial level, jurisdiction over property rights and ‘matters of a local nature’ provide the provinces with jurisdiction in a number of areas which are critical to the housing system – such as planning and land use, and building regulation. A key element of the housing system at the provincial level is the existence of a system to record ownership and land transactions. This provides a stable environment for property ownership – essential to the operation of other elements of the system. For example, mortgages and other charges, such as builder’s liens, can be formally registered on the title of the property, and are open to public scrutiny. This provides assurance to a lender, revealing whether property pledged to secure a loan does exist and whether the lender’s recourse against the property is hindered by other charges. Since property is secured by an identifiable asset, the risk (and hence the interest rate) on mortgages is generally lower than for other (unsecured) loans. Other creditors that may have a claim against the property, such as a municipality owed property taxes, can register a charge on title as a way to access any proceeds of a sale, prior to the owner of record receiving such disbursements. In each province, the land registry functions are typically carried out by an agency of the provincial department responsible for consumer protection.

In each province, many of the ongoing responsibilities related to the housing system are delegated to local jurisdictions through provincial enabling legislation. Municipalities are ‘creatures of the provinces’. They are established as public corporations through provincial legislation, which also prescribes their responsibilities and authority. Most provinces have developed general municipal legislation which outlines the matters which may be subject to municipal regulation, defines the
scope of such regulation, and provides certain powers to levy taxes and fees for municipal services.³

Housing policies and programs generally originate from the federal and provincial levels of government. Local municipalities occasionally participate in federal/provincial programs as a third cost-sharing partner, or are delegated responsibility for program delivery by provinces. Municipalities are also responsible for building code enforcement, land use regulation, and enforcement of health and safety standards – through powers delegated from the provinces.

In effect, because its reach is so broad, the housing system transcends the specific constitutional powers of either the federal or provincial governments – or the delegated authority of municipalities. For example, even in matters of a local nature, the federal government may, through its spending powers, be directly involved in initiatives designed to achieve specific goals – for example, the Canada Infrastructure Works program is a federal initiative, cost-shared with provinces and municipalities, to undertake major municipal infrastructure projects. Also, the federal government and national agencies provide financial support to undertake research and disseminate information with respect to many issues, despite the fact that they may not be in areas where the federal government has formal jurisdiction (e.g. the National Building Code, housing research, environmental issues, and a host of other areas – many of which are discussed further in subsequent chapters of this report).

Chapters 3-7 discuss the various actors at all three levels of government that participate in the housing system (as well as intergovernmental organizations and committees, etc.). While there are a variety of departments and agencies involved in the housing system at all three levels of government, CMHC at the federal level, and the departments responsible for housing at the provincial level, have special responsibilities.

**CMHC – Canada’s National Housing Agency**

Canada Mortgage and Housing Corporation has played a significant role in Canada’s housing system throughout the post-war period. Though many of the specific functions performed by CMHC have changed over the years, the Corporation remains the single most important public sector actor in the Canadian housing system – as an active participant in the mortgage market, as well as through facilitating the development of public/private partnerships, providing subsidies for assisted housing, intergovernmental coordination, housing export promotion, and research and dissemination of information.

Central Mortgage and Housing Corporation (renamed in 1979 to Canada Mortgage and Housing Corporation) was established in 1946 to carry on the functions of Wartime Housing Limited and to administer the National Housing Act (1944). Over the post-war period, CMHC had a broad mandate which involved a wide variety of activities including: direct involvement in development

³ There are some municipalities (e.g. Vancouver, Montreal and St. John’s) which operate under their own charter from the Provincial government.
and construction; direct lending; co-lending; facilitating the expansion of private financing available for housing through mortgage insurance and other initiatives; infrastructure funding; urban renewal and revitalization; and, a range of programs to stimulate private sector development, and to provide subsidies to enable public and social housing development and operation. An important, and continuing, role has been CMHC’s leadership in research into the social, economic, and technical aspects of housing – and the dissemination of this information to various parts of the system.

Over the years, CMHC’s role and mandate have evolved as the needs of the housing system have changed. A variety of factors have facilitated this evolution: the housing industry has matured; lenders and building product manufacturers have become more engaged in meeting the needs of the industry and consumers; and, provincial and municipal governments and agencies have become more involved. The Corporation has largely stepped back from directly developing and financing housing. It has given greater priority to the development of an appropriate public policy environment for competition and innovation by the private sector. Today, under a renewed mandate from the federal government, CMHC continues to perform a number of important functions in the Canadian housing system.

The four key pillars of CMHC’s new mandate are:

- **Housing finance**: CMHC continues to promote housing affordability, accessibility and choice both through the direct commercial provision of mortgage insurance and guarantees, and through support for innovations in financial services and products to facilitate a creative, competitive and effective housing finance market. Under its new mandate, CMHC will operate its mortgage insurance and mortgage-backed security guarantee functions on a more commercial basis, with the explicit intent to promote housing affordability and choice, to facilitate access, competition and efficiency in housing finance, to ensure the availability of adequate housing funding at low cost, and to contribute to the well-being of the housing sector in the national economy.

- **Research and information transfer**: CMHC has an extensive research program which encompasses the broad range of elements which comprise the housing system. Either on its own, or in partnership with other private and public sector actors in the system, the Corporation continues to be a source of reliable and objective research and information in such areas as: housing affordability, new technology and technical advances, innovative housing designs, less expensive or more efficient building products and processes, regulatory reform, new financing alternatives, and market analysis.

- **Assisted housing**: CMHC, on behalf of the federal government, continues to be directly involved in providing financial and other types of support for social housing – both through direct programs such as the Residential Rehabilitation Assistance Program (RRAP) and on-reserve aboriginal housing, and through other initiatives such as the Canadian Centre for Public-Private Partnerships in Housing (CCPPPH). CMHC has
been negotiating with provinces and territories to transfer responsibility for the administration of the existing portfolio of federally subsidized social housing. The intent is to streamline the administration of social housing projects, while maintaining ongoing federal funding commitments and ensuring that federal subsidies continue to be used for housing assistance for people with low incomes or special needs.

- **International**: CMHC has been designated by the federal government to represent Canada’s housing interests internationally. This includes increasing housing industry awareness of export opportunities, working with the industry to improve its export readiness, and heightening the international presence of CMHC and the housing industry.

Under this new and renewed mandate⁴, CMHC continues to have a significant role in Canada’s housing system. The Corporation is headed by a Board of Directors which includes the Chairman of the Board, the President, five members appointed by the Minister on behalf of the government and two senior public servants – the Deputy Ministers of Citizenship and Immigration Canada, and Public Works and Government Services Canada.

**Provincial/Territorial Housing Departments and Crown Agencies**⁵

The departments and crown agencies with the lead responsibility with respect to the housing system in each of Canada’s ten provinces and two territories⁶ are:

- Newfoundland - Newfoundland and Labrador Housing Corporation
- Prince Edward Island - Health and Social Services
- Nova Scotia - Housing and Municipal Affairs
- New Brunswick - Municipalities, Culture and Housing
- Quebec - Société d’habitation du Québec
- Ontario - Municipal Affairs and Housing
- Manitoba - Urban Affairs, Rural Development, Housing
- Saskatchewan - Municipal Government
- Alberta - Municipal Affairs
- British Columbia - Municipal Affairs
- Yukon - Yukon Housing Corporation
- Northwest Territories - Northwest Territories Housing Corporation

As is suggested by the titles of these departments and agencies, their mandates often extend beyond housing. In most provinces, housing is combined with municipal affairs, a combination that establishes a formal link between the delegated municipal responsibilities in such areas as

---

⁴ CMHC’s activities in each of the above four areas are discussed in more detail in Sections 3.2.3 (Financing), 7.1 (Research and Information Dissemination), 6.1 (Housing Assistance), and 3.7 (International).
⁵ Throughout this report, there is extensive reference to the activities of the three levels of government: federal, provincial and territorial, and municipal. For simplicity, references to territorial governments are understood here to be included in the references to ‘provincial’ governments.
⁶ At the time of writing of this report, the new territory of Nunavut had not yet been created.
land use, and the development and implementation of housing policies and programs. While the precise mandate and organizational structure varies from one jurisdiction to the next, there are many common elements. In most (though not all) cases, these provincial departments encompass the functional areas of local municipal governance, building standards and occupant safety, as well as housing.\(^7\)

A typical range of activities and functions of these provincial departments includes:

- **Local municipal governance:**
  - Developing and maintaining a legal framework for local government,
  - Establishing local government structure and regional growth strategies,
  - Overseeing municipal finances,
  - Establishing guidelines for local levies, fees, charges and taxes,
  - Administering local government grant programs;

- **Building and development standards:**
  - Building safety and accessibility,
  - Fire safety,
  - Worker safety,
  - Consumer protection,
  - Municipal infrastructure,
  - Community and land use planning,
  - Property assessment and appeal system,
  - Land information policy and standards,
  - Heritage property;

- **Housing policy, including program development:**
  - Overseeing social housing delivery and management,
  - Providing program and legislative responses based on provincial needs and resources,
  - Landlord/tenant legislation and, in many provinces, rent regulation,
  - Preservation of the existing stock through regulation and standards,

---

\(^7\) Some of the other provincial departments that influence the housing system include transportation (e.g. development and maintenance of transportation infrastructure), environment (e.g. protection of the environment), natural resources (e.g. protection of water courses), education (e.g. training the present and future construction workforce, and a source of capital funding for schools), consumer and commercial relations and labour (e.g. regulations affecting the housing industry), justice or attorney-general (e.g. administration of the court system in the event of legal action), health (e.g. services to those with special needs), agriculture (e.g. protection of agricultural land from development), and social services (e.g. shelter allowance components of social assistance). These are dealt with separately in other parts of this report.
– Developing policies and programs to facilitate the operation of the housing market.

In the specific area of housing policies and programs, while CMHC initially took a lead role, many provinces have become more actively involved in developing their own housing policies and programs since the early 1960s. However, the degree to which provincial governments have become involved in housing programs varies across the country. This is due, in part, to different pressures, needs and resources. Some provinces have decided to take on more substantial roles. A number of provinces fund their own housing programs – without federal cost-sharing. Most provinces have established special agencies to finance and administer both existing social housing programs and, in some cases, the delivery of new programs.

Over the years, a variety of programs have been delivered, including non-cost-shared programs funded by provinces or the federal government, as well as those jointly funded and delivered by a federal-provincial partnership. These have included renovation programs, home saving programs, market housing stimulus programs, shelter allowances, and social housing. See Chapter 6 (Housing Assistance) for a more complete description of federal and provincial housing assistance programs.

Since the 1960s, provinces have taken increasing responsibility for the ongoing administration of cost-shared programs and, as a result, have developed expertise and competence in program administration. Recognizing this, together with the desire to streamline administration and achieve economies of scale, the federal government is currently negotiating with the provinces to transfer responsibility for the administration of all existing social housing, including the portfolio of projects funded by the federal government on a non-cost-shared basis. CMHC will continue to fund subsidies for this housing through to the expiry of the existing subsidy agreements for each project. In addition, CMHC will continue to have responsibility for On-Reserve housing programs, an area where the federal government has historic obligations to Aboriginal People.

Several provinces are examining the role of the provincial government in administering social housing. In the case of Ontario and Quebec, this is expected to result in a greater role for municipalities in the administration of social housing.

There is considerable discussion and information-sharing among the provincial and federal agencies responsible for housing. In some cases, these take the form of formal meetings, such as the National Housing Research Committee (see Chapter 7 on Research and Information Collection and Dissemination), but the federal and provincial departments and agencies responsible for housing routinely share information and discuss issues of common interest. Federal, provincial and territorial housing ministers meet to discuss policy issues on an occasional basis. In addition, senior Federal/Provincial/Territorial (FPT) housing officials meet as issues arise. The scope of the agenda of these intergovernmental meetings has expanded from policy issues arising from social housing agreements to include matters such as the environment, contaminated lands, and building codes.
2.3. **Sum-Up – Overview of Canada’s Housing System**

Canada’s housing system works well – it is one of the best in the world. In large measure, the system works so well because of the infrastructure which has evolved over the years. For example, Canada has a wealth of expertise in all of the disciplines required for the housing system – from urban planning and design through civil engineering, market analysis, construction practices, building products, marketing, sales, and a host of other areas. Key components also include the legal framework that protects the ownership and transfer of property rights, and a highly developed financial infrastructure that facilitates the financing required for housing production.

It is fundamentally different to undertake a housing development in Canada than in a jurisdiction that does not have a mature housing system. This has become evident from recent efforts, drawing on Canadian expertise, to establish a market-based housing and housing finance infrastructure in the former Soviet bloc. Today in Canada, the pre-requisites of an effective, functioning housing system are in place. However, this has not always been the case.

Planning and development and housing finance existed in rudimentary form prior to the 1940s. Both received a significant stimulus in the immediate post-war period when the wartime economy was transformed to one appropriate for peacetime. The federal government played an instrumental role in establishing the housing system – one key element involved ‘importing’ professional expertise from Europe, including quantity surveyors, appraisers, architects, planners, and engineers, as well as building tradespeople. Also, a central focus in those years was the establishment of an education system to train and develop Canadian expertise in these professions. In the period since the war, there have been important changes in all aspects of the system, from housing finance to urban planning, building regulation and construction methods. The housing system has evolved continuously over the post-war period – and continues to change.

The benefits of the housing system are available to Canadians in all parts of the country. The system supports key Canadian housing objectives such as affordability, accessibility, quality, choice and innovation.

The main focus of this report is the public policy environment, which is critical to the efficient operation of all four phases of planning, building, selling and maintaining housing in Canada. All parts of the system are greatly influenced by the array of public policies which have evolved gradually over a long period of time – these policies are an intrinsic part of the housing system.

The public policy environment involves departments and agencies of all three levels of government. These departments and agencies interact, not only with each other, but also with intergovernmental bodies and industry/government committees and councils, and the organizations which represent various parts of the housing system. The next five chapters of the report review the public policy environment for Canada’s housing system:
3. The economic policy component,
4. The development, building and property transfer process,
5. Housing stock management,
6. Housing assistance, and
7. Research and information collection and dissemination.
3. **The Economic Policy Component**

This chapter reviews the economic policies which encapsulate the housing sector. The discussion is structured into the following sections:

- Overall economic management,
- Financing,
- Taxation,
- Immigration,
- Human resources,
- Business legislation and regulations, and
- Export development.

These are extremely important parts of the housing system. Their reach encompasses many parts of the economy and society – including, but not restricted to, the housing system. While they have broader effects, the discussion here concentrates mainly on their role and influence in the housing system.

3.1. **Overall Economic Management**

The housing system operates within, and is an important component of, the overall Canadian economy. Fluctuations in the volume of residential construction (and its spin-off impacts on other sectors which supply construction products and services) have a significant effect on the overall level of economic activity. Housing starts and renovation spending are leading indicators of the state of the economy. Housing costs are an important component of the Consumer Price Index which measures inflation. Historically, the cycles of housing activity have a direct bearing on the performance of the overall economy.

At the same time, the demand for new housing and renovation work is affected by macro-economic factors such as interest rates, disposable income and employment trends. The housing industry is one of the sectors which is most affected by changes in the overall performance of the economy. Changes in employment affect household formation, and changes in interest rates affect the affordability of homeownership, the viability of rental investment, and the ability of owners to finance renovation work. These, in turn, are reflected in changes in the volume and nature of residential construction activity.

The responsibility for the overall management of the Canadian economy falls largely to the federal government – primarily Finance Canada. Through fiscal policy (the taxation and expenditure policies of the federal government), and through its influence on the monetary policies of the Bank of Canada, Finance Canada seeks to manage the Canadian economy in support of the government’s economic and social goals. The federal government’s management
of the economy has sometimes included specific programs aimed at stimulating residential construction activity as part of an overall program to encourage increased economic activity. Provincial governments also sometimes seek to encourage economic activity through expenditure or taxation programs – including, sometimes, programs specifically directed at the housing industry. For example, the employment stimulus created by new housing construction was one of the benefits cited by the Ontario government in launching the provincial non-profit housing program during the early 1990s. Though their financial resources are more limited than those of the federal government, provincial government fiscal policies also affect the economy – and, through this, housing activity.

To sum up, the volume of housing activity is significantly affected by the macro-economic policies of government – particularly the federal government. At the same time, housing is an important part of overall economic activity – the job-creation potential of the housing industry is frequently cited as a benefit for particular policies or programs which may result in increased volumes of housing activity. The macro-economic policies of government are, therefore, a very significant component of Canada’s housing system.

3.2. Financing

Financing is integral to the housing system. To function efficiently, housing markets depend on an adequate supply of funds to finance the transfer of properties and the operation of businesses. Interest rates, which link the performance of the housing system to broad trends in the economy and financial markets, have a significant effect on affordability and accessibility, both for ownership and rental housing. They also exert a considerable influence on the costs faced by builders and other businesses involved in the housing system.

All phases of the planning, construction, marketing and management of housing typically require access to large amounts of financing – for example:

- Commercial loans are generally required by developers and builders to finance land acquisition and housing construction;

- Mortgage loans are typically required by homeowners or rental property investors to finance the initial dwelling purchase; these are generally paid off over an extended period of 20-30 years; and,

- Lines of credit or refinancing of mortgages are often required to provide the funding necessary to undertake major renovations to dwellings.

Virtually all of this financing is provided by lending institutions such as banks, trust and life insurance companies and credit unions. These institutions operate within a public policy environment which provides stability and promotes competition and innovation. The supply of
funds and interest rates which apply to these various types of loans are governed by the policies of the federal government and the Bank of Canada.

This discussion of the public policy environment relating to financing for housing is divided into three sections:

- Monetary policy,
- Legislative and regulatory component, and
- Innovation in financing.

3.2.1. Monetary Policy

Because large amounts of financing are involved in all phases of the process of building and maintaining housing, the availability and costs of funds are of crucial importance to the housing system. For the past several decades, there have been no serious constraints on the volume of funds available for housing financing; however, this has not always been the case. In the immediate post-war period, funding for housing was in very short supply. Various measures were taken to encourage lending on housing during the 1950s and early 1960s. Changes in the Bank Act in 1967 removed the interest rate ceiling on bank loans. This largely rectified what had been a chronic problem of shortages of funds for housing.

The supply of funds and the interest rates charged on mortgages and on the financing required to develop new housing are inextricably tied to the overall supply of funds and levels of interest rates in the Canadian economy. These, in turn, are affected by international interest rate trends, the international balance of payments, the value of the Canadian dollar, and the monetary policy being pursued in Canada. The primary actors in determining monetary policy are the Bank of Canada, and Finance Canada, which (as discussed in Section 3.1) has primary responsibility for the overall management of the Canadian economy.

The Bank of Canada was established in 1934, through the Bank of Canada Act. While this legislation, which defines the Bank's functions, has been amended many times since 1934, the preamble to the Act has not changed. The Bank still exists “to regulate credit and currency in the best interests of the economic life of the nation”. This involves the development and implementation of monetary policy, the provision of activities to support and oversee Canada’s principal clearing and settlement systems, the issuance of bank notes, and the provision of debt-management services on behalf of the federal government. The goal of monetary policy is to preserve the value of money. The ultimate objective of the Bank of Canada, working through monetary policy, is to enhance the standard of living of Canadians.

---

In framing monetary and fiscal policies, the Bank of Canada and Finance Canada routinely monitor trends and conditions in the economy – including important sectors such as housing. Part of this process includes on-going interaction with industry organizations and others who are knowledgeable about industry trends. Equally important, the Bank of Canada regularly presents its views on the economic outlook, and issues statements to inform the public and to explain the reasons for its actions. These serve as a means of increasing the transparency of the Bank’s actions – this is considered important in ensuring that the public understands the monetary policy being pursued.

In a joint statement reaffirming the goal of price stability issued in December 1993, the Bank of Canada and Finance Canada announced the objective of keeping inflation within a target range of 1-3% for the period 1995-1998. In February 1998, the 1-3% target range for inflation was reaffirmed and extended to 2001. The explicit inflation-control targets have clarified the goal of the Bank’s monetary policy – the key determinant of short-term interest rates.

Therefore, through their effect on monetary policy, the Bank of Canada and Finance Canada are extremely important actors in the Canadian housing system. Though not exclusively directed at housing, their policies have an enormous influence on affordability (and therefore the demand for housing), as well as the costs of operating businesses, and developing and renovating housing.

3.2.2. Legislative and Regulatory Component

Lenders, such as banks, life insurance companies, trust companies, credit unions and caisses populaires, operate under a strict regime of regulations and legislation designed to promote competition among lenders, protect depositors and investors, and ensure that borrowers are treated fairly.

The Office of the Superintendent of Financial Institutions (OSFI) is responsible for regulating and supervising all federally chartered banks, insurance, trust, loan and other financial institutions, such as title insurance companies. OSFI administers the regulatory aspects of the Bank Act, Insurance Companies Act, and Trust and Loan Companies Act, among other pieces of federal legislation. OSFI seeks to maintain public confidence in the Canadian financial system and protect depositors, insurance policy holders and pension plan beneficiaries by routinely monitoring financial institutions and assessing risks and trends in the financial industry. Financial institutions which show signs of trouble could face intervention by OSFI.

Canadian dollar deposits up to $60,000, with original term to maturity under five years, are insured through the Canada Deposit Insurance Corporation (CDIC), which also exercises a limited supervisory influence on lending institutions.

Provincially chartered financial institutions face a similar provincial regulatory environment which is generally managed by the provincial department of finance. Recently, several provinces
(including Quebec, British Columbia and Ontario) have consolidated the responsibilities for a number of previously independent agencies in the provinces into single provincial financial services agencies to regulate loan and trust companies, life insurance companies, credit unions, caisses populaires, and other provincially chartered financial institutions. The provinces also regulate mortgage brokers – an option for borrowers seeking mortgage financing, rather than dealing directly with financial institutions. The regulations associated with mortgage broker activities, and the requirements related to qualifications, vary from province to province.

The major chartered banks (the ‘Big Six’) are the heart of Canada’s banking system, due to their size and scope of activities, as well as their central role in activities such as payments, clearing and settlement. These banks are federally chartered and they account for the vast majority of bank assets in Canada.\(^9\) They are all ‘Schedule I’ banks – it is a requirement of the Bank Act that their shares be widely held, with no single entity owning more than 10% of any class of shares. ‘Schedule II’ banks are closely held and are much smaller. In general, due to the important role they play in Canada’s economy, changes in the ownership of any significant portion of the shares of a bank, or other federal financial institution, require the approval of the Minister of Finance.

The predominance of large national scale financial institutions has had an important influence on the evolution of the Canadian housing finance system, especially in comparison to the United States. In the United States, a very active secondary mortgage market has developed, primarily as a way to diversify risk and provide liquidity in a system dominated by small locally-based lending institutions. Due to their local nature, these US institutions have been highly vulnerable to the vagaries of local real estate markets; they also have a limited deposit base. The national branch banking system in Canada has facilitated the interregional transfer of funds to service demand; it also provides a broad geographic diversification of loans and thus risk. These same benefits have also been a factor in limiting the development and growth of a secondary mortgage market (in which mortgage assets are originated and then sold to other investors – see discussion of mortgage backed securities in Section 3.2.3), since the imperative did not exist in Canada to the extent that it did in the United States.

Within the overall environment of legislation and regulations which affect lending institutions, some items relate specifically to housing finance – for example:

- **Maximum loans** – under federal financial legislation (including the Bank Act, the Trust and Loan Companies Act, and the Insurance Companies Act), federally chartered lenders are required to restrict their residential real estate lending to a maximum of 75% of the value of a property.\(^{10}\) For residential loans (both ownership and rental housing),

---

\(^9\) In addition to the ‘Big Six’, there are foreign banks and a growing group of smaller domestic banks. The foreign banks are subsidiaries and representative offices of many of the world's most prominent banks – these account for nearly 10% of the assets of Canada's bank sector. The smaller domestic banks make up less than 3% of the assets of Canada's banking system.

\(^{10}\) This restriction on federally chartered lenders does not apply to commercial real estate lending. For lenders chartered under provincial legislation, there is typically no legislative restriction to a maximum uninsured loan to
mortgage insurance (more properly defined as ‘default insurance’) is available from CMHC and its private sector competitor, General Electric Capital Mortgage Insurance Canada. This insurance allows lenders to extend financing above 75% of property value. Section 3.2.3 discusses mortgage insurance in more detail. Prior to changes introduced by the federal government in the 1960s, loans were restricted to a maximum of 60% of property value.

- **Mortgage prepayments** – under current legislation, regardless of the term of the mortgage, homeowner borrowers can prepay their mortgage after five years, with a maximum prepayment penalty of three months’ interest.\(^{11}\) For CMHC-insured mortgages, homeowners can prepay mortgages (also with a prepayment penalty of three months’ interest) after three years. Outside of these requirements, financial institutions have different methods of determining the interest penalty for prepayments of mortgages. Discussions preceding the recent amendments to the *Interest Act* included the possibility of imposing a standard mortgage prepayment approach, but this was not included in the amendments. Finance Canada, which administers the *Interest Act*, is currently working on a new regulation which will require greater and clearer disclosure from lenders regarding mortgage prepayment rules and penalties.

Other financial regulations, which may not be directed at housing specifically, nonetheless can have a significant effect on housing finance. For example, CDIC guarantees deposits at financial institutions – including guaranteed investment certificates (GICs) and term deposits, which provide the majority of the funds for mortgage lending by financial institutions. Financial institutions try to ‘match’ the terms of their borrowing and lending – five-year GICs tend to be used to fund five-year term mortgages, etc. The fact that CDIC does not guarantee GICs (or other financial instruments) which have terms in excess of five years, has been cited as one of the reasons for the fact that there are relatively few mortgages with terms in excess of five years.

In framing and revising legislation and regulations for housing financing, the various public agencies involved benefit from input from a variety of organizations which represent private sector interests. CMHC, with its in-depth involvement in housing finance, also advises other federal bodies on these matters. Organizations representing various private sector interests also consult with the various regulatory bodies and provide recommendations regarding initiatives which may be appropriate to improve the operation of the system.

Clearly, the legislation and regulations within which private sector lending institutions operate constitute an essential part of the housing system. They establish the parameters within which lenders compete both to secure deposits, and to lend the funds for various purposes – including financing for the housing industry and mortgages for homeowners and rental investors.

---

\(^{11}\) For mortgages on rental properties, there is no requirement to allow prepayments.
3.2.3. Innovation in Financing

In the housing sector, the legislative and regulatory environment (described in Section 3.2.2) causes lending institutions to be highly competitive and creative in offering financing options to homeowners and rental investors – and to builders and developers seeking business loans. Mortgage borrowers can choose among terms of varying lengths, with correspondingly different interest rates. They can also negotiate details such as prepayment privileges, payment holidays in the event of financial need, biweekly or weekly mortgage payments, extended amortization periods, refinancing of the mortgage to access equity, and discounts from the posted mortgage interest rates.

Builders, developers and contractors generally require business loans. The majority of these companies are ‘small businesses’ and, as a result of concerns about the small business lending practices of financial institutions, there have been significant changes which have improved access to financing for these companies. Lenders are recognizing the business potential of lending to small business. Through education of their account managers, provision of new services, and reductions in paperwork, lenders are competing more aggressively for this business. Most major financial institutions also have an in-house ombudsman, and there is also a banking industry ombudsman to provide borrowers with an independent process for appeal and to promote fairness in lending practices.

The federal government also facilitates the provision of financing for small business. Under the Small Business Loans Act (SBLA), administered by Industry Canada, small businesses can access funds from private lenders, without providing personal assets as security – the federal government partially offsets any losses incurred by lenders on SBLA loans. In addition, the federal government’s Business Development Bank of Canada offers innovative financing, as well as business counseling and management training, for small businesses.

With respect to mortgage financing, the instruments available have evolved over the years as a result of various innovations from the private and public sectors. For example, the introduction of long-term blended-payment mortgages significantly improved access to housing financing. Few people have the resources to finance the purchase of a dwelling either through cash or a short-term loan. There have been many other important innovations over the years.

Mortgage Insurance

The introduction of mortgage insurance in the National Housing Act (NHA) in 1954 was a major advance in housing finance. NHA insurance (provided through CMHC) facilitated the replacement of federal government financing for housing with greater private sector mortgage lending. Until then, the federal government was an important lender for new housing, providing joint loans in partnership with private lending institutions. Mortgage insurance was instrumental in encouraging increased private sector mortgage financing, reducing regional variations in mortgage interest rates, and freeing up federal funds for other purposes. Initially, NHA mortgage insurance was restricted to new housing only (reflecting the use of home building as a means of
With mortgage insurance, as discussed in Section 3.2.2, lenders can make loans above 75% of appraised property value, upon payment of a mortgage insurance fee. Mortgage insurance allows home purchasers and rental investors to purchase dwellings with smaller downpayments than would otherwise be required – thus enhancing access to housing. While mortgage insurance is included in this discussion as an ‘innovation’, it has been an important part of the Canadian housing finance system since 1954.

There are two mortgage insurance companies in Canada, CMHC and General Electric Capital Mortgage Insurance Canada – a private sector competitor which operates in selected parts of the country. The federal government introduced the concept of mortgage insurance in Canada and CMHC has, on occasions, been the only provider of mortgage insurance. Mortgage insurance premiums and fees collected by CMHC are pooled in the Mortgage Insurance Fund (MIF)\(^{12}\) which, in the event of mortgage default, reimburses the lender for any losses incurred in repossessing and disposing of the property. The MIF is required to operate on an actuarially sound basis and to have sufficient reserves to pay all expected future claims. The MIF is guaranteed by the government of Canada (through the NHA). For this reason, home purchasers are able to access mortgage financing at the lowest possible interest rate – since the federal government is the most credit-worthy borrower in Canada.

At present, CMHC is pursuing the goal of operating the MIF and NHA mortgage-backed securities (discussed further below) on a more commercial basis. This will mean additional flexibility for CMHC to introduce new insurance and guarantee products, and to compete more effectively in the marketplace.\(^{13}\)

The ‘commercialization’ of the MIF is also designed to achieve a more level playing field with private mortgage insurance. To this end, CMHC will adopt the regulatory reserve and capital requirements for private insurers and, over time, will make annual payments to the government for its financial backing of the MIF.

The MIF plays a critical role in providing the conditions for CMHC to support various policy objectives. For example, Canadians in any part of Canada are eligible for NHA mortgage insurance at a fixed premium schedule, no matter where they live – this results from the fact that mortgage insurance in relatively ‘higher-risk’ parts of the country is off-set by the higher volumes

\(^{12}\) Funds not required for the on-going operation of the MIF are invested in fixed-income securities. The total assets of the MIF amounted to roughly $3.9 billion at the end of 1997.

\(^{13}\) CMHC has launched emili, a new computer-based underwriting system for homeowner mortgage loans. The new system is expected to provide faster and more cost-effective service for lenders seeking NHA mortgage insurance and also to improve the overall quality of mortgages insured by CMHC.
of ‘lower-risk’ mortgages in other areas.\textsuperscript{14} It also allows CMHC to undertake innovations in financing – e.g. the extension of NHA mortgage insurance to new tenure forms, such as condominiums, and the First Home Loan Insurance Program.\textsuperscript{15} These initiatives, plus other innovations discussed below in which CMHC has been instrumental, are possible due mainly to the financial strength and stability provided by the MIF.

\textbf{Other Innovations}

Over the past several years, there have been many innovations which have improved the arrangements and/or options available for financing housing, including:

- **Removal of interest rate ceilings** – prior to changes in the \textit{Bank Act} in 1967, banks faced maximum interest ceilings of 6\% for mortgage loans. Since market rates had risen beyond this level by the early 1960s, this resulted in a chronic shortage of funds. Removal of this restriction greatly enhanced the flow of funds into mortgage lending.

- **Changes in underwriting criteria** – relaxation of CMHC’s underwriting criteria has resulted in increases in the maximum gross debt service ratio (GDS) for NHA-insured mortgages, and inclusion of spouses’ income and heating costs in determining eligibility for NHA mortgage insurance. Prior to 1957, the maximum GDS was 23\% of the main earner’s income. The current maximum PITH (principal, interest, taxes and heating) ratio of 32\% of gross household income has significantly enhanced access to financing for home purchasers. At the same time, the new underwriting criteria encourages energy conservation by including heating costs as part of the assessment of a homeowner’s ability to cover total housing outlays.

- **Reductions in mortgage term** – the proliferation of mortgage terms, ranging from variable rate mortgages up to the actual amortization period on the loan, offers borrowers a full range of options. It also allows lenders to match the terms on both mortgages and the sources of their funds, thus eliminating interest rate risk for the lender and facilitating lower interest rates.

- **Mortgage-backed securities (MBS)** – CMHC introduced MBS during the 1980s to diversify the sources of funding for mortgages and encourage lower interest rates. Although remaining quite small as a source of mortgage funds (MBS issues account for almost 4\% of total new mortgage funding), MBS has become an accepted alternative to GICs and government bonds for investors. CMHC is actively engaged in streamlining and further enhancing the options available through MBS through consultations with investors, issuers, investment dealers and the housing industry.

\textsuperscript{14} CMHC’s mortgage insurance function also impacts on lenders’ policies and procedures. For example, the issue of liability for clean-ups of contaminated sites led to requirements for environmental site assessments for NHA insurance. Similarly, CMHC requires warranty program coverage for new housing insured under the NHA.

\textsuperscript{15} The program offered mortgage insurance up to 95\% of property value for first-time buyers compared to the (then) normal maximum of 90\%. Mortgage insurance up to 95\% of property value has subsequently been extended to all mortgage borrowers.
• **Home Buyers’ Plan** – first-time homebuyers are eligible to use up to $20,000 of funds from their registered retirement savings plans (RRSPs) to use as a downpayment on the purchase of their first home. The funds must subsequently be repaid to the RRSP over a period of 15 years or they will be included as taxable income. Until this plan was introduced, RRSP funds were not allowed to be used to finance the purchase of a home, except as an alternative source of mortgage financing.

• **Chattel loan insurance** – traditionally, manufactured homes were not eligible for NHA mortgage insurance as they were considered chattel, unless permanently located and secured to a site. In the early 1990s, CMHC introduced the Chattel Loan Insurance Program (CLIP). The program provides mortgage insurance for manufactured homes which allows individuals to obtain access to traditional mortgage financing (at much superior terms and interest rates than previously).

• **Provincial/municipal housing programs** – several provinces and some municipalities have financing initiatives for housing to promote specific objectives such as renovation, redevelopment, energy efficiency or affordability. Some provinces promote innovative tenure options such as life lease, and equity and homeowner cooperatives, which offer choices and variations to ownership and renting. In some cases, these initiatives are backed by the MIF, through guarantees provided by the provinces. Chapter 6 provides a review of the types of programs in operation in various jurisdictions across Canada.

• **Public sector housing finance** – in addition to the above initiatives which are directed mainly at private sector housing, there have been measures to improve the financing and reduce the cost of social housing. For example, Canada Pension Plan funds were used to finance some non-profit housing during the 1980s, and CMHC has developed social housing MBS pools, as well as direct lending and refinancing programs, which have achieved lower financing costs for social housing projects. Also, the province of Ontario has centralized renewals and financing for social housing to achieve a high degree of competition among private sector financial institutions.

These innovations have clearly played a major role in enhancing the financing options available for housing in Canada. In many ways, these innovations and the competitive nature of the financing market in Canada are a product of the legislative and regulatory environment which encourages competition and innovation on the part of the lending community. CMHC also provides important research into financing options and potential new mortgage instruments. This research complements and supports the innovations that are made with the backing of the MIF. The ‘commercialization of the MIF’ will allow CMHC to introduce new products and services which the government may wish to support for public policy reasons.
3.2.4. Sum-Up – Financing

Financing is clearly critical and integral to the housing system. It affects the cost of building new housing, the demand for housing, and the cost of renovating housing. The key public sector actors in terms of the financing component of the housing system are:

- **Bank of Canada** – through its monetary policy, the Bank acts to influence the level of interest rates.

- **Finance Canada** – through its fiscal policy, Finance Canada influences the performance of the economy; it also influences the monetary policy pursued by the Bank of Canada.

- **Office of Superintendent of Financial Institutions** (and provincial counterparts) – these regulators monitor the operations of financial institutions to ensure that they conform to legislation and regulations.

- **CMHC** – in addition to its commercial mortgage insurance function and its direct lending for social housing, CMHC plays a critical role in researching and encouraging innovations to improve the availability of housing finance.

- **Provinces/municipalities** – several jurisdictions have initiatives which provide innovative financing for housing.

3.3. Taxation

Housing is subject to a variety of taxes and other public sector revenue-generating measures. Federal and provincial taxes such as personal and corporate income taxes, payroll taxes and sales taxes apply to activities in all phases of the housing system. In addition, provincial charges (e.g. land transfer taxes and registration fees), and local municipal levies, fees, charges and taxes (e.g. development cost charges, building permit fees and property taxes) also apply to particular phases of housing development.

A recent study provided estimates of the total amount of federal, provincial and municipal levies, fees, charges, taxes and transaction costs on a modest new single-detached house in 26 municipalities across Canada – including at least one municipality in each province and territory. The totals varied significantly from one jurisdiction to the next – they ranged from less than $14,000 in a few municipalities to a high of $65,000, for a new house in Burnaby, BC. Since some of the charges are based on the value of the house, localities with high housing prices often have higher total charges. Cumulatively, levies, fees, charges, taxes and transaction costs

---

16 The discussion here is based on information from a variety of sources, including Internet sites of the various organizations as well as Karin Treff and David B. Perry, *Finances of the Nation*, Canadian Tax Foundation, 1997.
typically totalled between $15,000 and $45,000 in most of the municipalities – in many municipalities, they totalled over 20% of the value of a typical modest new home.\textsuperscript{17}

### 3.3.1. Federal Taxes and Charges

The federal government collects significant revenues from the residential sector through a variety of taxes and premiums. While Finance Canada is responsible for taxation policy, Revenue Canada is responsible for the collection of all federal taxes. Revenue Canada draws its mandate from the \textit{Department of National Revenue Act}, which gives it federal responsibility for controlling, regulating, managing and supervising income and consumption taxes, as well as customs and excise duties. Among other things, the Department collects federal and provincial income taxes, the GST/HST, Canada Pension Plan contributions and Employment Insurance premiums, as well as operating tax credit programs.\textsuperscript{18} Revenue Canada works closely with other federal departments in various parts of its mandate; in particular, it works with Finance Canada which is responsible for legislative amendments in the design of changes to the law, and the Department of Justice which provides legal advice and litigation services.

A key to delivering on Revenue Canada’s mandate is the preservation and promotion of public confidence in the fairness and integrity of Canada’s tax system. As part of its efforts in this area, the Department encourages voluntary compliance with Canada’s tax laws. In addition, it addresses non-compliance through a balanced approach of education/information/communication and responsible enforcement. Where appropriate, penalties are applied for evading taxes/duties or deliberately not reporting information correctly.

While most federal taxes and charges apply similarly to all types of economic activities, there are a number of specific measures which have significant implications for the housing industry and housing consumers. Examples include:

- **Exemption of principal residence from capital gains taxation** – by investing in a home, homeowners acquire a substantial financial asset on which capital appreciation is not taxable, either during their lifetime or after death.

- **Regulations regarding carrying costs, soft costs and depreciation** – the taxation of builders, developers and real estate property owners involves extremely complex regulations and judgements regarding a variety of tax issues. For example:

\textsuperscript{17} Greg Lampert and Marc Denhez, \textit{Levies, Fees, Charges, Taxes and Transaction Costs on New Housing}, prepared for CMHC and CHBA, January 1997. The totals cited here include all local levies, fees and charges, as well as provincial sales taxes, land transfer taxes and registration fees, plus GST, which are payable on new housing. They also include the estimated legal and mortgage insurance fees – these typically totalled $500-$750 for legal fees and $2,000-$6000 for mortgage insurance fees. The estimates do not include other taxes and charges (e.g. income taxes, payroll taxes) which are generated by new housing construction.

\textsuperscript{18} See Section 3.5.1 for a more detailed discussion of Employment Insurance and the housing system.
the first phase of tax reform in the late 1980s disallowed the use of carrying costs and soft costs for land and buildings under construction as deductions from developers’ current income – these are now required to be capitalized and depreciated over time.\(^\text{19}\)

- whether renovation costs for older rental buildings should be immediately deductible from rental income or should be capitalized into the value of a building and depreciated over time.

- only ‘companies in the business of real estate’ are allowed to use depreciation ‘losses’ which are in excess of actual income from a real estate project to reduce taxable income from other sources.

**GST and housing** – there are a number of specific measures with respect to the GST and housing:\(^\text{20}\)

- most new ownership housing is eligible for a rebate of 36% of the GST – i.e. the effective rate of GST is roughly 4.5% of the price. This was intended to equate the GST collected with the amount collected under the previous federal sales tax. For higher-priced new ownership housing, the rebate is reduced on a sliding scale from housing valued at $350,000 up to $450,000; the full 7% GST applies to ownership dwellings priced above $450,000.

- owner-builders receive a rebate of 36% of the GST which is paid on inputs to their home – not on the final value of the home. If they undertake all or some of the work themselves, they pay GST only on some of the inputs – and receive a rebate of 36% of the amount paid. The rebate is phased out for dwellings valued at $350,000+, using the same scale as for dwellings purchased from home builder companies.

- the full 7% GST applies to new private rental housing and most renovation work.\(^\text{21}\)

- residential rents are exempt from GST.

**Charitable donations** – the 1997 federal budget made an important change in the provisions relating to charitable donations which could assist in providing capital for financing housing by third sector groups. The budget increased the maximum amount of donations from 50% of income to 75%, and reduced the income inclusion rate on capital gains arising from donations of publicly traded securities from 75% to 37\(_%\). This will facilitate the transfer of capital to charities – including registered charities associated with

---

\(^{19}\) There is a special allowance from this provision for small developers: interest at a prescribed rate on up to $1 million in qualified loans may still be deducted from current income in the determination of taxes payable.

\(^{20}\) The discussion here relates to the treatment of housing in the provinces west of Quebec, plus PEI. In Newfoundland, Nova Scotia, New Brunswick and Quebec, the provincial governments have harmonized their provincial sales taxes with the GST – the treatment of housing by the HST in these provinces is discussed in Section 3.3.2.

\(^{21}\) ‘Substantial renovations’ are eligible for the same rebate as new ownership housing; however, very few renovations qualify for the strict definition which is used (effectively total rebuilding of the dwelling). Unlike private rental housing, social housing generally receives a rebate of anywhere from one-half to two-thirds of the normal 7% GST.
housing, such as the Canadian Non-Profit Housing Foundation, as well as other non-profit housing organizations.

The determination of the appropriate tax treatment of various forms of economic activity is extremely complex – and can involve significant sums. For example, Finance Canada\textsuperscript{22} estimates that the non-taxation of capital gains on principal residences resulted in a loss of federal income tax revenues of $1.2 billion in 1997. Similarly, the GST housing rebate is estimated to result in a ‘tax expenditure’ of roughly $500 million in 1997. There is also a small tax expenditure related to the Home Buyers’ Plan from which home purchasers benefit.

In establishing their rulings and compliance procedures, the appropriate federal departments (i.e. Finance Canada, Revenue Canada, the Department of Justice, and Human Resources Development Canada), as appropriate, consult extensively with various private and public sector organizations to identify their concerns and to obtain their input into the process.

Combating underground practices is one of Revenue Canada’s priorities. Construction, particularly residential construction, has been identified as one of the high non-compliance sectors, according to Revenue Canada. Following consultations with industry organizations and the provinces, Revenue Canada has introduced the \textit{Contract Payment Reporting System} which encourages individuals and businesses in the construction industry to report all payments made to subcontractors that provide construction services. At present, the system is voluntary; however, the federal government has announced that it intends to make the system mandatory. Also, the industry and Revenue Canada are working together on a national marketing campaign, ‘Get It in Writing’, designed to encourage housing consumers to deal with legitimate contractors rather than underground operators.

In cooperation with the provinces, the federal government is proposing to establish a new national revenue collection agency, the Canada Customs and Revenue Agency, to provide better service to the public, the provinces and Canadian businesses. The agency is intended to replace Revenue Canada and, through greater partnership with the provinces, would improve the efficiency of revenue collection. Consultations have taken place with the provinces and major stakeholders, and the federal government has introduced legislation to create the new agency.

Through their rulings and the design of compliance measures, Revenue Canada, Finance Canada, and other federal departments are significant participants in the housing system. Taxation and other revenue-generating measures substantially affect the costs of building and renovating housing, as well as the attractiveness of purchasing a home.

3.3.2. Provincial Taxes and Charges

Like the federal government, provincial governments collect substantial personal and corporate income tax revenues from housing. Provinces also levy significant payroll taxes such as workers’ compensation premiums and other types of charges. All provinces, except Alberta, also levy sales taxes – in some cases, harmonized with the federal GST. In addition, provinces typically gain revenue from the transfer of properties, either through a land transfer tax or fees for registering mortgages and title (or both). In general, in designing their tax systems, provincial finance departments have functions similar to those of Revenue Canada at the federal level.

**Income Taxes**

Most provinces have agreements with the federal government for the collection of both personal and corporate income taxes. In these provinces, the federal government collects federal income taxes and the participating provinces levy their taxes as a percentage of the federal tax. For personal income taxes, Quebec administers a separate system. For corporate income taxes, Quebec and Ontario administer their own provincial taxes. The tax bases for these separate systems are similar to those used by the federal government.

Some provinces have enacted special provisions or tax credits that are calculated and credited only against the provincial portion of the income tax return. Specific to housing, a number of provinces provide a tax credit to offset part of a taxpayer’s property tax or rental payments for low-income people. Nova Scotia and Ontario have home ownership savings plans which provide tax credits for potential first-time home buyers’ savings for the downpayment on their first home – income limits restrict the eligibility of borrowers to these tax credits.

**Sales Taxes**

Provincial sales taxes are an important source of revenue for most provinces (except Alberta). On typical new single-detached housing, estimates prepared in 1996 indicate that provincial sales taxes, which apply only on building materials, generally accounted for between 2% and 4.5% of the price of a house.\(^{23}\)

Provincial governments occasionally offer programs which reduce or eliminate the provincial sales taxes on new homes. In Manitoba, for example, first-time buyers can receive a credit of up to $2,500 for a new home – the credit is based on the square footage of the home and is roughly equivalent to the provincial sales taxes payable on the home.

Harmonization of provincial retail sales taxes with the GST has been discussed between the federal and provincial governments. At present, four provinces (Newfoundland, Nova Scotia, New Brunswick and Quebec) have blended their sales taxes with the GST; however, the harmonized sales tax treatment of housing is not uniform across these provinces.\(^ {24}\)

---

\(^{23}\) Lampert and Denhez, *op. cit.*, page 16.

\(^{24}\) In Quebec, there is a 6.5% provincial sales tax which is harmonized with the GST. The 6.5% rate applies to the sale price of ownership dwellings priced above $200,000 as well as for new rental dwellings. Ownership dwellings priced less than $175,000 pay an effective rate of provincial tax of 4.34%. Newfoundland, Nova Scotia and New
Land Transfer Taxes
Some form of land transfer tax applies in most provinces although, in some cases, it is applied as part of the title and mortgage registration fee rather than being called a land transfer tax. Estimates of the combination of land transfer tax and registry fees for typical modest houses in various jurisdictions across Canada in 1996 ranged from less than $200 in Alberta to a high of 1% of the first $200,000 of the value of the dwelling and 2% thereafter in British Columbia.25

Occasionally, provincial governments reduce or eliminate land transfer taxes to encourage home purchases. In British Columbia, for example, land transfer taxes are waived for all first-time buyers, subject to price restrictions and other criteria. Similarly, in Ontario, land transfer taxes have temporarily been waived for first-time buyers of newly-built homes, subject to price restrictions.

Payroll Taxes
Provinces also levy taxes and charges on payrolls: Newfoundland, Quebec, Ontario and Manitoba all have health and/or training taxes on payrolls. The taxes range as high as 4% or more of total payroll though, in many cases, they are levied on payrolls above some pre-determined level.

Each province and territory has a workers’ compensation board (WCB) with responsibilities for maintaining the workers’ compensation system and promoting occupation health and safety, and injury prevention programs. These are discussed in more detail in Section 3.5.4. WCB programs are funded through assessments on employers’ payrolls which are adjusted to reflect the claims experience and hazards associated with particular industries. For constructing buildings, the 1997 WCB assessment rates range from a low of $3.25 per $100 of payroll in Yukon to a high of $11.84 in Quebec.

As is the case with the federal government, provincial finance departments develop their revenue policies in consultation with various interests, including organizations representing particular parts of the housing system. Typically, they control a smaller portion of the total public revenues generated from housing than the federal government; however, provincial government taxation policies are still an important part of the housing system.

3.3.3. Municipal Taxes and Charges

Local governments levy a variety of taxes and charges on housing. For new housing developments, these include infrastructure charges (e.g. development cost charges, engineering fees, etc.), cash-in-lieu of parkland, development application processing fees, and building and plumbing permit fees. Municipalities also generally charge fees for licencing and regulating various types of businesses. For existing housing, as well as undeveloped land, municipalities levy property taxes and user-fees associated with various activities.

As discussed in Section 2.2, municipalities are ‘creatures of the provinces’. They are established through provincial legislation, and their responsibilities and authority to regulate, licence and collect taxes are prescribed through provincial enabling legislation. Most housing-related taxes and fees are authorized through issue-specific enabling legislation which provides municipalities with authority over land use planning, development control, building code enforcement, and collection of property taxes. Provincial legislation often prescribes or sets conditions on how municipal charges are calculated. Municipalities are also generally required to establish fee bylaws, adopted after public consultation, which identify schedules and the methodologies for implementing municipal levies, fees, charges and taxes.

Responsibility for developing and implementing provincial enabling legislation typically, though not exclusively, falls under the authority of the provincial department of municipal affairs. Changes to municipal enabling legislation often occur in consultation with municipal associations and other relevant organizations.

Charges and Fees on New Development

The fees and charges which apply to new development vary substantially from one jurisdiction to the next. Estimates prepared for a sample of 26 municipalities across Canada in 1996 indicate that the total of the various local charges ranged from a low of $1,110 for a modest single-detached house in Charlottetown to a high of $23,355 for a modest house in Vaughan, Ontario.\footnote{Lampert and Denhez, \textit{op. cit.}, page 11.}

The most important factor in the variation of local charges among the municipalities is the amount of the infrastructure charges – mainly development cost charges. For the sample of 26 municipalities, infrastructure charges ranged from zero in some Atlantic municipalities to a high of $19,170 in Vaughan, Ontario. To a large extent, variations in the infrastructure charges reflect differences among the municipalities in the methods of providing infrastructure – e.g. roads, sewer, water, etc. In some Quebec municipalities (with infrastructure charges in the $11,000-$13,600 range), for example, all infrastructure work is undertaken by the municipality. In most other parts of Canada, developers install the internal services within their subdivisions (to the specification of the municipalities and other local authorities, such as utilities); but there are significant differences among various jurisdictions in the developer/municipal shares of the cost of financing and installing the external services required for the development. Also, sometimes,
‘soft’ services such as education and recreational facilities are included in municipal infrastructure charges. These differences in financing infrastructure account for much of the variability in infrastructure charges among municipalities.

There are a number of other municipal charges relating to developing and building new housing, including building permit and plumbing fees, business licencing fees, various fees involved in the development approvals process and, frequently, cash-in-lieu payments for obligations such as parkland dedications. In recent years, municipalities have increasingly sought to recapture the incremental cost of new development through fees and charges on new development.

In some cases, municipalities waive or reduce some of these charges, or provide other financial incentives, in an effort to encourage new development. For example, Sudbury, Ontario reduced development charges to reduce the cost of developing new housing, and Saint John, New Brunswick provides grants to encourage new development within municipal boundaries rather than in adjacent areas.

**Property Taxes and User Fees**

Property taxes, which frequently are comprised of separate components for local and regional governments as well as school boards, are the main source of revenue for most municipalities.

Arrangements vary in different jurisdictions but, in general, the taxes payable on particular properties are determined by applying a fixed rate (generally called the mill rate) to the assessed value of the property. Typically, this property assessment is derived from the estimated value of the property in some base year. However, there are significant differences among jurisdictions in terms of the year on which the assessment is based, the frequency of reassessment, and the methodologies used to determine valuation. Also, ‘taxable’ assessed value can vary for different types of properties (e.g. low-density residential, multi-unit properties, commercial properties, etc.).

The determination of assessment can be a local or a provincial responsibility, depending on the province. However, in all cases, the authority derives from provincial legislation and, more often than not, the provincial government takes an active interest in monitoring and influencing policies in this domain. Once an accepted methodology for determining assessment is enacted, municipalities establish a mill rate and levy taxes by class of property.

There is significant variation in the level of property taxes among different jurisdictions across Canada. The estimated average annual property taxes payable on residential properties by province in 1995 range from a low of $1,120-$1,140 per $100,000 in property value in PEI, BC

---

27 Property taxes are payable on most residential and non-residential properties. Property owned and occupied by the federal, provincial or municipal governments is exempt from property taxes in all provinces except PEI and New Brunswick, where property tax is imposed on provincial and municipal government property. Grants-in-lieu of taxes are paid by the federal and provincial governments to compensate, at least in part, for the forgone revenue on government-owned property. Property taxes are generally payable on government-owned housing.
and Newfoundland, to a high of $1,920 in Saskatchewan. There are also substantial variations within provinces, depending on local policies with respect to both overall levels of property taxes and valuations of particular types of properties. To some extent, the variations in the level of property taxes may reflect differences among the provinces in terms of the types of services which are funded by local versus provincial revenue sources.

In most jurisdictions, rental properties are valued differently from single-unit (mainly owner-occupied) properties. Depending on the degree of the difference, this can have a substantial effect on the amount of property taxes payable. In Ontario, for example, the property taxes payable on multiple unit rental buildings range from roughly the same as the taxes which would be payable on an owner-occupied property of comparable value, to over four times as much in the City of Toronto.

Property taxes affect the ability of a household (or rental investor) to afford to purchase and/or maintain a particular property. For example, the GDS ratio applied by mortgage lenders to determine whether to advance a mortgage to a prospective borrower is based on the principal, interest, taxes, and heating costs (PITH) payable – the higher the property taxes, the lower the value of a loan which a particular income can carry. Similarly, for rental investors, the level of property taxes which are payable on a property can have a substantial effect on the decision whether to purchase (or build) a rental project – based on a property’s prospective revenues and operating costs.

For property owners, particularly elderly homeowners and others on fixed incomes, property taxes can account for a substantial share of annual outlays. For this reason, in many parts of Canada, exemptions or deferrals of property taxes are available for particular groups (such as low-income senior citizens). This assistance is generally provided through provincial government programs which can include grants or rebates delivered through the income tax system. Some municipalities offer reductions in property taxes as a means of encouraging new housing developments to locate within municipal boundaries rather than in outlying areas. In Winnipeg, for example, the City offers tax rebates of up to $5,000 (over three years) for new housing built within its boundaries. The City of Winnipeg also has a program of tax rebates for up to 15% of the value of renovations (up to $15,000) undertaken on older homes.

Municipalities also typically levy user-fees for services such as sewer and water, garbage removal, etc. Licence fees for businesses are another source of revenue for municipalities.

---

28 *Focus on Canadian Municipal Assessment and Taxation*, as quoted in Treff and Perry, *op. cit.*, page 6:3.

3.3.4. Sum-Up – Taxation

Taxation is an integral part of the housing system. Taxes and charges from all three levels of government affect the cost of both building and operating housing. In many respects, Canada’s housing and community development are an expression of tax policies. In terms of the housing system, the key actors in the area of taxation include:

- **Finance Canada** – through the design of the federal tax regime, Finance Canada establishes the federal tax vehicles and rates which apply across the economy – including those which apply to various parts of the housing system.

- **Revenue Canada** – as the department charged with collecting federal (and some provincial) taxes, Revenue Canada is important to the housing system, particularly with respect to interpreting tax legislation, administering tax/customs acts and regulations, and coordinating various initiatives, including those to combat underground economic activity.

- **Provincial finance departments** – as with Finance Canada and Revenue Canada, provincial finance departments influence housing through the design, interpretation and enforcement of tax collections.

- **Provincial municipal affairs departments** – provincial legislation prescribes certain powers for municipalities to levy taxes and fees for municipal services.

- **Local governments** – within the parameters established by provincial legislation, local governments exert a significant influence on housing activity and the nature of development through the design and collection of various levies, fees, charges and property taxes on new and existing housing.

3.4. Immigration

Immigration is a very important element of the housing system. Research has shown that, while many immigrants initially have larger household sizes than non-immigrants, the longer immigrants live in Canada, the more they exhibit housing consumption patterns which are similar to those of native-born Canadians.\(^{30}\) Considering that the average household size in Canada is roughly 2.7 persons, the importance of immigration of +/- 200,000 annually to the current and future volume of housing demand is evident – the target level for 1998 is for between 200,000 and 225,000 immigrants.

---

Not only are immigrants an important source of demand for housing, they also constitute a significant potential source of skilled labour for the construction industry and for other parts of the housing system.

There are three main elements to Canada’s immigration system:

- Family reunification,
- Selection of skilled workers and entrepreneurs, and
- Refugee settlement.

Citizenship and Immigration Canada (CIC) is charged with the responsibility of establishing the target range for immigrants of various types and for administering the immigration process for all regions of the country, with the exception of Quebec. The 1991 Quebec-Canada Accord provides Quebec with the authority to select independent and business immigrants that will be admitted into the province – in 1997, the immigration plan called for Quebec to receive approximately 15% of all immigrants admitted into Canada. CIC has also signed agreements with some other provinces to cooperate more closely in developing immigration and settlement policies and programs. CIC is also working with provinces to develop criteria for a provincial nominee class which would allow the provinces to choose skilled immigrants (who might not otherwise have qualified under federal provisions) in order to fill labour market shortages in their region.\(^\text{31}\)

Skilled workers typically enter Canada as ‘independent’ immigration applicants. Canada’s immigration plan for 1998 calls for the admission of 96,600-106,600 skilled workers (including spouses and accompanying dependants). Independent immigrants are assessed against a point system. Under this system, skilled workers require a score of at least 70 to qualify for immigration. This compares to a score of 25 for investors and entrepreneurs, and 65 for individuals sponsored by relatives living in Canada. The assessment system assigns points to applicants for considerations such as education, occupation, work experience, occupation related training and education, age, language skills, personal suitability, self-employment and arranged employment.

To assist with the evaluation of skilled workers, CIC utilizes HRDC’s General Occupation List which identifies occupations in which immigrants can be expected to have a reasonable chance of

\(^{31}\) In this regard, a recent report prepared for the Minister of Citizenship and Immigration recommends the creation of a federal/provincial council on immigration to promote consultations and collaboration in terms of policy planning and service delivery. The report of the Immigration Legislative Review Advisory Group (\textit{Not Just Numbers: A Canadian Framework for Future Immigration}, prepared for the Minister of Citizenship and Immigration, January 1998) also recommends a number of other changes, including: the separation of citizenship and immigration from Canada’s responsibilities for refugees; requirements for clear and transparent objectives and procedures with respect to immigration; and, allowing provinces to nominate individuals or groups whose entry would benefit them for social, economic or cultural reasons. It also recommends that Canadian companies with 20 or more employees should no longer be required to obtain a validation from HRDC in order to sponsor a temporary worker.
entering the labour force. Applicants with occupations which have an active labour market have a better chance of successfully immigrating to Canada. Rather than ‘micro-manage’ the relationship between immigration and the labour market by trying to link applicants with specific job openings, CIC has adopted a more flexible approach where the emphasis is on generic labour market skills and the candidate’s likelihood of finding employment in the fluid and dynamic labour market. The occupation classification is more a reflection of the value of the generic skills implied with a specific occupation than an indication of the number of job openings in that occupation.

Construction trades are generally not included on the General Occupations List – this is partially a reflection of the regional and cyclical nature of construction activity.\textsuperscript{32} There are, however, many workers with construction skills who immigrate to Canada as members of the family class, or as refugees, or as skilled workers in another occupation in which they are also skilled. It remains important for HRDC and CIC to monitor trends in the construction industry and the supply of construction workers in particular regions, because shortages of skilled construction trades can lead to higher construction costs, delays, reduced affordability and lost economic potential. The immigration system can be an important mechanism to address skilled labour shortages in particular regions and CIC is working with interested provincial governments to enable provinces to nominate immigrants who can meet needs specific to a province, but who may not meet federal selection criteria.

The most common intervention in the construction labour market undertaken by CIC is the review and processing of temporary work permits for foreign construction workers required to work on individual projects. These situations can arise when builders use new technologies which require skills not available in Canada. These applications are sponsored by builders, and CIC reviews the applications in consultation with HRDC.

Since construction activity fluctuates significantly from region to region, labour mobility within Canada is also an important mechanism for addressing regional shortages of construction labour – labour mobility is discussed in Section 3.5.3.

3.5. Human Resources

A vast array of skilled workers participate in the housing system: in addition to trades involved in the actual construction work, there are design and engineering professionals responsible for architecture, landscaping and servicing of new development, and various other occupations such as salespeople, project managers, business owners, municipal inspectors, etc. In many cases, the

\textsuperscript{32} Since the occupation category represents only about 7% of the points available through the assessment system, excluding construction trades from the General Occupation List does not prevent a skilled construction worker from immigrating to Canada. For skilled construction workers, there must be a job offer and the employment must be approved by the local Human Resource Centre if a construction worker wishes to come to Canada. These numbers are quite small due to the cyclical nature of the industry, thus making temporary entry the preferred immigration route.
skills required to work in housing construction are distinct from those of other sectors – including other types of construction. The cycles which characterize the home building industry add another dimension to the difficulties of ensuring that there is an adequate supply of labour. There are four particular areas of interest with respect to human resources in the housing system:

- Unemployment benefits,
- Education and training,
- Labour mobility, and
- Labour standards and relations.

### 3.5.1. Unemployment Benefits

Employment Insurance (EI) (previously called Unemployment Insurance) is a key support for workers in the housing system. The construction industry is notoriously cyclical and seasonal in nature. Frequent periods of unemployment are a fact of life in the industry and, without an income-support program for down-times, fewer workers would be able to weather the periods of unemployment – with resulting shortages of workers and higher costs for construction.

According to an analysis of EI claims, construction workers have the second highest benefits received per dollar of premiums – after the primary industries (agriculture, forestry, fishing and trapping). For every dollar of premiums paid by the construction industry, construction workers recoup an estimated $3.81 in benefits. Over half of the construction workers claiming unemployment insurance benefits were considered to be due to ‘seasonal’ causes – well above the share in most other industries.\(^{33}\) The fact that construction workers have such a high rate of usage of EI compared to other industries confirms that the program provides an important support to the construction industry.

The unemployment insurance system was originally designed five decades ago. The program has been updated many times since its inception – most recently in 1994. Over the years, many reports and commissions have recommended changes to the system. There have been a number of changes during the 1990s:

- In 1990, changes to the *UI Act* increased emphasis on ‘active employment’ strategies from passive income replacement programs (see Section 3.5.2). The active strategies were intended to foster adjustment to changing labour market conditions. Changes included increases in the entrance requirement, reduced duration of claims, and increased penalties for claimants who quit their jobs without ‘just cause’.

- In 1993, the benefit rate was reduced from 60% to 57% and claimants who quit their jobs without ‘just cause’, or were fired for misconduct, were disqualified from benefits.

\(^{33}\) Estimates relate to an analysis for the year 1992; the source is Human Resources Development Canada, *From Unemployment Insurance to Employment Insurance*, pages 18 and 41.
• In 1994, further changes were made to UI, including: increased entrance requirements and reduced length of claims; increased assistance to those with low incomes and dependents, while further reducing the general benefit rate to 55%; and, improving fairness in the voluntary quit and misconduct provisions.

• In 1996, the name was changed from UI to EI and further changes were implemented: eligibility is now determined based on hours worked rather than weeks, and a new Family Supplement was introduced to provide enhanced benefits for families living on low incomes.

HRDC is the federal department responsible for the operation of the EI system. Given the importance of EI to construction workers, and to other workers in the housing system, future reforms of EI could have important effects on the system.

3.5.2. Education and Training

Training and education programs are constitutionally the responsibility of the provincial governments. However, the federal government plays an important role in labour market development and training initiatives, through programs funded by EI, and through funding of industry-led human resource programs. Together, the federal and provincial governments have endeavoured to develop national industry occupational standards to facilitate labour mobility. As a result, most skilled trades and many occupations have national standards and interprovincial trade certification through the Red Seal Program (see Section 3.5.3).

All of the trades and occupations are identified in the National Occupation Classification (NOC) system which outlines the skills, education and standards associated with each occupation. The NOC provides invaluable information about occupations and work in Canada, and is used extensively by career counsellors and other labour market professionals across Canada. These counsellors and their clients are the primary audience for which the NOC was created.

In recent years, efforts have been made to define more clearly the provincial, federal and industry roles in labour market development – and to build capacity in the private sector to identify and address human resource issues. The federal government has reached Labour Market Development Agreements with most provincial and territorial governments to implement the ‘active employment’ programs of the EI system. Under these agreements, the federal government will either transfer resources to the provinces to design and deliver programs covering matters such as wage subsidies, job creation, skills development and self-employment assistance, or co-manage an agreement whereby the federal government delivers the programs. In the latter instances, HRDC, with the agreement of the provinces, in some cases finances support for education and training activities.
The new federal role reflects a very clear shift from a role of provider and deliverer of programs to an increased emphasis on that of a broker and enabler. As part of its mandate, HRDC will work towards ‘helping people help themselves’ by:

- Reducing dependency on income support;
- Enabling the transition to the knowledge-based economy; and,
- Fostering flexible delivery arrangements in partnership with provinces and the private sector.

Also, HRDC has established a separate set of programs to reduce employment barriers for those with special needs, including youth, Aboriginal peoples, and persons with disabilities.

**Provincial Apprenticeship Programs**

Most construction trades are trained through apprenticeship programs which provide on-the-job training combined with technical training at an educational institution. Apprenticeship programs are regulated by provincial apprenticeship legislation which sets out standards and conditions for training. Each province has a Director of Apprenticeship, who is responsible for these programs. In establishing curriculum and certification requirements, the Directors of Apprenticeship are advised by a variety of actors – including industry-led apprenticeship training boards, sector councils, national sectoral adjustment service committees and trade advisory committees.

For many trades, provinces require mandatory certification through provincial apprenticeship programs, as a condition of employment in a trade. There are on-going efforts among the provinces to coordinate programs and training for these trades – to facilitate labour mobility among other things:

- The Canadian Council of Directors of Apprenticeship (CCDA) is an intergovernmental partnership comprised of all of the provincial and territorial Directors of Apprenticeship. In cooperation with the industry and various governments, the CCDA seeks to develop and maintain comprehensive interprovincial training and certification programs for skilled occupations (including construction trades) to promote labour mobility among different jurisdictions. This is achieved through the CCDA’s Red Seal programs (discussed in Section 3.5.3) and the interprovincial examination system.

- The National Apprenticeship Committee (NAC) of the Canadian Labour Force Development Board (CLFDB) was established to provide a national labour market perspective on apprenticeship programs and policies, and to promote national standards and expansion of apprenticeship. The CLFDB is an independent national organization comprised of partners from various backgrounds, including business, labour, education and training, and equity groups. It was established in 1991 to promote training and labour force development issues.

Many provinces are in the process of reviewing their apprenticeship programs. Issues being considered include the number and types of apprenticeship programs which should be provided,
varying methods of training program delivery, the role of the private sector and union training centres in funding and managing programs, and the type of financial assistance, if any, that should be provided to individuals participating in apprenticeship programs. CCDA provides a national forum to discuss changes in apprenticeship training among the provinces.

Training for Professionals
In addition to the construction trades, a wide variety of other skilled people participate in the housing system. In general, colleges and universities provide the basic training and continuous education which qualify professionals for various responsibilities within the system. This includes professional degree programs in architecture, urban design, urban planning, landscaping, civil/mechanical/electrical engineering, real estate appraisal, real estate finance and legal services, among others. Other professionals such as real estate agents and brokers also have training requirements which vary from province to province. For all professionals, the degree and training programs exist within a more general context, but remain an integral element of the housing system. The college and university system is regulated through provincial legislation, with professional standards and accreditation typically developed in partnership with provincial chapters of professional associations.

Human Resources Development Canada
HRDC is the principal federal actor in labour force supply and development. As discussed earlier in this section, there has been a shift in the federal role from provider and deliverer of programs to an increased emphasis on that of broker and enabler. HRDC retains responsibility for the EI program, the national dimension of the labour market information system, the National Employment Service, the promotion and support of national sectoral councils, and delivering support for interprovincial labour mobility.

HRDC manages the Sectoral Partnership Initiative (SPI) which assists the private sector in dealing with human resource issues and training. The SPI was established in response to changes in the economy – for example, the severe adjustments in the labour market resulting from implementation of new technologies and industrial competition. The SPI is designed to build capacity within industry to identify and address human resource issues. It helps to establish industry councils with representation from management and labour groups, and funds the development of industry human resource studies.

Under the framework of the SPI, HRDC also provides industry sectors with funding assistance through the National Sectoral Adjustment Service (NSAS). The NSAS, previously known as the Industrial Adjustment Service (IAS), provides assistance to industry and occupational associations to study and respond to human resource issues. The NSAS program is designed to fund projects to identify human resource issues such as labour supply and demand conditions and training needs, as well as to facilitate the development of training plans. Through NSAS, HRDC has worked closely with the construction industry. Agreements have been established with a number of the construction trades associations to fund human resource studies which cover issues such as supply and demand assessments, characteristics of each trade, training needs
and priorities, and potential development and/or revision of national trade/occupational standards.

In addition to the SPI programs, HRDC is working with the construction industry on several fronts. HRDC has provided funding and assistance to help the industry to undertake a study of the underground economy in the construction sector. HRDC is also working with the industry to access HRDC’s national Electronic Labour Exchange (ELE). The ELE is designed to allow employers to identify their need for workers with specific skills, and for workers to identify their availability and specific skills.

**Other Actors**

A number of other public, quasi-public and industry organizations also provide training for various participants in the housing system. For example:

- Provincial new home warranty programs broker or deliver training for builders and contractors to promote construction quality and innovation – sometimes in partnerships with other organizations, including CMHC.

- Some provincial government departments actively promote training in various aspects of the housing system – in addition to their responsibilities for apprenticeship training, as well as secondary and post-secondary education. These include courses on building codes and construction practices, and workplace health and safety issues.

- WCBs and provincial labour departments have programs directed at occupational health and safety. Typically, these include workplace inspection programs, communications materials, and training and education.

- CMHC has an extensive series of seminars, courses and workshops directed at education and training of various participants in the housing system. Examples of the issues covered include Healthy Housing, FlexHousing, market analysis, renovator training, RRAP training, builders’ workshops, ventilation courses for inspectors, indoor air quality seminars, housing management for property managers, and a number of other courses directed at specific building technology issues.

- Natural Resources Canada (NRCan) provides builder training through the R-2000 Program.

- The National Research Council (NRC) holds seminars across the country to introduce new and revised requirements in new editions of the National Building Code (NBC).

- Construction training is also available in the education and training programs of broader groups. For example, Skills Canada, a non-profit body of industry, labour, educators and government, offers several activities that promote skilled trades and technological career
paths for youths – including careers in various parts of the housing system. Women in Trades, Technology, Operations and Blue Collar Work (WITT) is testing a three-year pilot project on construction technology for women targeted to high school age women.

- Some universities and colleges have specialized research institutes which address specific parts of the housing system.

- Professional associations have various programs for their members to achieve accreditation and continuing education.

- Other organizations, such as lending institutions, offer programs to up-grade the business and other skills of their clients.

Section 4.2.4 presents more details on some of the initiatives of various actors in terms of upgrading the skills of construction workers.

### 3.5.3. Labour Mobility

The free movement of workers, including construction trades, across the country is very important to the housing system. The cyclical nature of the construction industry, including the housing sector, means that the demand for construction labour may vary substantially from province to province, and from sector to sector, over time. The free movement of construction trades allows workers to move where trades are in demand.

The Federal/Provincial Agreement on Internal Trade (AIT), which came into effect July 1, 1995, includes provisions to reduce barriers to labour mobility in Canada. This agreement addresses:

- **Residency requirements** – removal of requirements that a person live in a province as a condition of employment.

- **Licencing and certification of employees** – requirements to make information on licencing and certification readily available, and to ensure that certification programs do not represent a barrier to competent workers from other jurisdictions.


Under the terms of the labour mobility agreement, federal, provincial and territorial governments are required to review legislation, policies and regulations to ensure that they do not represent barriers to labour mobility. The provinces are also required to initiate discussions with their occupation regulatory bodies to achieve compliance with the agreement. Provincial regulatory
bodies, which set occupational standards and certification requirements, are eligible for funding from HRDC’s SPI. Implementation of the labour mobility component of the AIT is being coordinated by the Forum of Labour Market Ministers (FLMM).

In the construction industry, labour mobility for construction trades has been facilitated by the Interprovincial Standards (Red Seal) Program. The Red Seal Program encourages the standardization of provincial and territorial apprenticeship and certification programs. Workers in the recognized Red Seal trades (including bricklayers, carpenters, electricians, plumbers and many other construction trades)\(^{34}\), who have completed their apprenticeship and certification programs, can apply under the Red Seal program to write an interprovincial standards examination. If successfully completed, they are eligible to work in any province.

The Red Seal program is administered in each province under the direction of the CCDA, which is responsible for implementing the labour mobility provisions of the AIT for regulated trades. The CCDA has proposed the expansion of the Red Seal program as the principal vehicle for improving labour mobility for skilled trades. Implementation of the labour mobility provisions of the AIT should further improve the mobility of tradespeople in the regulated trades.

### 3.5.4. Labour Standards and Relations

Legislation and regulations defining the responsibilities and rights of employers and employees in the housing system are generally the domain of the provinces – typically lodged in the provincial department of labour. Federal labour jurisdiction is confined to a limited range of industries – mainly those involved in interprovincial communications and transportation.

With respect to labour standards and relations, the provincial department of labour has three core business functions:

- Establishing and enforcing employment standards,
- Promoting and enforcing occupation health and safety standards, and
- Labour relations.

Some provinces have established crown agencies such as labour relations boards and health and safety councils to carry out these responsibilities. In addition to these functions, as discussed in Sections 3.5.2 and 3.5.3, provincial governments are responsible for overseeing the activities of WCBs, employment training initiatives, and implementation of the labour mobility provision of the AIT.

#### Employment Standards

Each province has employment standards legislation which sets out the rights and responsibilities of both employers and employees in areas such as minimum wages, equity, termination of employment, vacation and overtime pay, parental leave, etc. As part of their responsibilities in

---

\(^{34}\) The Red Seal Program currently covers 44 out of the 169 designated apprenticeable trades.
In this area, the departments investigate potential violations and mediate complaints between employees and employers. In general, the range of issues covered by employment standards legislation is similar across the country, though there are variations in the standards that are applied.

**Occupational Health and Safety**

The intent of regulations dealing with workplace health and safety is to promote safety in the workplace and reduce the incidence of work-related injuries and health problems. Typically, these programs include workplace inspections and safety audits, investigation of workplace accidents, prosecutions for health and safety violations, and promotion of workplace health and safety through education and training of employers and labour. Because the construction industry has a relatively high rate of workplace injuries, the industry is the target of a significant proportion of programs designed to promote health and safety.

An important initiative in this regard is WHMIS (Workplace Hazardous Materials Information System). The purpose of WHMIS is to protect worker health and safety through the provision of information about hazardous materials in the workplace. It is a joint federal/provincial initiative which applies to all construction sites – as well as other workplaces across the country.

Provincial WCBs are a key player in promoting workplace health and safety in all provinces. WCBs have two main responsibilities:

- Managing the workers’ compensation insurance system, and
- Promoting health and safety, and injury prevention programs.

As discussed in Section 3.3.2, WCB insurance systems are funded by employers to cover the costs associated with workplace accidents and illnesses. Services provided include compensation for loss of income due to workplace injury or illness, coverage of medical, hospital and rehabilitation costs associated with accidents or illnesses, and vocational rehabilitation through retraining and job placement services in the event of permanent physical or mental injuries.

WCBs also have programs to improve occupational health and safety. Typically, these include workplace inspection and communication materials, as well as training and education programs. In most provinces, there is a construction safety association funded by the WCB.

In addition to the activities of the provincial WCBs, several provinces have established crown agencies charged with implementing health and safety programs.

**Labour Relations**

Provincial labour relations legislation establishes the rules for certification and decertification of labour unions and collective bargaining between business and labour. In the construction industry, trades are typically organized into trade unions representing one or more types of trades. Provincial labour relations legislation also governs the formation of employer groups to represent the industry in collective bargaining negotiations.
The workforce in the housing industry is primarily non-union. There are some exceptions, such as the Province of Quebec and some other areas (e.g. the Greater Toronto Area), where many workers are unionized. However, even in these jurisdictions, the organized sector tends to be restricted to new housing – renovation work tends to be non-union. Many provinces have established labour relations boards to administer the legislation, and to monitor and assist in the successful resolution of collective bargaining activities. These boards often act as tribunals to investigate and make decisions on matters covered by labour relations legislation.

3.5.5. Sum-Up – Human Resources

Education and training, unemployment benefits, labour mobility, and labour standards and relations are all important issues for the operation of the housing system. The key actors in this area include:

- **Provincial Departments of Labour** – labour departments establish legislation and regulations for employment standards, occupation health and safety, and labour relations.

- **Provincial Departments of Education** – education departments oversee apprenticeship training as well as the school, college and university system which provides basic and advanced education for workers.

- **Provincial “Directors of Apprenticeship”** – these implement provincial legislation for training and education of workers in the construction trades.

- **WCBs** – the WCBs manage the workers’ compensation insurance system, and promote health and safety and injury prevention programs – often through construction safety associations.

- **HRDC** – the principal federal actor in this area, HRDC advises CIC on the evaluation of skilled workers required in Canada and administers the application and enforcement of labour legislation within the federal jurisdiction. HRDC also administers EI and a variety of other federal programs such as SPI, NSAS, and the CLFDB (among others) which assist in the areas of education and training, and facilitate labour mobility.

- **Federal/Provincial Coordination Councils** – a number of councils and committees coordinate the actions of provinces with respect to human resources – including the NAC, the FLMM, the CCDA and the Red Seal Program.
3.6. Business Legislation and Regulations

Business legislation and regulations affecting the housing system are reviewed here under four main headings:

- **Business and corporate registration** – rules governing the establishment of federal and provincial companies and corporations.

- **Business licencing and regulation** – provincial and municipal licencing requirements for vendors, contractors and home builders.

- **Legal liabilities** – the role of the federal and provincial departments of justice, and the courts, in establishing liability for actors in the housing system.

- **Professional self-administration** – professional groups that participate in the housing industry often have legislation enabling them to self-administer the profession in terms of licencing, disciplinary actions and ethical standards.

3.6.1. Business and Corporate Registration

Each province has established a system for regulating the registration of business names and the incorporation of companies and non-profit organizations. These systems are established through provincial legislation (e.g. *Companies Act*) and typically fall under the jurisdiction of the provincial department of consumer and corporate affairs. Provincial business legislation establishes the legal framework for four categories of businesses:

- Sole-proprietorships,
- General or limited partnerships,
- Corporations, and
- Non-profit corporations.

This legislation also establishes annual reporting requirements to ensure that provincial corporate registries remain up-to-date, as well as the procedures for the dissolution of companies and the corporate reporting requirements for out-of-province companies which have offices or do business in the province.

In each province, sole-proprietorships or partnerships may register a declaration of proprietorships or partnerships, and register the business name with the corporate registry. The registry system, however, does not provide these companies with sole possession or right of use of the business name. Sole-possession of a business name is only achieved through the incorporation of a company.
Incorporation of a business provides a company with the same powers as an individual (e.g. the ability to enter into agreements and contracts), and allows the company to exist as an entity separate from the individuals operating the company. Under the corporate registry systems in each province, the incorporated company is provided with sole use of the company name in the province in which it is registered. Provincial legislation requires that all corporations operating within the province must be registered under the provincial corporate registry system. For companies that operate in several provinces, this may result in the need to register in each province in which they are doing business.

The federal government also provides a federal business incorporation system, enabled through the Canada Business Corporations Act. The rules and requirements of this federal system are very similar to the provincial incorporation requirements. For companies which operate nationally, or in several provinces, this system has the advantage of providing national name protection, and may reduce administration requirements associated with maintaining business registration in several provinces.

3.6.2. Business Licencing and Regulation

All three levels of government are involved in licencing and regulating the operation of businesses, including companies involved in housing construction such as home renovators, and installers or vendors of building products. Provincial licencing requirements relate primarily to vendors or direct sellers of products and services. In most provinces, these licencing requirements fall under a Direct Sellers Act or Consumer Protection Act administered by the department responsible for consumer and corporate affairs. Municipalities across the country are empowered through provincial legislation to licence a wide variety of businesses operating within a municipality. The federal government, through Industry Canada’s Competition Bureau, administers the Competition Act, which prohibits business practices which may hinder competition.

Provincial Licencing Requirements

All provinces have consumer protection legislation which requires that any individual, business or corporation involved in selling and soliciting sales of products and services to individuals be licenced as a vendor or direct seller. The definition of a vendor is typically very broad and would cover many businesses involved in the housing system, including home renovators and contractors who advertise, provide price quotations to potential customers, or receive advance or partial payment for services, as well as companies involved in the sale of building products to individual consumers.

Provincial licencing requirements typically involve an application process and annual licencing fee, along with requirements for vendors to maintain surety bonds as insurance against claims from consumers. The term of a provincial licence and the amount of licencing fees varies from province to province but, typically, licences must be renewed annually and fees range from $100 to $500, depending on the size of the company and number of sales agents.
Provinces generally require that vendors obtain surety bonds as a condition of licencing. Requirements for the size of the bond vary from province to province. For example, Manitoba requires a minimum bond of $15,000, while in Alberta the bond required for a general contractor would be approximately $25,000. In other provinces, the bond requirement is determined based on the nature of the business and volume of sales.

In addition to the above provincial licencing requirements, in Ontario, all home builders are required to register with the Ontario New Home Warranty Program (ONHWP), and all new homes sold by builders must be enrolled in the program. The Ontario program requires that builders demonstrate the knowledge and ability to construct new housing, and the program conducts an annual review of each builder regarding matters such as after-sales service to the consumer and claims against the program. All provinces and territories, with the exception of the Northwest Territories, have new home warranty programs but, in most provinces, participation in the program is voluntary. In Alberta, home builders and renovators who participate in warranty programs are exempted from the province’s licencing requirements for vendors and direct sellers.

While, at present, Ontario is the only province where builders are required to register with a warranty program, this will change over the next few years. In Quebec, the Province has announced that, starting in 1999, new housing must be registered with a warranty program. In BC, the government has introduced legislation which, among other things, will make new home warranties mandatory.

Each province also provides general contractors, trade contractors, suppliers and workers with the ability to register liens against property in the event of non-payment associated with construction and housing transactions. These builders’ liens are registered through the land titles or land registry systems in each province, and are enabled through provincial legislation – typically a Builders’ Lien Act or Construction Lien Act.

**Municipal Business Licencing**

Municipalities are empowered to licence the operation of businesses through provincial enabling legislation – typically a Municipal Act administered by the provincial department of municipal affairs. Municipalities may have requirements for a general business licence which is applied to all businesses, or specific licencing requirements for certain types of businesses – often including general construction contractors and home renovators. Many municipalities do not require

---

35 New home warranty programs operating in Canada include: Atlantic New Home Warranty Corporation (covering the four Atlantic provinces), La garantie des maisons neuves de l’Association provinciale des constructeurs d’habitation du Quebec, l’Association de la construction du Quebec, Ontario New Home Warranty Program, New Home Warranty Program of Manitoba, New Home Warranty Program of Saskatchewan, Alberta New Home Warranty Program, New Home Warranty Program of British Columbia and the Yukon, and National Home Warranty Program which offers warranties for new housing in western Canada.
Surety bonds, or that applicants demonstrate the ability to perform the business or service when applying for a licence – the licences are typically revenue-generation vehicles.

Many municipalities apply different licencing fees for resident and non-resident business. The licencing fee can be substantially higher for non-resident businesses because these companies do not pay local business realty taxes.

**Federal Business Competition Legislation**

Industry Canada’s Competition Bureau administers the federal government’s *Competition Act*. This legislation regulates business practices which may hinder competition, makes it a criminal offence to engage in misleading advertising or deceptive marketing practices, or for business competitors to enter into agreements to restrict competition or fix prices. It also authorizes the Competition Bureau to review all corporate mergers to ensure that they do not reduce competition in the marketplace.

The Competition Bureau is involved in investigations of the activities of various parts of the housing system. In 1996, investigations by the Bureau resulted in the prosecution of several manufacturers of ready-mix concrete operating in the Quebec City area. These companies pleaded guilty to a charge of ‘conspiracy’ in relation to agreements to share the sales of concrete and were required to pay a fine of $5.8 million. More recently, electrical contractors based in Toronto were fined a total of $2.6 million after admitting to bid-rigging practices related to several large construction projects.

On another housing-related matter, the Competition Bureau initiated investigations into the conduct of several real estate boards across Canada during the 1980s. These investigations were in response to complaints about restrictive business practices, such as price fixing in relation to real estate commissions, and practices intended to restrict access to the industry from non-members. As a result of negotiations with the Canadian Real Estate Association (CREA), the Competition Bureau terminated the investigations and issued a prohibition order which indirectly binds all real estate boards which are members of CREA.

### 3.6.3. Legal Liabilities

The activities of various actors in the housing system can result in legally-enforceable responsibilities.\(^{36}\) These can arise through three major sources:

- **Contract** – the terms and conditions of a specific contract, and the general law related to contracts;
- **Tort** – common law principles that people have a ‘duty to take care’ and not harm others;

\(^{36}\) Much of the discussion here is based on Rowena E. Moyes, *Liabilities in the Residential Sector (Interim Report)*, May 1998, funded by CHBA and CMHC.
• **Statute** – specific laws and regulations passed by various levels of government, such as consumer protection laws, environmental protection, health and safety standards, etc.

Some provinces impose specific liabilities on the construction industry for defective work – for example, Ontario’s statutory insured warranty program for new homes (ONHWP), and Quebec’s statutory responsibility period for contractors, subcontractors, architects and engineers. Some laws impose new civil liabilities (e.g. ‘any person who contravenes this part may be liable to any other person who suffers damages as a result’). These essentially act as a new enforcement mechanism.

Legislation can limit liabilities. For example, Alberta and the City of Vancouver have passed exemptions from liability for municipal building inspections. Alberta has passed but not yet proclaimed legislation intended to bring a final end to liability for most claims after 10 years – some other provinces are considering similar changes. In most of the country, even if latent defects appear years after construction, courts have held that people can claim for negligence against those deemed to have a duty of care and a foreseeable relationship to them.

For contaminated lands, federal and provincial government laws and order powers were used to expand the number of parties potentially responsible for clean-up costs. This could include former owners, and even financial institutions and trustees who became the owners and managers when the original owners ‘walked away’. The resulting liability concerns essentially froze such lands. Changes to the federal *Bankruptcy and Insolvency Act*, intended to reduce some of these concerns, have not been entirely successful.

Under contract, builders and renovators take on responsibility for all the work done by their sub-trades and suppliers. Liability can also accrue to engineers, architects, developers, companies hired directly by the owner, municipal inspectors, among others.

Concerns about liability have become more intense because of the ‘joint and several’ rule – which says that, where two or more parties are responsible for damages to a plaintiff, any one of them can be ordered to pay the full amount (and subsequently must sue the other parties for their shares).\(^{37}\)

**The Court System**

Legal liabilities associated with contractual obligations and disputes, or negligence in the performance of duties (i.e. tort law) are typically enforced through the court system. In Canada, there is the provincial court system, Federal Court and the Supreme Court of Canada.

\(^{37}\) Recent changes in building regulations in Australia may point the way to resolution of some of the liability concerns relating to home building in Canada. In the state of Victoria, ‘joint and several’ liability has been abolished as part of a comprehensive set of reforms that include compulsory insurance and registration (and requirements for appropriate qualifications) for building practitioners and judicial apportionment of liability among the parties involved. See Greg Lampert, *Preliminary Analysis of Australian Building Regulation and Liability Reforms*, May 1998, prepared for CHBA.
Responsibilities mandated by federal or provincial legislation may also be enforced through the courts, but often fall within the jurisdiction of quasi-judicial commissions and tribunals (e.g. WCB, EI Commission, Immigration Review Board). Where legal obligations are enforced through these tribunals, their decisions typically can be appealed to the courts on questions of law.

In each province, there is a hierarchy of courts that deal with criminal and civil litigation. Although the names and administration of the courts differ from province to province, there are generally three types of courts: provincial court, county or district court, and a supreme court. The provincial court typically addresses small civil claims which do not exceed a specified maximum dollar value. Larger civil litigations, up to some maximum amount (typically $20,000-$50,000) are heard by the county or district court. The supreme court is responsible for dealing with lawsuits involving large monetary claims, as well as appeals from decisions taken in lower courts. The provincial supreme court typically includes a court of appeal and a trial court – often referred to as the Court of Queen’s Bench, superior court or trial division.

The Federal Court deals with matters that fall within the jurisdiction of federal powers and legislation (e.g. EI, immigration, telecommunications). Individuals and organizations charged with violating federal legislation other than the Criminal Code (e.g. Competition Act) are prosecuted through the Federal Court. The Federal Court also hears litigation brought against federal departments and agencies, though provincial courts may have jurisdiction in some cases (e.g. personal injury). The decisions of federal tribunals and commissions may be appealed to the Federal Court on questions of law.

The ultimate court of appeal in Canada is the Supreme Court of Canada – where matters addressed in the lower federal and provincial courts may be appealed, usually with leave. The decisions of the Supreme Court and other higher courts are binding on lower courts.

The federal courts are constituted under federal statutes administered by the federal Department of Justice. The provincial courts are constituted under provincial statutes administered by the various provincial departments of the attorney-general or justice. Judges are appointed to the Supreme Court of Canada, the Federal Court and the higher provincial courts by the federal government. Judges in the lower provincial courts are appointed by the provincial governments.

Civil litigation is often an onerous and costly method of dispute resolution. As a result, participants in a legal dispute may attempt to resolve the dispute through negotiation, or through mediation or arbitration. Mediation involves the participation of a third-party to assist the participants to reach a mutual agreement, while arbitration involves the agreement of both parties to retain a third-party to hear the claims and make a binding decision on the matter. The federal government and many provinces are promoting the use of these alternate dispute resolution techniques.
3.6.4. Professional Self-Administration

As discussed in previous sections of this report, there are many professions, as well as building trades, involved in the planning, construction, marketing, and management of housing in Canada. The regulation and certification of building trades in Canada is discussed in Section 3.5.2 on Education and Training and Section 3.5.3 on Labour Mobility. Many of the key professions directly involved in the Canadian housing system, including lawyers, engineers, architects, and real estate brokers and agents, typically have provincial enabling legislation which allows self-administration of the profession – this effectively means the administration of requirements and regulations established by provincial legislation.

For many years, the legal, engineering and architecture professions in Canada have had legislation in each province allowing these professions to self-administer. In fact, the earliest professional organization was the Law Society of Upper Canada founded by an Act of the Legislative Assembly in 1797. These organizations have the mandate to certify and licence professional practitioners and police the actions of their members. They also oversee the establishment of education and training requirements for the profession, regulations for codes of conduct and ethics, and administrative procedures for the certification and licencing of practitioners. In all cases, certification and licencing are a prerequisite for employment in the profession.

Several provinces have established legislation allowing the real estate profession to become self-administered. Real estate councils have been established in these provinces with responsibility for administering provincial real estate legislation, including the establishment and review of education and training requirements, registration and licencing of real estate professionals, and responsibility for implementing disciplinary actions. In provinces which have not moved to industry self-administration for real estate professions, provincial legislation typically establishes education requirements – licencing of real estate professionals in these provinces is typically administered by the provincial department responsible for consumer and corporate affairs.

3.6.5. Sum-Up – Business Legislation and Regulations

Business and corporate registration, business licencing and regulation, liability, and professional self-administration all operate under an umbrella of provincial legislation which establishes the rules under which businesses may operate, and administers the provincial justice system in the event that these rules are broken. Typically, the provincial department of consumer and corporate affairs administers the legislation which provides the framework for the operations of businesses; however, the municipal affairs department also typically empowers municipalities to establish licencing requirements for particular activities. The federal Department of Justice and provincial departments of justice or attorney-general administer the court system.
3.7. Export Development

Canada is recognized around the world for the high quality of both its housing and living environments, and its housing system. With increasing globalization, trade liberalization and the emergence of new markets, this recognition offers opportunities for the Canadian housing industry to increase exports of their products, services and expertise – including housing design for a wide range of climates and conditions, energy efficient manufactured housing packages, and building products, as well as expertise in construction, project management, codes and standards, housing finance systems, urban infrastructure, and local governance.

Increasing housing exports is important not only to the health and competitiveness of the housing sector itself, but to overall economic growth and job creation. Governments, as well as members of the housing industry, are placing a greater priority on international business development. Work is being carried out to address barriers to market entry in potential importing countries – for example, local building codes, product standards and approval processes, regulatory environments and technical requirements.

Given the federal government’s role in international trade, federal agencies figure prominently in this effort, but provincial governments are also very active. The Trade Team Canada partnership comprises both the provincial and federal levels of government as well as industry members. Federal agencies include:

- Department of Foreign Affairs and International Trade
- CMHC
- Industry Canada
- Canadian Commercial Corporation
- Export Development Corporation
- Natural Resources Canada
- National Research Council
- Canadian International Development Agency

The Department of Foreign Affairs and International Trade (DFAIT) is the federal lead department responsible for international trade. DFAIT’s trade responsibilities involve facilitating access to foreign markets through bilateral and multilateral trade negotiations, and providing programs and services to Canadian companies – both those seeking to market Canadian products and services abroad and those seeking foreign investment and technology. DFAIT’s services are delivered by a network of Trade Commissioners located in more than 125 Canadian embassies and consulates around the world. Trade Commissioners are an important link to foreign markets for Canadian companies. They are assisted by locally-engaged Commercial Officers who, specialized by sector, bring local market expertise to Canadian companies. For companies seeking to export products or services, Trade Commissioners abroad can provide strategic services, including: market intelligence, tailored advice and counselling.
DFAIT, in cooperation with other key federal, provincial, and private sector partners, also participates in international trade promotion events in major markets for key sectors. DFAIT is also responsible for organizing the annual Trade Team Canada trade missions, that are led by the Prime Minister and include the participation of provincial premiers.

DFAIT works closely with other government partners at the federal and provincial levels to coordinate the delivery of export programs at home and abroad. In the International Trade Centres, located in every province, DFAIT Trade Commissioners work with partners at the local level to coordinate export programs, and assist current and potential exporters to develop export strategies and identify market opportunities.

CMHC, as Canada’s housing agency, represents Canada’s housing interests on the international front, and supports and promotes the export of Canadian housing products, services and expertise. CMHC is a member of the Trade Team Canada partnership and participates in Canada’s International Business Strategy. It works closely with DFAIT, Industry Canada, and other federal departments and agencies in developing and implementing strategies aimed at increasing Canadian housing exports.

CMHC’s export-related efforts are achieved through the Canadian Housing Export Centre and are guided by the National Strategic Framework for Canada’s Housing Exporters, developed by a federal task force following extensive consultation with industry and other partners. The Strategic Framework outlines a four-part approach to assist the Canadian housing industry to improve its export performance:

- Improving the industry’s export awareness,
- Increasing the industry’s export readiness,
- Enhancing the industry’s international profile and recognition, and
- Improving the industry’s international acceptance and performance.

The Centre has amongst its key activities: research on foreign markets, seminars on the Canadian housing system, identifying market opportunities and developing strategies to remove regulatory and other barriers to housing exports, leading and participating in trade missions to other countries, inter-governmental and other cooperative agreements with foreign agencies and organizations, marketing CMHC’s housing finance expertise and other products which could lead to export opportunities for the Canadian housing industry, and other promotional activities at home and abroad.

Industry Canada is the federal department responsible for industrial development and micro-economic policy – its mandate is to improve conditions for investment, improve Canada’s innovative performance, increase Canada’s share of global trade and build a fair, efficient and competitive marketplace. Industry Canada works closely with housing industry stakeholders, such as associations and companies involved in manufactured housing, building products,
construction, architecture and engineering – in support of their trade development-related
initiatives.

A key function of Industry Canada’s role in the arena of foreign trade is the creation of National
Sector Teams (NSTs). With respect to housing exports, the Building Products NST and
Construction, Architectural and Engineering Services NST include expertise from federal and
provincial agencies, industry associations and the private sector. These NSTs seek to develop a
coordinated approach to international trade. Each year, Industry Canada co-ordinates with
DFAIT in organizing trade missions to leading international building products trade shows.
Industry Canada also organizes seminars for building product companies interested in targeting
specific potential export markets.

In addition, Industry Canada operates the Strategis Internet Service which provides information
on a variety of issues, including trade, micro-economic policies, markets, emerging technologies
and how to manage a business – examples include ‘Steps to Competitiveness’, a series of
interactive diagnostic and management tools to help firms address specific business issues, and
‘Take a World View’, which is of interest to firms considering exporting. Strategis also provides
an extensive list of the firms in various industries as well as their characteristics – an important
tool in identifying potential export partners.

**The Canadian Commercial Corporation** is the official contracting agency for foreign
governments and private sector buyers who wish to purchase Canadian goods and services
through a Canadian government agency. It is a federal crown corporation which can be
characterized as the Canadian equivalent of a trading house. It is considered trustworthy by
foreigners due to the backing of the Canadian government. The Canadian Commercial
Corporation can assist Canadian exporters, including those in the housing industry, by
negotiating favourable pre-payment terms for shipments, eliminating financial guarantees which
can restrict a company’s credit lines, and establishing a fair and equitable contract structure.
Also, it can assist in providing pre-shipment financing through partnering arrangements with
major Canadian lending institutions.

**The Export Development Corporation (EDC)** is a crown corporation that operates as a
commercial financial institution dedicated to assisting Canadian businesses in accessing world
markets. EDC provides a full range of trade finance services that help Canadian exporters and
investors do business in other countries – including higher-risk and emerging markets. These
financial services are often provided in partnership with other financial institutions. EDC’s
export credit insurance protects policyholders against non-payment, insolvency, defaults on
payments, repudiation of goods, termination of contracts, and war-related risks. To meet
exporters’ medium-term financing needs in emerging markets, EDC offers lines of credit which
provide an easy form of access to export financing. EDC also arranges direct buyer loans for
export transactions, and has the capacity to provide long-term pre-shipment financing, leasing
support and project financing. EDC also provides bonding services which are often required to
guarantee bids, performance, or advances, as well as equity and other forms of related investment in projects or companies operating abroad or through participation in investment funds.

**Natural Resources Canada** (NRCan) has played an active role in stimulating and encouraging the adoption of energy efficient, environmentally responsible products and practices in Canadian housing – as is discussed in Section 4.2.4. These efforts have helped to earn Canada an international reputation for energy efficiency and environmentally appropriate technologies, and have naturally led to export opportunities. CETC (CANMET Energy Technology Centre), the technology development arm of NRCan, both facilitates the development of Canadian technology and collaborates with international researchers under bilateral and multilateral agreements. The buildings group is involved in technology deployment and marketing efforts around the world, but especially in the Pacific Rim and Eastern Europe.

The **National Research Council** (NRC) provides research and technical services that help make Canada’s housing industry technologically sound, internationally respected and export ready. The NRC’s housing-related activities are focused through the Institute for Research in Construction (IRC) – see Section 4.2.1. Building envelope and materials research has produced widely applied technologies for the construction of effective, airtight and energy efficient envelope systems. Canadian housing also enjoys high levels of performance in terms of safety and indoor comfort, thanks to structural, fire, lighting, ventilation and acoustics research. Proven technologies become entrenched in the National Building Code which, as a model for regulation in Canada, serves as an effective instrument of technology transfer in Canada, as well as opening doors to foreign markets. The IRC’s national technical evaluation service, the Canadian Construction Materials Centre (CCMC) also assists manufacturers and exporters in identifying technical expectations in export markets. CCMC maintains both formal and informal linkages with counterpart organizations in other countries.

The **Canadian International Development Agency** (CIDA) is another federal agency involved in exports, though its mandate is primarily in the area of international aid, with programs focusing on basic human needs such as housing and infrastructure services in developing countries. CIDA does, however, have some involvement in export through its Industrial Cooperation Program. This can provide financial incentives to Canadian companies interested in developing long-term partnerships in developing countries. The product or service must involve the transfer of knowledge or technology that will support sustainable development and reduce poverty in the developing country.

Many other actors are also involved in facilitating Canadian housing exports. For example, obtaining recognition that a product satisfies product standards and building code requirements in other countries can present a significant barrier to export development. Canada’s National Standards System (see Section 4.2.3), which is managed by the Standards Council of Canada, has well-established connections with international standards organizations, and can provide producers of building products with detailed information on appropriate standards and requirements in international markets. Many Canadian standards organizations also have
agreements with other international standards organizations. These facilitate international recognition of products tested and certified by Canadian standards agencies.

With a focus on economic development in their own jurisdictions, provinces are increasingly interested in trade. All provinces are active participants and work in collaboration with federal agencies on trade missions. In the housing area, provinces participate in the Building Products NST and in the annual Canadian International Business Strategy for Building Products. Export activities are usually performed by specific divisions within provincial departments responsible for trade and economic development, or by specific trade agencies, such as the BC Trade and Investment Office, the Ontario International Trade Corporation, and the Quebec Bureau of Export Promotion. Some provinces also support trade commissions in target export countries.

A number of non-governmental trade and industry organizations representing specific industry groups or sectors are actively involved in creating and promoting export opportunities. These organizations work in close collaboration with government departments and agencies. They assist in developing export strategies, and maintaining a flow of information about member needs and the type of support required through government.

To sum-up, the housing export sector is a rapidly growing area with a number of agencies taking on expanded, or new roles. Key players continue to be DFAIT and Industry Canada, as well as the federal financing agencies. CMHC, based on a new mandate established by the federal government, has explicit authority to provide products and services in support of Canada’s housing interests internationally.
4. **The Development, Building and Property Transfer Process**

The tangible output of the housing system is created through the process of land development, construction and the transfer of the property to the final owner. The activity of physical development and building is carried out within an environment of regulations, codes and standards which continue to be enhanced through ongoing research and experimentation. While many of these are specific to residential development, they have been formulated within a more general context to apply to all types of buildings. The National Building Code, for example, encompasses all forms of building construction from industrial buildings, and office towers to individual dwellings. This chapter reviews the activities and key public sector actors involved in the process of development, building and transfer of property – under three general headings:

- Planning and land use,
- The building process, and
- Property transfer.

4.1. **Planning and Land Use**

Canada is a highly urbanized country with the majority of the population residing in cities or towns. Urban centres are the focus of culture and commerce in Canada and are also important engines of the economy. A well functioning city has a positive impact on the health and well being of both its residents and the larger economy – large metropolitan areas comprise a significant component of the national economy.

The functions of planning and urban management were initially confined to the physical built-form of settlements. More recently, they have come to concern themselves with the larger interdependent cultural, social, economic, physical and environmental aspects of localities. Any form of development, whether it be an individual house, a major subdivision, a regional shopping centre, or an industrial plant, has broad implications on the rest of the urban area – not least in the requirements for infrastructure servicing. Accordingly, the planning process seeks to direct growth and development in an orderly and cost-effective manner. The process also seeks to ensure occupant health and safety, through the maintenance of living standards, and to protect property values.

Economic and environmental considerations have gained increased importance in planning and land use regulation in recent years. There is now a greater awareness among the public and regulators that growth patterns have implications for broader environmental issues such as global warming, as well as significant effects on local natural resources such as wetlands, agricultural land, ground water quality and air quality. At the same time, industrial restructuring and globalization of the economy are forcing provinces and municipalities to compete aggressively in
the domestic and international markets to attract and maintain business investment. This is extremely important for municipalities which are trying to maintain a strong property tax base in the face of economic restructuring. Planning plays an important role in economic development and environmental protection – it also has implications for health, safety and security. Through planning, investments in infrastructure are managed, land is made available for development, and significant environmental features can be protected. The concept of sustainable development has emerged in planning as an attempt to balance the need for economic growth with concerns about the effect of growth on the environment and social objectives.

The functions involved in the planning and execution of an orderly and rational pattern of development are typically performed by local municipal governments or, in the case of unincorporated municipalities, regional or county level administrative agencies. In larger urban areas, where a number of separate municipalities co-exist, a number of functions may be performed by a regional level of government or special purpose bodies, such as regional hospital authorities, transit commissions, school boards, water utilities and solid waste disposal agencies. Since municipalities and local agencies are established through (and governed by) provincial legislation, the provincial governments (typically through the municipal affairs department) are significant actors, and have final oversight, in these matters.

The primary public sector actors in the planning and land use process are therefore provincial government departments, and municipal governments and their related administrative departments – though other bodies have an important influence as well.

4.1.1. Provincial Departments.

Section 2.2 discussed the legislative context for the housing system, and the constitutional responsibility for ‘matters of a local nature’ – e.g. planning and land use. This responsibility has become encoded in provincial legislation which establishes the role of municipal governments in planning and regulating land use and the form of development. Municipalities are typically overseen by a provincial department responsible for municipal affairs. In addition, however, other provincial departments play a significant role in planning and development. These include:

- **Transportation** – responsible for funding the development and maintenance of provincial highways, as well as subsidizing the operation of public transit systems. The location of transportation infrastructure has a significant influence on regional growth patterns, including the locations and density of commercial and residential development. Provincial governments often require municipalities to plan for land uses and densities which ensure that infrastructure is used efficiently. The transportation department also establishes guidelines and standards for road construction.

- **Environment** – responsible for the protection of the environment, including management of provincial environmental assessment requirements which determine the impact of
projects on the environment, and requirements related to archaeological sites and the rehabilitation of contaminated land prior to redevelopment. The environment department also establishes standards for matters such as separation distances between residential and other uses to address concerns over land use compatibility.

- **Natural resources** – responsible, in combination with the federal Department of Fisheries and Oceans, and related conservation authorities, for protecting water courses, fish habitats and flood protection.

- **Education** – responsible for local school boards, and a key source of capital funding for development of schools. Both the education departments and local school boards have an important effect on housing development through the requirement for allocating school sites and, in some cases, levying development cost charges to ensure that new development pays the associated cost of supplying public school infrastructure. The topic of development cost charges has already been discussed in Section 3.3.3.

Each of these departments (and to a lesser degree some others\(^\text{38}\)) has a specific mandate that impacts on municipalities and gives them a significant role in planning and development. These departments manage provincial enabling legislation that often delegates responsibility for implementation and enforcement of provincial objectives to municipalities. They are also frequently responsible for provincial policies which give direction to municipalities.

Land use planning and development approval at the municipal level is the forum through which many provincial policies that affect cities and housing are interpreted and implemented. Through provincial legislation (variously described as the *Municipal Act*, the *Municipal Government Act*, the *Community Planning Act*, the *Land Use Planning and Protection Act*, etc.), provincial governments have delegated responsibility over land use planning and development control to municipalities. Provincial planning legislation typically requires that municipalities (especially larger urban centres) prepare and adopt land use plans to guide future growth and development in the municipality. These plans are often referred to as municipal development plans, statutory plans or official plans (*official plan* is generally used to describe these plans in this report). Official plans are prepared by municipalities, and generally must be consistent with broad provincial policies dealing with matters such as projections of housing requirements, economic development, environmental protection and growth management. In some cases, provinces require that other issues be included in official plans – in British Columbia, for example, the *Municipal Act* requires municipalities to include housing policies respecting affordable housing, rental housing and special needs housing as part of their official community plans.

Municipal planning documents can take many forms, ranging from comprehensive land use plans which establish land use policies, infrastructure needs and long term growth forecasts, or they

\(^{38}\) Other provincial departments that influence planning and land use include justice or attorney-general (e.g. administration of the court system in the event of legal action), and agriculture (e.g. protection of agricultural land from development).
may deal with these issues individually in separate documents. The plans are generally prepared in consultation with provincial departments, as well as the development industry, non-governmental organizations and the public. They are usually subject to provincial approval; however, some provinces have no formal approval process for municipal plans – although they have final authority legislatively, if they wish to use it.

For provinces which exercise their approval authority, additional review and approvals from provincial departments may also be necessary for area or (site-specific) amendments to official plan documents. This can be a complicated and onerous process, as each department or agency has a specific mandate – and these are not always mutually compatible. For example, for a site abutting both a provincial highway and a natural watercourse, the transportation, environment and natural resources departments (depending on the province) may need to approve the secondary plan; however, each, acting independently, may impose requirements that require resubmission in an iterative process.

Several provinces have been pursuing efforts to streamline the review and approval process for municipal planning documents. One approach is through centralizing the review, policy advice and approval function within one department – typically referred to as ‘one window’ planning through the department of municipal affairs – in order to provide municipalities with more timely advice and clearer direction on provincial objectives. In Ontario, the province has announced plans to delegate approval authority to certain larger municipalities, such as regional governments. In Alberta, municipalities have been granted authority to manage their own affairs, with no formal provincial approval process for municipal plans.

The various tribunals that adjudicate disputes are another set of important actors at the provincial level. In cases where a developer and municipality cannot come to terms on a particular development plan, there is generally some recourse to the provincial level. Similarly, with the increased concern over the environmental impact of development, major projects may be subject to an environmental assessment. In most provinces, a special tribunal or environmental assessment board exists to review and adjudicate these disputes. Some provinces have quasi-judicial bodies to adjudicate disputes (e.g. the Ontario Municipal Board).

4.1.2. Municipalities

As discussed, within the context of provincial legislation, municipalities are mandated to prepare land use and growth management plans, and to implement these plans through the development approvals process. These municipal plans regulate where and when growth can occur, phase investments in infrastructure required to accommodate new development, and set regulations for the type and density of new development or redevelopment.

In metropolitan regions, either the upper tier municipality (e.g. in Ontario) or a regional planning body (such as the Greater Vancouver Regional District) establishes an official plan which outlines
Macro planning matters such as long-term growth projections for population and employment, the location and timing of major infrastructure investments, and broad requirements for land use densities. In Ontario, planning documents prepared by local municipalities must be consistent with the direction of regional official plans. In general, in other jurisdictions, the official regional plan is advisory, but not binding on a municipality. A variety of other municipal functions are integrated into this planning process – most particularly, those functions regulating the actual building process (see Section 4.2.2), establishing and enforcing ongoing occupancy standards, (see Section 5.3) and levying and collecting fees and property taxes (see Section 3.3.3). Municipalities also provide civic services, such as public transit, fire and police protection, parks, community centres, streets, garbage collection, and, in some provinces, the delivery of social and welfare services (the largest component of which is for shelter).

Municipal official plans are an important part of the public policy environment for housing. These plans identify short, medium and long-term growth projections and housing requirements, and establish land supply and servicing strategies to meet this growth. New development is accommodated through urban expansions, and by encouraging the redevelopment of underutilized or vacant land in existing built-up areas, taking into consideration the physical attributes of the land, environmental concerns and availability of services. Municipalities also use official plan documents to manage requirements for new schools, parks, and commercial and recreational facilities which contribute to the quality of life in new developments. In regard to housing, the official plan establishes policies and guidelines which address the range of permitted housing types and densities. The official plan is implemented at the site-specific level through zoning regulations which define the actual building densities, land uses, lot sizes and site design requirements.

Municipalities review plans for new developments with respect to the requirements in the official plan and zoning, and work closely with developers regarding issues such as land uses, densities, and phasing strategies. In instances where agreement cannot be reached, developers generally have recourse to an appeal to an appropriate body at the provincial level. Following the approval of a development plan, the municipality collects the associated fees and levies, and the development may proceed to construction.

In reviewing development proposals, municipal planners draw on their experience and expertise in planning, as well as research and ‘best practices’ guides developed by various agencies. For example, the Risk-Based Land Use Planning Guidelines, prepared by the Major Industrial Accidents Council of Canada, provides information on how municipal planners can utilize risk assessment in land use planning and control in order to minimize dangers from industrial accidents. Other examples include noise attenuation forecasts developed by Transport Canada which have been used to regulate housing near airports; road and rail noise calculations developed by the National Research Council and CMHC, which have been used to regulate housing near major roadways and railways; and measures to increase security, which have been developed by the RCMP using principles of Crime Prevention Through Environmental Design (CPTED).
The municipality is also directly involved in the actual development of an approved site. Specific municipal standards relate to the installation of necessary infrastructure – e.g. the location of utility conduits and transformer pedestals relative to buildings, specifications for the storm and sanitary sewers and linkage into the municipal system, road design and construction, etc. In most jurisdictions, the installation of internal subdivision infrastructure is undertaken by the developer’s contractor, but municipal officials inspect the work in relation to established standards. In some municipalities, mainly in the Province of Quebec, the municipal public works department undertakes the installation of services within a subdivision and charges the developer for this work.

In relation to the construction phase of development, municipalities enact building bylaws, and municipal officials carry out site inspections related to compliance with codes and standards (see Section 4.2.2).

Occasionally, municipalities are themselves involved in the development of new housing. Municipal non-profit housing corporations have, in the past, been very active in developing new social housing under various federal and provincial programs. Despite the termination of new funding for social housing programs in most parts of Canada, some municipalities continue to explore opportunities for developing new assisted housing – often through public-private partnerships (see Section 6.3).

Depending on the location of the development, other jurisdictions may be involved in the planning and development process in certain circumstances. For example, a port authority may be involved in the case on a waterfront development, or a conservation authority in the case of a natural area such as a watershed or river valley (e.g. the Meewasin Valley Authority regulates development on the South Saskatchewan River through the Saskatoon area). Special government agencies with a specific function such as the National Capital Commission in the Ottawa/Hull region also have an impact on urban planning, development and management.

Municipal development review and approval is more than a bureaucratic exercise. New development affects the environment, the economy, and it affects people – both the residents of existing communities and people who will live in new developments. Due to the wide range of stakeholders with an interest in the effects of new development, municipalities are the logical regulators of the planning and development process, especially in larger urban centres – and this is reflected in the delegation of regulatory authority for planning from provincial governments. All stakeholders – developers, community groups, individuals, and public agencies – take their applications, comments, and concerns directly to municipalities. As regulator of the planning and development process, municipalities provide the framework for the interaction of these stakeholders, for the expression of the public interest, and, ultimately, for public approval of development plans.
4.1.3. Federal Government

The federal government also affects the planning and development process in several ways.

Land holdings
As a result of its land and property holdings in most Canadian cities, the federal government is often directly involved in the land development process. Public Works and Government Services Canada (PWGSC) is the federal department responsible for managing federal real property and disposing of surplus federal lands. Within PWGSC, the Canada Lands Company (CLC) handles the sale or redevelopment of most surplus federal government lands – typically port lands, decommissioned military sites (e.g. Cornwallis in Nova Scotia and Downsview in Toronto), or redundant office and commercial properties. In redeveloping these surplus lands, the CLC acts much like a private land owner, seeking to identify potential redevelopment opportunities for surplus lands and obtaining development approvals. The CLC also administers properties on behalf of the federal government.

The environment
Environmental assessment is a shared federal and provincial responsibility. The Canadian Environmental Assessment Act sets out the process and the responsibilities for the environmental assessment of projects involving the federal government. Among other requirements, the Act sets out environmental assessment requirements related to transfers of federally owned lands for various purposes – including housing developments. The Canadian Environmental Assessment Agency (CEAA) administers the federal environmental assessment process and any other procedures established by the Act and its regulations. The Agency also has a broader mandate to work with the provincial governments and municipalities in an effort to harmonize the respective processes used in the environmental assessment of projects.

Examples of multijurisdictional efforts to harmonize environmental processes, including those related to environmental assessment, include:

- The Canadian Council of Ministers of the Environment (CCME), comprised of federal, provincial and territorial ministers, provides a forum through which governments can exchange information and coordinate consistent policies, standards and guidelines in relation to the environment. The redevelopment of brownfield sites is an important issue in most large urban centres across the country. Issues such as the liability for site clean-up and any adverse effects resulting from contamination, and standards for site rehabilitation, have been a barrier to the redevelopment of land for housing and other uses. With respect to contaminated sites, the CCME was instrumental in working on national model criteria for use by the provinces, as well as issues relating to liability for contaminated sites.

39 As is the case in most provinces, the federal environmental assessment process includes provisions for the consideration and review of the impacts which new developments may have on archaeological sites – in addition to other aspects of the environment.
• **The Canada-Wide Accord on Environmental Harmonization**, signed by all members of the CCME (with the exception of Quebec) in January 1998, commits the signatories to work towards greater coordination in the delivery of environmental protection by clearly defining roles and responsibilities, promoting partnerships, and reducing duplication of effort. Three sub-agreements were signed along with the Accord – they establish a framework for creating Canada-wide environmental standards, reducing duplication in environmental inspection and enforcement, and coordinating environmental assessment requirements.

The sub-agreement on environmental assessment calls for the completion of a single assessment in situations where a proposed project requires both federal and provincial assessments. The agreement sets out the conditions under which the federal or provincial governments will lead the process for specific projects, and identifies the key components that must be included in an environmental assessment. The exact process under which a single environmental assessment occurs will be established in bilateral agreements between the federal government and each province.

• **The National Round Table on the Environment and Economy**, in partnership with CMHC, has sponsored the development of a series of studies, and national multi-stakeholder forums on the issues of brownfield redevelopment and improving site-specific data on the environmental condition of land. This initiative has examined the various provincial and municipal responses to this issue, and the concerns of the development and lending community.

Industry Canada has also taken steps in an attempt to remove barriers to the rehabilitation and development of contaminated sites. Amendments to the *Bankruptcy and Insolvency Act* and the *Companies Creditors Act* provide bankruptcy trustees and receivers with some protection against liability associated with environmental contamination on sites included in bankruptcy transactions.

The establishment of the Climate Change Secretariat is another major initiative in terms of the environment. The Secretariat was established by the Prime Minister in February 1998 as a result of the Kyoto Protocol – the outcome of the Third Conference of Parties to the United Nations Convention on Climate Change, in Kyoto Japan in December 1997. It reports to the Deputy Ministers of NRCan and Environment. The Secretariat has three primary objectives: serving as a focal point for developing the federal government’s policy and programming on climate change; coordinating (in cooperation with provincial officials) the development of a National Implementation Strategy to enable Canada to meet its greenhouse gas emission targets; and managing the Climate Change Action Fund. The Action Fund has been established to build a policy foundation and initiate early action in addressing climate change.
**Water courses**

The federal Department of Fisheries and Oceans (DFO) administers the *Fisheries Act* which, among other things, provides for a general prohibition against the alteration, disruption and destruction of fish habitat. The legislation applies to all water bodies that provide or support fish habitat. The *Fisheries Act* places an obligation on all participants in the development process to ensure that consideration is given to any potential effects on fish habitat. For new housing, concerns typically arise when development is proceeding in the vicinity of fish bearing rivers and creeks, as well as streams that feed into other water bodies that support fish habitat.

Through regional offices located across the country, DFO reviews development plans when there are concerns regarding the effect on fish habitat. The process can include advice on mitigation strategies and/or compensation required for lost or damaged habitat. DFO often coordinates this review of municipal land use plans and development plans with provincial departments responsible for natural resources.\(^{40}\)

DFO also promotes the implementation of fish habitat management practices by local municipal governments, land developers and community groups. The Department often assists municipalities with the development of policies and regulations for fish habitat protection as part of the development of community land use plans. In partnership with the provincial government of BC, DFO has funded the publication of several guides for municipal planners, community groups, and developers – the guides promote techniques for environment preservation and stewardship.\(^{41}\)

**Infrastructure**

The federal/provincial/municipal Canada Infrastructure Works program has had an influence on the ability of municipalities to undertake major infrastructure projects, some of which have been related to residential development (e.g. sewage treatment plants and transportation projects). The funded projects are proposed at the local level and reviewed by the provincial government before being submitted to a joint federal-provincial management committee for approval.\(^{42}\)

---

\(^{40}\) Recently, the Ontario Ministry of Natural Resources terminated a joint agreement with the DFO for fisheries habitat management. DFO and conservation authorities in Ontario are discussing the potential for these authorities to assume the role vacated by the Ministry of Natural Resources. Until an agreement is reached with these agencies, the DFO is responsible for reviewing development plans in Ontario for potential effects on fish habitat. Developers in Ontario with projects that may impact on fish habitat are required to seek appropriate approvals from DFO.

\(^{41}\) DFO has published several reports under the banner of *The Stewardship Series*. These promote the protection of watercourses and fish habitat by landowners, municipalities and community groups. Included in this series are publications such as: *Land Development Guidelines for the Protection of Aquatic Habitat; Stream Stewardship: A Guide for Planners and Developers; and Stewardship By-laws: A Guide for Local Governments*.

\(^{42}\) This program, largely a funding initiative related to job creation, was not administered by an existing line department. A special secretariat was established, under the responsibility of the President of the Treasury Board.
Regional Development
The federal regional development agencies established within Industry Canada to address regional
disparities are more broadly focused on regional economic development but can have an indirect
impact on housing. In Winnipeg, for example, the revitalization of the core area has been
stimulated by ongoing funding from this source, with local economic development linked to
housing rehabilitation.

Research
In the area of research on planning and development, CMHC funds research on a variety of urban
issues, often in partnership with other public or private sector organizations (including provincial
governments), and shares this research knowledge across the country. Often, research on issues
of common interest among many jurisdictions is more cost-effectively undertaken at the federal
level so as to eliminate duplication and to promote similar solutions to issues which face
jurisdictions in all parts of Canada.

Recent CMHC-funded research has supported a number of studies examining issues such as
infrastructure costs, alternative planning standards, planning for sustainable development and
urban indicators. The Affordability and Choice Today (ACT) program is a research-
demonstration initiative, funded by CMHC, to encourage regulatory innovations leading to lower
housing costs and an improved range of housing choices. Initiated in 1990, the ACT program has
funded initiatives to research issues and develop case studies to illustrate how regulatory reform
can address concerns about excess or inappropriate regulation and costs. ACT is an example of
how CMHC has used its research and information mandate to work in partnership with industry
stakeholders, and provincial and municipal governments, to stimulate regulatory reform for the
betterment of Canadian housing and community development.

The National Research Council is developing a Technical Guide for Urban Infrastructure for
Canada. Building on the model of the National Building Code and National Fire Code, the
national technical guide is intended to facilitate the evaluation, adoption and implementation of
cost-effective technologies in design, installation and maintenance of urban infrastructure such as
bridges, roads, buried utilities, sidewalks, street lighting, signage, etc. It is expected that the guide
will result in substantial benefits, not only to governments in terms of more cost-effective
installation and maintenance of infrastructure, but also to the construction industry in competing
for infrastructure projects both in Canada and in other countries.

First Nations
The federal government has constitutional responsibility for First Nations – including matters
typically under provincial jurisdiction such as funding for education, social services, local
governance, infrastructure, housing and environmental protection. This federal mandate is

[43] Federal Office of Regional Development – Quebec (FORD-Q), the Atlantic Canada Opportunities Agency (ACOA), Western Economic Diversification (WED).
defined under the *Indian Act*, which is administered by the Department of Indian Affairs and Northern Development (DIAND).

DIAND has been working with aboriginal communities across Canada to facilitate self-governance and local delivery of federal program funding and services. A key component of DIAND’s mandate is to improve living conditions in aboriginal communities through the development and rehabilitation of housing and infrastructure (e.g. roads, and water and sewage works), and environmental management and remediation. In this regard, DIAND is responsible for managing the delivery of federal funding for construction of on-reserve housing, as well as infrastructure development and maintenance. An example is the First Nations Infrastructure Program, developed as a sub-component of the Canada Infrastructure Works program. DIAND also works closely with CMHC in the design and delivery of housing assistance programs such as the On-Reserve Non-Profit Housing Program, and the Housing Internship Initiative for First Nations and Inuit Youth (see Section 6.1).

### 4.1.4. Sum-Up – Planning and Development

The planning and development process is a key part of the housing system. The main actors in establishing the public policy environment for planning and development in the system are:

- **Provincial departments** – the provinces have primary responsibility for planning and land use. Though this is typically delegated to municipalities, a number of provincial departments often have a role to play. The municipal affairs department is the major player; however, other departments such as transportation, environment, natural resources, and education also have roles in particular aspects.

- **Regional and local municipal authorities** – municipalities implement the planning functions which have been delegated from the provinces, oversee installation of infrastructure and regulate occupancy and use of property.

- **Federal government** – through PWGSC, the Canada Lands Company, Environment Canada, DFO, the Canada Infrastructure Works program, regional development agencies, and DIAND, the federal government also influences planning and development. In addition, federal agencies (especially CMHC) play an active role in research and information dissemination on many issues – including regulatory reform, and other planning and land use matters.

### 4.2. The Building Process

The high quality of Canadian housing is a direct result of the types of materials, technologies and practices used in new home building and renovations, and the highly skilled people who perform the work. This, in turn, can be traced to a combination of public and private initiatives which are
intrinsic to the process of building and renovating housing in Canada. These initiatives include: building codes, product standards, technical research, innovations in products and building practices, and adoption of new products, as well as improved building and business practices. Training, discussed in Section 3.5.2, is, of course, also a major contributor to the high quality of Canadian housing. As with many parts of the housing system, this is a public/private partnership which involves many different organizations.

This section reviews the parts of the housing system which affect the actual construction work on the dwellings. The discussion is structured into separate sections dealing with the following:

- Building codes,
- Product standards, and
- Building practices.

While the discussion is structured into these separate sections, it is important to recognize that they are all part of an interactive system. The materials and technologies used in the process of building various types of structures evolves over time in response to a number of factors – including costs, consumer trends, technological change, availability of appropriate skilled tradespeople, etc. Innovations spurred by research and new materials also have an enormous influence. The practices and materials used in building and maintaining housing have changed significantly over the years due to innovations, such as the use of customized manufactured products (e.g. roof trusses, pre-built kitchen cabinets, pre-hung windows and doors, etc.), energy efficient construction techniques, higher quality materials, superior tools, and a host of other innovations.

The major stimulus for this evolution has been research into new products, technology, technical advances and construction techniques by private and public sector organizations. This research, as well as other factors, such as consumer trends and building design, has led directly to changes in the practices and products used in construction – changes which may be reflected in changes to building codes and standards. Both the research itself and the dissemination of the results of the work to the broader industry are extremely important to the quality of housing in Canada and the competitiveness of the housing industry.

Viewed from a different perspective, housing is an important part of the economy’s capacity to commercialize new technology and technical advances.

Through its various agencies and programs, the National Research Council (NRC) has a major influence on the overall building process in Canada. It is useful, therefore, to review the mandate and structure of the NRC prior to discussing each of the areas of the building process.
4.2.1. National Research Council

The NRC is an agency of the federal government, which reports through Industry Canada. NRC’s mission is to support national science and engineering activities, perform and stimulate investment in research and development, and promote vital expertise and knowledge. It actively seeks to achieve this mission by fostering partnerships with industry and the research community. Construction has been identified by the NRC as one of four key priority areas within the Council. Though the NRC’s mandate is much broader than housing, NRC agencies and programs have a significant and very direct influence on residential construction:

- **Institute for Research in Construction (IRC)** – undertakes fundamental research to establish and elaborate on the basic principles of building science (how buildings work), as well as applied research on the properties and performance of existing and innovative building materials assemblies and systems. This is done in collaboration with public and private sector clients. In addition to its research programs, two agencies which operate under IRC’s umbrella are very important to the building process in Canada:
  - **Canadian Codes Centre (CCC)** – provides technical and administrative support to the code development and maintenance process of the Canadian Commission on Building and Fire Codes (CCBFC). CCC also provides a secretariat for the Provincial/Territorial Committee on Building Standards (PTCBS). These are discussed in more detail in Section 4.2.2 on Building Codes.
  - **Canadian Construction Materials Centre (CCMC)** – offers a national evaluation service for innovative construction materials, products, systems and services of all types. A CCMC evaluation establishes the suitability of a product for its intended use, usually with respect to applicable codes and standards. Through its links to IRC’s research programs and other researchers, CCMC attempts to ensure that its evaluations are based on the latest technical research and expertise.

- **Industrial Research Assistance Program (IRAP)** – provides access to information on new technologies, and how they can be applied, as well as providing technical and financial assistance to companies and individuals researching new product ideas and/or making use of new technology. IRAP has a network of Industrial Technology Advisors across Canada to provide companies with access to expert assistance to develop and use new technologies and products.

NRC has been an important partner in assisting CMHC in facilitating the introduction of innovative technologies and products in the housing field. CMHC, through its role in direct construction in the post-war period and its increasing role in mortgage insurance, worked closely with the Division of Building Research (DBR), now IRC, at NRC in the assessment of new products and systems to enable their use on housing financed under the NHA. Today, CMHC is a funding partner in a considerable number of studies undertaken by IRC.
4.2.2. Building Codes

New home building and renovation must meet minimum standards specified in building codes. Constitutional responsibility for building regulation resides with provincial governments; however, during the 1930s, the federal government recognized that variations in regulations among jurisdictions presented difficulties for the housing industry and its role in the economy, and that a national model set of regulations would be desirable – to rectify “the chaotic and unscientific conditions that exist in construction with the present building codes”44. The result was the first National Building Code (NBC) published by the NRC in 1941. The NBC is a model code that can be adopted by the various jurisdictions across Canada – most adopt the NBC with only minor modifications.

The National Model Codes

The development of national model codes has helped to establish a relatively uniform standard for building construction across the country. This facilitates the introduction of new products and practices, and the movement of construction trades from one jurisdiction to another. It also allows building product manufacturers to develop products which can be sold nation-wide – based on common standards. Two bodies are of particular importance with respect to the national model codes:

- The Canadian Commission on Building and Fire Codes (CCBFC) is an autonomous committee of volunteers supported by the CCC. The CCBFC is responsible for updating and maintaining the national model codes.
- The Provincial/Territorial Committee on Building Standards (PTCBS) provides input to the CCBFC on policy matters, to encourage the development of the national model codes in directions which will meet provincial/territorial needs. The PTCBS is comprised of senior representatives from each of the provinces and territories.45 It provides a forum for provinces and territories (the jurisdictions which have authority in this regard) to discuss broad concerns such as building regulatory policies and positions, uniformity of building codes, education, training and certification of building officials, building code interpretations, and enforcement of regulations.46 The CCC also provides support to the PTCBS.

With respect to housing construction, the CCBFC oversees the following model codes:

---

44 C.A. Dunning, Minister of Finance, in an address to the 1937 Conference on Building and Construction Research, concerned with the creation of a model building code for Canada. He further indicated that, when Parliament passed the Dominion Housing Act, it “had intended that the funds provided should not be used to finance shoddy or jerry-built construction”.
45 In most (but not all) cases, the same provincial/territorial department is responsible for both housing and building regulation (see Section 2.2 on the Public Policy Context).
46 There are a number of other quasi-public bodies with similar mandates relating to specific systems used in buildings – e.g. Council of Canadian Fire Marshals and Fire Commissioners, Association of Chief Boiler and Pressure Vessels Inspectors, Canadian Advisory Committee on Electrical Safety, Canadian Advisory Council on Plumbing, Interprovincial Gas Advisory Council.
• **National Building Code** – provides minimum standards for health, life safety, structural sufficiency, and other factors in new buildings;

• **National Fire Code** – establishes minimum fire safety requirements for existing buildings; and,

• **National Plumbing Code** – covers the design and installation of plumbing systems in buildings.

These codes are extremely important to the housing system. As noted, they are model codes only; however, they provide a reference to a common standard for use across the country. They are typically adopted by the appropriate jurisdictions, either unchanged or with minor modifications only.

Over the next few years, the CCBFC will be developing a number of progeny documents which could have implications for housing construction. The first of these are the model national energy codes which have been provided for use in jurisdictions which may wish to adopt energy efficiency requirements. The signing of the Kyoto protocol at the international convention on climate change, which calls for a significant reduction in greenhouse gas emissions by the year 2010, may result in greater emphasis on energy efficient building techniques over the next few years. As a result, the model national energy codes may emerge as important new guides for building construction.

The national model codes are reviewed and revised by the CCBFC every five years, although changes can occur between code cycles on an exceptional basis. The CCC receives numerous suggestions for changes to the codes from various sources. Technical advisors at the IRC evaluate the proposals and prepare recommendations. In assessing proposed changes to the codes, the CCBFC relies on standing committees that are responsible for various technical areas in the codes – these include:

- Fire safety and occupancy,
- Building services,
- Structural design,
- Environmental separation,
- Hazardous materials and activities,
- Energy conservation in buildings, and
- Houses.

These standing committees utilize ‘Topic Groups’ and ‘Task Groups’ for advice on areas of particular interest within a committee’s jurisdiction. Members of the committees and groups are volunteers drawn from a broad spectrum of fields. The recommended changes are assembled into a public consultation document which includes a commentary on the rationale for these changes. Only after a public consultation process has taken place are changes adopted by the CCBFC, using a consensus decision-making approach.
The Federal/Provincial/Territorial Subcommittee on Housing and Building Codes, which meets under the auspices of housing ministers, provides a forum to identify code-related issues of particular concern to the housing sector, and to formulate consensus positions for consideration by the PTCBS and the CCBFC.

Recently, the CCBFC prepared a strategic plan\(^{47}\) which identifies a number of goals for the national model codes and the process used to formulate the codes. The plan identifies a number of attributes that building and fire codes should have in order to ensure their applicability and utility in future years. These attributes include:

- Greater flexibility in application,
- Improved clarity of requirements,
- Reduced complexity,
- Greater ease of use,
- Reduced need for change,
- Easier application to renovation,
- More responsiveness to innovation, and
- Greater clarity of intent and consistency in scope.

The development of objective-based codes is identified as a means to achieve these attributes. This approach clearly states the root objective of each code requirement and then recasts them as mandatory specific objectives with one or more ‘acceptable solutions’, which could be either performance- or prescriptive-based. The CCBFC is currently working towards the introduction of objective-based code documents in the year 2001.

**Provincial/Territorial Building Codes and Requirements**

Since the national codes are only model codes, the changes adopted by the CCBFC have no effect unless they are adopted by provincial and territorial governments – or by the few municipalities which have the appropriate authority. Responsibility for building codes at the provincial level rests with different departments, depending on the province. Typically, most provinces adopt the changes recommended in the national model codes; however, in some provinces, there is another extensive review process with various industry and consumer interests. Some provinces provide a code interpretation service to resolve disputes between builders/architects and municipalities (e.g. the Ontario Building Code Commission).

In Newfoundland and PEI, where the provincial governments have not adopted building codes, the major municipalities have done so directly. In addition, a few municipalities, such as Montreal, Vancouver and St. John’s, have special charters which empower them to act independently in this area.

---

A joint PTCBS/CCBFC task force is currently assessing the code development process with a view to making it more efficient. This could include elimination or reduction of duplicate code development and review processes at the federal and provincial levels.

In addition to building codes, provinces typically regulate other matters such as fire protection, boilers and pressure vessels, elevators, gas, water, and electrical systems.

**Municipal Regulation**

With the exception of a few jurisdictions, as noted above, in most parts of Canada, provincial building codes provide the basis for building regulation. In addition, some provinces allow municipalities to enact bylaws for specific building regulations. While most municipalities do not have the right to establish building codes, they are typically responsible for ensuring that new buildings and renovations are carried out in conformity with the appropriate provincial building codes. This responsibility is generally delegated by provinces to local municipalities – with the exception of small rural municipalities or unorganized areas. Municipal building departments are responsible for reviewing plans, issuing building permits and carrying out inspections. In some jurisdictions, plans review and compliance inspections are carried out by private contractors rather than municipal employees.

Many jurisdictions are examining the building approvals process with a view to streamlining current practices. In Alberta, the *Safety Codes Act* (1994) consolidated seven building-related Acts and established the provincial Safety Codes Council (with representation from business, municipalities and labour) to oversee safety standards – including the Alberta Building Code and Alberta Fire Code. At the discretion of the municipalities, permits and inspections in Alberta can be provided by private agencies, or the municipality. In Calgary, the construction permit system for one and two unit dwellings has recently been consolidated into one permit and fee – where previously there were five separate permits and fee schedules. In Ontario, the Red Tape Commission is examining options for streamlining the building approvals system into a one-window approach.

**Training of Building Officials**

Most provinces have training courses for building officials. Alberta has established a ‘Safety Codes Council’ to regulate the certification of building inspectors (called ‘safety code officers’) and municipalities must ensure that building officials have the appropriate certification – or they may outsource the responsibility to private sector companies with staff who possess the appropriate qualifications. Other provinces appear to be considering certification requirements for building officials – the Ontario Building Officials Association has established the ‘Certified Building Code Officer’ designation for those who have successfully completed a training program and have the appropriate experience; however, the program is still voluntary.

Building officials require re-training or updating of their training as new building practices and materials are adopted by the industry, and as building code requirements evolve. Since objective-
based codes are expected to create an atmosphere more conducive to innovation, it is possible that the need for such re-training will increase as these types of codes are deployed.

**4.2.3. Product Standards**

Ensuring that building products or systems used in construction conform to the building code is a key part of the building process. The national model building codes reference numerous standards which are typically developed by standards development organizations (SDOs) accredited by the Standards Council of Canada (SCC). SDOs for construction standards include organizations such as the Canadian General Standards Board, Canadian Standards Association (CSA), Underwriters’ Laboratories of Canada, and Bureau de normalization du Quebec. Standards from American organizations such as the American Society for Testing and Materials and the National Fire Protection Association are also referenced in cases where they have been accepted in Canada as suitable for use.

Referencing of standards in the building codes eliminates the need for much of the detail applicable to a product or installation process which may be of interest only to those specifically involved with these details, such as specialty trades. Also, such referencing eliminates the need for the codes themselves to elaborate on the highly technical test procedures which are required to ascertain conformance with specified performance requirements. By referencing standards, the national model building codes rely on documents produced by organizations competent to develop standards, such as those produced under the auspices of the National Standards System (NSS).

The NSS is a federation of organizations providing standardization services. The SCC, the manager of the NSS, is a federal crown corporation whose mandate is to promote efficient and effective voluntary standardization in Canada. Members of the NSS write standards, certify conformance of products or services to standards, test products, or register the quality or environmental management systems of companies. The NSS has been very important to the formulation of standards for products or processes suitable for construction in Canada.

The CCMC was established within the IRC to provide a national evaluation service for innovative products and systems for use in construction. Under the guidance of the Canadian Commission on Construction Materials Evaluation, CCMC establishes the suitability of a product for its intended use with respect to applicable codes and standards. In the case of products or systems where no appropriate standard exists, CCMC develops a set of technical criteria in consultation with experts in NRC and other organizations, directs the company to appropriate testing laboratories, reviews the results, and prepares an evaluation report on its suitability and installation conditions. For products or systems for which no standards exist, the

---

The housing industry often utilizes CCMC evaluations to demonstrate conformity to codes. The CCMC publishes a Registry of Product Evaluations which provides ready access to technical and regulatory information on construction products and systems. Ontario also provides a service to assess the appropriateness of new construction materials and technologies – the Ontario Building Materials Evaluation Commission\textsuperscript{49}).

Under the \textit{Energy Efficiency Act}, NRCan has the authority to regulate imports and interprovincial trade in energy-using products (e.g. appliances, lighting, motors, heating and air-conditioning equipment, water heaters, etc.) as well as doors and windows, that do not meet prescribed levels of energy efficiency. Appropriate standards have been developed through standards-writing committees under the auspices of the CSA. They complement energy efficiency regulations applied by several provinces (within their borders) and parallel regulations in the United States. For imported products, compliance to the standards is achieved through Revenue Canada’s customs function. Where applicable, provincial utilities may monitor installations to ensure compliance to provincial regulations.

Other organizations also influence the products approved for use in housing. For example, under the \textit{Hazardous Products Act}, Health Canada monitors a wide range of products which may affect indoor air quality, flammability, and general consumer health. Some products, such as urea formaldehyde foam insulation (UFFI) and asbestos are banned by Health Canada. Voluntary standards also apply to other products such as particle board products, polyurethane foam insulation, and interior and exterior paint and coatings. Under \textit{The Drinking Water Materials Safety Act}, a bill currently before Parliament, materials sold or imported into Canada which come in contact with drinking water would be required to comply with Health Canada’s certification and registration process – the certification would be undertaken by third-party organizations, accredited by the Standards Council of Canada.

The standards referencing system used in the national model building codes is undergoing significant change as a result of international trade agreements, and globalization of markets and manufacturing. There are questions in the industry about whether non-Canadian standards can meet their needs and, if a Canadian standard is essential, how best to develop and fund these standards. A report by a joint PTCBS/CCBFC Task Group indicates that “because an ever increasing number of referenced standards are being withdrawn, and because of uncertainty about the reliability of their replacements, resolving these issues has been identified by the CCBFC as critical to the future of the national codes system.”\textsuperscript{50}
4.2.4. Building Practices

While building codes and standards establish minimum requirements for housing construction, the quality of Canadian housing rests on a convention of building practices which are dependent on the skills of participants acquired through training, education and experience. These practices are constantly changing and evolving as new equipment, products and construction techniques are introduced and accepted in the marketplace. Over the post-war period, the materials used in construction, the techniques used to put them together, and the quality of the final product, have all changed markedly. As discussed above, this has been fostered by a public/private partnership under which the public sector has assisted with the research and development activity, as well as with the diffusion of new technologies within the private sector – which, as a result, builds better quality housing using techniques which are more cost-effective.

Surveys by CMHC and provincial warranty programs have helped to identify the most common defects in residential construction. Collaborative research involving CMHC and IRC has focussed on overcoming problems such as moisture in walls, indoor air quality problems and foundation failures. Results have been used to develop bulletins (e.g. IRC’s Construction Technology Updates and CMHC’s R&D Highlights), best practices guides and other advisory materials used by industry to improve building practices. Training initiatives by federal and provincial agencies are referenced in Section 3.5.2.

The R-2000 Program, developed and delivered through a partnership between industry and NRCan, has been a key driver in improving energy efficiency in Canadian housing by providing performance targets, and a quality assurance framework which includes training and inspection. The Advanced Houses Initiative, involving the same partnership, tested even more rigorous energy performance building practices, systems and new products. NRCan conducts and supports a wide range of research projects on housing energy efficiency and coordinates the Panel on Energy Research and Development (PERD), a multi-agency committee which coordinates funding on energy matters.

Innovative solutions to address emerging concerns such as sustainable development, the integration of persons with disabilities, home security, and the needs of an aging population have been promoted through design awards programs, conferences, and demonstration initiatives such as CMHC’s FlexHousing Initiative and the Healthy Housing Demonstrations in Vancouver and Toronto. In addition, CMHC and the RCMP have collaborated on publications and videos on home security. The NoRTH Committee, an informal forum of agencies and individuals concerned about housing technology in northern areas, publishes a regular newsletter on technical issues for development in the north – the Committee is convened by CMHC and has a wide-ranging membership among federal departments and provincial/territorial governments.

Building inspectors also influence the improvement in Canadian building practices. Inspectors from municipalities, CMHC, warranty programs and private industry all have helped to diffuse improved building practices to the housing industry.
Provincial governments and others, such as warranty programs, are also involved in the process of improving building practices by working with the industry in sponsoring workshops and seminars on building science and building codes. Also, provinces are involved in promoting worker health and safety through programs offered by various agencies – including the WCB.

As is evident from the above, most initiatives to promote innovation and improvements in the products, technologies and building practices used in the housing industry are the product of partnerships of various public, quasi-public and industry organizations. An example of this is the Canadian Centre for Housing Technology – a new research and demonstration centre which is being built at the NRC in Ottawa. The Centre is a partnership between the NRC, NRCan, CMHC and private sector participants. Its goal is to conduct research, evaluate and demonstrate new technologies, accelerate the market acceptance of innovations, and showcase the Canadian housing system to both Canadians and the world. It will consist of three full-sized detached houses with other adjacent building lots for experimental construction.

Improvements in building practices and, just as important, diffusion of the information to the various practitioners in the housing industry not only promote housing quality and building industry efficiency, they also maintain excellence and the competitiveness of the housing industry internationally.

**Liability**

The potential to be held liable for building or component failure is an important factor in the process of innovation and improvement in housing construction. Material manufacturers, building designers, builders, contractors, municipal building officials all face potential legal liability if problems occur in a new home – or in renovations undertaken on an existing home. Liability, and the apparent extension of liability well beyond both the term for most warranties and the parties involved in a development, is affecting innovation in building practices – as well as the whole process of developing and building housing.

At the same time, it is essential that housing consumers have confidence that innovations in building practices (and building practices in general) will yield a product which performs appropriately. This does not always occur. The ‘leaky condo’ problem in British Columbia is an example of a breakdown in the system – the buildings do not perform appropriately. The problem is due to a combination of factors, including the use of ‘California’ designs which may not be suitable for BC’s rainy conditions, municipal zoning requirements that discourage roof overhangs, etc. This problem has raised a host of liability questions which encompass both governmental and non-governmental participants.

The BC government has recently received the report of the Commission of Inquiry into the Quality of Condominium Construction in British Columbia, entitled *The Renewal of Trust in*

---

51 Rowena E. Moyes, *op. cit.* See Section 3.6.3 for more information on legal liabilities.
Among other recommendations, the Commission recommends the establishment of a Homeowner Protection Office to “strengthen consumer protection through implementing mandatory, private sector home warranty and statutory implied warranty for residential construction; [and] improve the quality of residential construction by regulating and licencing the residential construction industry”. Subsequently, the BC government introduced the *Homeowner Protection Act* to implement many of the recommendations of the Commission – including the Homeowners Protection Office, mandatory licencing and warranties for builders, and enhancement of research on building science (especially as it applies to BC).

### 4.2.5. Sum-Up – The Building Process

The building process is key to the quality of housing built in Canada. The main actors in establishing the public policy environment for the building process are:

- **Provincial departments responsible for building regulation** – since the provinces have constitutional responsibility for building regulation, these departments have the ultimate jurisdiction over the building codes and standards used in construction.

- **NRC** – the Council plays an indispensable role in developing model building codes, conducting product evaluations through CCMC, and performing building research through IRC.

- **SCC** – oversees the standards system in Canada and provides accreditation of standards development organizations, product certification agencies and testing laboratories.

- **CCBFC and PTCBS** – both have significant roles in overseeing the development of the model building codes and promoting their use in jurisdictions across the country.

- **Municipalities** – responsibility for reviewing building plans, issuing building permits and inspecting the work is generally delegated from the provincial governments.

- **CMHC and NRCan** – CMHC, NRCan, and others undertake significant research on building practices and assist in the diffusion of information to the housing industry.

### 4.3. Property Transfer

For new housing developments, the sale of both the land prior to development and the dwellings following completion must be registered through provincial land titles/registration systems. Subsequent sales of these properties must also be registered. Registration systems provide the official record of land ownership and property definitions (e.g. boundaries and maps). They also confirm the existence of agreements registered against a property, such as mortgages secured on the property, and development agreements placed on title to ensure that agreed provisions are
fulfilled (e.g. by municipalities or developers). They also confirm rights-of-way, utility and surface drainage easements, and liens. These land registry systems provide certainty of ownership, and information on transactions and investments in improvements on particular parcels of land.

Within Canada’s provincial governments, responsibility for land titles legislation and administration resides with different departments – typically consumer and corporate affairs, attorney general, or municipal affairs. Several provinces are moving to electronic/digital land information management systems which provide on-line access to land titles and registry systems (e.g. both remote access and computer access within the land titles office). This has the benefit of significantly reducing the time and costs involved in verifying titles and conditions on land and to register agreements against a property. This should reduce the transactions costs involved in property sales and registering mortgages against properties.

The development of computerized land information management systems has implications well beyond the registry of land titles and mortgages. It offers the potential to include a wealth of other land-related information in the system – such as property assessment, topographical and environmental features, structure types, land use, mapping, and various other land-based data. As these systems are completed, they promise to offer significant opportunities for improved research and analysis of a variety of issues related to land use.

Real estate agents and brokers are usually involved in the sale of residential and non-residential properties, as are real estate lawyers. As discussed in Section 3.6, the real estate profession is regulated by provincial legislation which is typically administered by the provincial department of consumer and commercial relations. Some provinces have transferred, or are in the process of transferring, responsibility for administering real estate legislation, licencing and education standards to industry councils.
5. **Housing Stock Management**

Housing stock management refers to the process of ensuring that the over 10 million dwellings in Canada’s housing stock are maintained in a safe condition and continue to serve their purpose of providing shelter. In the case of rental housing, it includes regulations which establish the rights and obligations of landlords and tenants. The existing housing stock is a major national asset. Under-investment could lead to substandard housing conditions, neighbourhood decline and, ultimately, deterioration and loss of the stock. Maintenance and upgrading of the existing housing stock are core aspects of housing policy. According to CMHC, expenditures on repairs and major alterations and improvements to housing will total $23 billion in 1998.

The existing housing stock is operated primarily within two tenures: owner-occupancy, and rental occupancy. The rental category includes properties owned and operated by non-profit providers. Although the proportions vary across the country, in total, rental units account for about one-third of the country’s housing stock; owner-occupied units represent almost two-thirds of the total occupied housing stock.

Within the ownership category, there are two distinct types: freehold ownership and condominium ownership. In typical freehold housing, the owner assumes sole responsibility for all decisions regarding the management of the building and property. In condominium housing projects, individuals own their housing units and are responsible for decisions affecting their units; however, authority over the management of commonly-owned areas of the condominium project and any associated expenses are typically managed centrally by representatives elected by the residents at large. In rental housing, the building owners or property managers contracted by the owners are responsible for management of the property.

Due to the collective nature of responsibilities associated with condominiums and rental properties, legislation and regulations particular to these forms of tenure have been enacted in each province.

5.1. **Condominium Regulation**

Condominium is a form of ownership in which homeowners own their individual housing units, but share ownership and responsibility for common areas with other owners in the same project, through a condominium corporation. Common areas include all areas outside of the individual units, such as hallways, recreation space, parking areas and private roads, as well as building systems such as elevators, heating, water, sewage and electrical infrastructure. Residential condominium developments can include all types of housing – they are most common for

---

52 There is a third tenure, cooperative ownership, wherein buildings are collectively owned by a cooperative association. Until recently, these were primarily in the form of non-profit cooperatives, but equity cooperatives involving seniors have emerged over the past decade. Cooperatives account for less than 1% of the housing stock.
townhouse and apartment projects, though other forms, such as lifestyle low-density gated developments for seniors and empty-nesters, are becoming increasingly popular.

Condominium projects are regulated through provincial legislation (e.g. Condominium Act). This legislation establishes the legal and regulatory framework for the creation and governance of condominium corporations, and for securing ownership over housing units within the corporation. Condominium legislation was first enacted three decades ago in Alberta, and shortly after in Ontario. This legislation was a response to market demand for alternative forms of home ownership.

New condominiums are created by registering a condominium corporation under provincial land titles and registry systems (see Section 4.3 on Property Transfer). Condominium corporations are created by registering a condominium declaration (a ‘strata plan’ in Alberta and BC) under the land titles system. A condominium declaration includes a property description, which identifies the lands, the structures and related boundaries, and location of each unit within the condominium. A condominium declaration defines the corporation and establishes the basic rules under which the corporation will operate. Condominium legislation typically prescribes that declarations must identify the nature of the common areas, and the contributions towards common expenses required by owners – as well as their voting privileges. The registration of these documents under the provincial land titles systems allows for the registration of mortgage instruments and other liens on condominium units, in much the same way as they apply to freehold ownership properties.

A board of directors elected by unit owners governs a condominium. Provincial legislation sets out the authority of condominium boards, such as the ability to adopt and amend bylaws governing the operation of the condominium. The legislation also typically establishes minimum operational requirements such as maintenance reserve funds, annual general meetings and voting privileges.

In recent years, condominium legislation has been subject to review and revision in many provinces. Manitoba and Saskatchewan have recently amended their legislation, while legislation in BC, Alberta, Ontario and Nova Scotia is currently in the process of review. The key issues that have been under consideration include improved consumer protection and disclosure requirements in the sale of new and existing condominiums, management of reserve funds, and enforcement of condominium bylaws.

5.2. Rental Housing Regulation

Provincial governments have a direct role in the management of the rental housing stock through regulations which cover the terms of rental and leasehold tenancy – landlord and tenant relations and rent regulation. Although there are significant variations among the provinces in terms of the
specific regulations applied in these areas, for the most part, the roles of provinces and the
degreed responsibilities of local government are similar across the country.

Landlord and tenant legislation in all Canadian provinces and territories provides some degree of
security of tenure for tenants, although in no case is this absolute. The legislation establishes the
framework for the landlord/tenant relationship – including the circumstances under which tenancy
may be terminated. These include causes such as: undue damage to the premises; the conduct of
illegal acts or business; substantial interference with the reasonable enjoyment of the premises by
other tenants; and, circumstances that may contravene health and safety standards. In addition,
eviction proceedings may be initiated by a property owner in the event of a tenant’s failure to
pay rent. In such cases, legislation usually provides for notification of arrears and allows a
specified period for the tenant to remedy the breach. The legislation also typically allows
termination of tenancy in specified circumstances, including those where possession is required
for occupancy by the landlord (or relatives), or in order to permit demolition, conversion to other
uses, or a substantial renovation which requires vacant possession.

Conversion of rental properties to condominiums (through the creation of a strata plan
application) is generally regulated by provincial legislation. Approval authority for such
conversions is typically delegated to the local municipality (under provincial legislation
establishing and empowering municipal governance). The practice of most municipalities in
Canada has been to enact municipal bylaws specifying circumstances under which conversion
would be approved or rejected. These generally act to limit or prevent conversion (and loss of
affordable rental stock) during periods of low rental vacancy rates.

Discrimination in the housing sector is not specifically addressed in the Canadian Charter of
Rights and Freedoms. Housing is subsumed under the general discrimination provisions of the
Charter and related provincial human rights codes, administered in each province by a Human
Rights Commission.

5.2.1. Rent Regulation

Provincial legislation which establishes the rules governing rent increases in the private rental
housing stock were initiated in all provinces as part of the wages and price control program in the
mid 1970s. Some provinces had rent controls before this – Quebec has the longest tradition of
rent regulation in Canada; it has had a form of rent review in place since the 1950s.

Rent regulation has undergone many changes over the years. At present, six provincial
governments continue to maintain rent regulation systems, while three provinces (Alberta, New
Brunswick and Saskatchewan) have eliminated rent controls. Nova Scotia passed a regulation in
1993 exempting all rental housing from the Province’s Rent Review Act – although the Act has not
been repealed.
There are many similarities in the provincial rent regulation systems in place across the country. Each of the six provinces permits rent increases only once per year, and each typically requires landlords to provide tenants with three months notice of an increase. Several provinces have also exempted new rental construction from rent regulation for a specified period as an incentive for new construction. When proposed rent increases are challenged by tenants, the provinces typically use similar criteria for determining the appropriateness of rent increases. Considerations typically include whether the proposed rent is fair in the context of the local market, changes in operating expenses, need for capital repairs, and changes in the level of service. Several provinces also consider a landlord’s ability to obtain a fair and equitable return on investment as a consideration when reviewing proposed changes in rent.

The six rent regulation systems in Canada can be categorized into two groups:

- In British Columbia, Quebec and Newfoundland, rent regulation is primarily a complaint-driven system with no prescribed restriction on the ability of landlords to raise rents, provided there is agreement from tenants. Tenants that oppose a proposed rent increase may apply to provincial rent review boards to challenge the proposed increase.

- In Manitoba, Ontario and PEI, rent regulations include prescribed caps or guidelines on the permitted annual rent increase that can be imposed by landlords. For 1997, the rent increase guidelines were 2.8% in Ontario, 1% in Manitoba, and 1.5% in PEI.

The annual rent increase guidelines are typically based on inflation, repair costs, and the operating costs of buildings. Typically, landlords may apply for above-guideline rent increases based on considerations such as extraordinary increases in operating expenses, capital expenditures and changes in the level of services provided to tenants.

Ontario has recently implemented a new Tenant Protection Act, which replaced the Rent Control Act, adopted in 1992. This new legislation combines, under one Act, rules governing matters such as landlord and tenant relations, care homes, mobile home parks and land lease communities. Under this legislation, landlords continue to be subject to the annual rent increase guidelines established by the Province for ‘sitting’ tenants; however, they are free to set new rents when a unit is vacated. When a vacant unit is occupied at a newly negotiated rent, the provincial rent increase guidelines reapply to the unit for as long as the tenant resides in the unit. New rental projects are exempt from controls.

**5.3. Housing Conditions**

Management of the physical condition of the housing stock occurs mainly within the context of municipal operation and maintenance bylaws, and the fire code. As is the case with respect to regulations on planning and land use, and building code enforcement (Chapter 4), these powers are delegated to municipalities from the provincial government.
Municipalities have the primary responsibility, delegated by provincial governments, to ensure that the existing housing stock is maintained in a safe and healthy condition. Although enforced through municipal bylaws, the standards that these bylaws require often derive from agencies and institutions of other levels of government – for example, Health Canada establishes standards on toxic materials such as lead paint, or asbestos insulation. Most provincial building codes do not currently provide specifically for standards for renovation – depending on the complexity and extent of a renovation to an existing building, the work may be required to comply with provincial building and fire codes. Typically, small renovations which do not result in significant structural changes (e.g. finishing a basement or renovating a kitchen or bathroom) are required only to meet the fire code which, in turn, refers to the appropriate requirements of the building code. Larger renovations involving additions or structural alterations are required to meet essentially the same standards as new construction. Guidelines assist renovators in how to apply such standards to the realities of renovating existing buildings.

In the case of unsafe, unsanitary or unhealthy conditions, municipalities have bylaws which provide the authority to require the property owner to remedy the situation. Where the owner fails to comply with the order, the municipality may seek recourse to the courts and may forbid occupancy of a dwelling contravening health and safety standards.

Accessory apartments, and the ability of municipalities to enforce building and fire code standards for such units, have presented difficulties for many years. There are large numbers of accessory apartments in larger urban centres – they provide an important source of low-cost rental housing, while also providing income for homeowners. However, they are often created illegally in contravention of municipal zoning bylaws, which typically restrict (or prohibit) the creation of additional units within existing residential buildings. As a result, most accessory apartments are not subjected to the review of municipal building officials through the building permit process, and proper consideration is not given to matters such as fire safety, electrical standards, ventilation, and natural lighting.

Provincial land use planning policies in several provinces, as well as research sponsored by various parties (including CMHC), have encouraged municipalities to change zoning bylaws to permit accessory apartments. This would allow homeowners to create apartments legally, through the building permit process, and would facilitate safety inspections without fear of prosecution for municipal bylaw infractions. In Ontario, the failure of many municipalities to promote the legalization of accessory apartments resulted in provincial government amendments to the Planning Act that legalized all existing second units, subject to compliance with the fire code – this legislation also provided municipalities with additional planning powers to licence the creation of new units subject to applicable building code and fire code requirements. In Saskatoon, a proposed development plan would legalize accessory apartments in areas of the City where they are not currently permitted – at the same time, the City is enforcing its property maintenance and occupancy bylaws to bring properties up to acceptable health and safety standards.
Federal and provincial governments have from time to time intervened directly to encourage or facilitate the upgrading of existing dwellings. Notable examples include the federal programs to fund the removal of UFFI and to encourage energy retrofits of existing buildings. Similarly, provinces have funded and directed rehabilitation and energy programs. In recent years, several public utilities have actively sought to encourage rehabilitation for energy efficiency.

NRCan recently formed the Office of Energy Efficiency (OEE) with the mandate to promote energy efficiency improvements in all sectors of the economy. The OEE will manage all of NRCan’s energy efficiency programs, as well as act as a resource centre for expertise in energy efficient technologies and practices. NRCan’s energy efficiency initiatives include the Home Energy Retrofit and EnerGuide for Houses programs, which provide homeowners with access to tools and expertise to assess the energy performance of a house, and recommendations for specific energy efficiency retrofits. The Kyoto agreement on climate change, which calls for a significant reduction in greenhouse gas emissions, will likely result in greater emphasis on efforts to improve energy efficiency within the existing housing stock.

In the area of home inspections, CMHC has undertaken considerable work in examining issues such as provincial certification, enforcement, skills updating, liability and consumer protection. The purpose of this work is to reinforce the viability and credibility of the home inspection service, which provides important third-party advice to consumers concerning renovations and energy retrofits.

Heritage buildings are an important component of the existing housing stock. At the federal level, the Department of Canadian Heritage is concerned about the retention of this resource and recommends policy to government in this regard.

Heritage Canada, a national not-for-profit charitable foundation which operates on an endowment from the federal government, advocates policies which encourage heritage conservation – such as improvements to the tax treatment of donations of heritage property. Similarly, Heritage Canada has proposed that the costs associated with the restoration of revenue-generating heritage buildings be deductible for tax purposes as current costs – rather than be considered as depreciable capital costs, which may only be claimed over a period of years. Heritage Canada is currently working with the Department of Canadian Heritage and the Finance Canada to develop standards and criteria applicable throughout Canada. Heritage Canada also works with communities to develop strategies for improvement of heritage buildings – this often includes funding through federal departments for regional and economic development, and includes encouraging partnerships in the renovation and/or conversion of heritage buildings for housing.

Several provinces have legislation which provides for the protection and preservation of heritage buildings. This legislation typically allows municipalities to adopt bylaws for the purpose of designating heritage districts and buildings, as well as the power to restrict the demolition and renovation of heritage structures. This legislation typically falls under the authority of the
department of culture and recreation, or municipal affairs. Drawing on this provincial legislation, many municipalities have enacted such bylaws to protect heritage properties.

Provincial departments responsible for building standards, as well as various federal agencies, including CMHC, regularly undertake research into the state of the existing stock and construction practices. The STAR data base, developed and maintained by CMHC and NRCan, provides a profile of the Canadian housing stock which can be used to assess the implications of public policy decisions on energy consumption.

5.4. Sum-Up – Housing Stock Management

Housing stock management is key to the housing system. The main actors in establishing the public policy environment for housing stock management are:

- **Provincial departments** – the provinces have primary responsibility in this area, though much of the on-going responsibility is generally delegated to municipalities. Provincial departments retain responsibilities for activities such as condominium legislation and rental housing regulation.

- **Municipalities** – through powers delegated from the provinces, municipalities have the primary responsibility, through municipal bylaws, for ensuring that the existing housing stock is maintained in safe and healthy condition.

- **Other actors** – the federal government and provincial governments have intervened directly to encourage upgrading of the stock. Also, CMHC, NRCan and provincial departments have undertaken research on the state of the housing stock and construction practices, and CMHC has examined means of promoting private home inspection services. Heritage Canada and the Department of Canadian Heritage promote policies which encourage the conservation of heritage properties.
6. Housing Assistance

Housing assistance refers specifically to activities designed to aid households unable to address their housing need in the private housing market. CMHC has determined that approximately 85% of households can satisfy their basic housing needs without government assistance; the remaining 15% have been identified as having difficulty and are the focus of programs to assist them in obtaining appropriate housing at a cost they can afford. According to the CMHC data, only a minority of those in housing need live in overcrowded or poor living conditions. In most cases of households in need, the occupants do not have sufficient income to afford appropriate housing. This has led to a debate about whether most of the housing need is, in fact, a housing problem or whether it is primarily a reflection of low incomes.

Since the older stock tends to provide less expensive housing than is possible through new construction, preservation and rehabilitation of the existing stock remains an important aspect of housing assistance. Given the affordability problems faced by a significant minority of households, income support programs, and the departments and agencies that provide them, are important participants in the housing system.

The role of government in assisting households unable to address their housing needs has been long established and, over the years, a number of programs at all three levels of government have focused on addressing housing need. Some of these programs are operated directly by governments; however, in recent years, government support for assisted housing has increasingly been channeled through the ‘third sector’ – non-profit and cooperative housing groups.

Non-profits and cooperatives have a long history of facilitating the provision of assisted housing for low-income Canadians, as well as housing for those with special needs. Since the early days of CMHC’s direct lending for social housing, private non-profit providers have constituted an important part of the social housing environment. Now, these and other stakeholder groups have an increasingly important role in addressing the need for housing assistance – often through public/private partnerships.

6.1. CMHC

Over the past several decades, CMHC has been involved in the financing and ongoing subsidization of most of the social housing created in Canada – there are over 650,000 units of federally assisted social housing across the country. A variety of programs have been used – often funded and delivered jointly with the provinces. Recently, the administration of social housing is being transferred to provincial governments, while the associated federal financial commitment (the federal share is currently $1.9 billion annually) is being maintained through to the expiry of existing project operating agreements.

---

CMHC maintains an ongoing active role in a number of special initiatives for specific groups, including:

- **The Residential Rehabilitation Assistance Program (RRAP)** – a partnership with provincial housing departments that, in many cases, cost-share and administer the program. RRAP is focused on upgrading existing dwellings, including owner-occupied and rental properties, to meet health and safety codes, and to make housing accessible to persons with disabilities. Another initiative, the Emergency Repair Program (ERP), funds urgently required repairs for housing in rural and remote areas.

- **Home Adaptations for Seniors Independence (HASI)** – HASI is an initiative to assist low-income seniors to make home adaptations.

- **On-reserve housing** – reflecting the federal responsibility and the generally below average housing conditions on reserves, the federal government funds new non-profit housing on reserves, as well as on-reserve RRAP, and the First Nations and Inuit Youth Housing Internship Initiative.

- **Shelter Enhancement Program** – as a partner in the federal initiative to address family violence, CMHC provides federal funding and technical support for new construction and rehabilitation of emergency shelters for victims of family violence.

- **The Canadian Centre for Public Private Partnerships in Housing (CCPPPH)** – specifically designed to promote housing affordability, the CCPPPH seeks to bring together public and private sector partners, as well as non-profit organizations and private citizens, to produce affordable housing without on-going subsidy, through the use of innovative financing and living arrangements. To assist in the formation of partnerships, the CCPPPH offers advice as well as interest-free loans for proposal development.

- **Homegrown Solutions** – an initiative to assist communities in identifying strategies and solutions for meeting their housing needs through self-help activities promoting housing quality and affordability, without direct government assistance. Homegrown Solutions is funded by CMHC and delivered by the Canadian Housing and Renewal Association with the participation of other stakeholders.

CMHC also develops estimates of housing need and continues to undertake research and develop policy to address the continuing inability of some households to meet their housing needs without assistance.

In addition to CMHC’s responsibilities, the federal government also supports the provinces in the preservation of the social safety net. With the new funding arrangements under the Canada
Health and Social Transfer, the federal government continues to provide funding in support of health, post secondary education, and social assistance. Part of the funding through the CHST flows through provincial social assistance programs to underwrite shelter support payments.

6.2. Provincial Departments/Agencies

All provinces have become involved in social housing programs. Initially, this involvement came about as a result of partnerships with CMHC in developing public housing in the 1960s and 1970s. The global agreements on social housing in the 1980s increased, both financially and administratively, the level of provincial participation in the area of housing assistance. Most provinces now play a prominent role in the administration of existing social housing projects – many programs are cost-shared by the federal and provincial governments.

As noted above, the federal government, through CMHC, is currently in the process of negotiating new social housing agreements with the provinces and territories. These agreements will cover all federally assisted social housing units, including jointly-owned projects, provincially-owned (but federal/provincial cost shared) projects, and a variety of forms of non-profit and cooperative projects. They will provide for the transfer of CMHC’s program management responsibilities, while the associated federal financial commitment is maintained for the full remaining term of the original commitment. In assuming these enhanced responsibilities and resources, provinces and territories must respect federal social housing principles and accountability requirements, as well as CMHC’s social housing agreements with third-party sponsors.

In addition, a number of provinces fund housing assistance programs without federal participation. These vary from one province to the next. Some provinces have programs which cover housing repair and rehabilitation, some have non-profit housing supply programs, some have shelter allowance programs, while others have programs to facilitate homeownership. A review of the programs being operated in each of the provinces and territories is provided below:

- **Newfoundland** – the Newfoundland and Labrador Housing Corporation (NLHC) offers a number of cost-shared programs with the federal government. In addition, the NLHC operates other programs including the Home Repair Program for low-income seniors, families and people with disabilities, the Emergency Repair Program for low-income households in rural areas and, in collaboration with the Department of Human Resources and Employment, the Urgent Repair Program to assist social assistance clients with home repair options.

- **Nova Scotia** – in addition to cost-shared programs with the federal government, the Department of Housing and Municipal Affairs offers a variety of programs designed to help low income households to access adequate housing. The Access-A-Home Program provides assistance to households who must adapt a home for wheelchair use. The
Provincial Housing Emergency Repair Program and the Senior Citizens Assistance Program provide assistance to low-income households and seniors who cannot afford to undertake emergency repairs on their homes. The Small Loans Assistance Program and the Family Modest Housing Program provide loans to low and moderate income families to renovate or purchase a modest home.

- **Prince Edward Island** – the Department of Health and Social Services operates several non-cost-shared programs, in addition to the programs offered jointly with CMHC. The PEI programs include Helping Hands for Seniors, a summer program which provides employment for students with maintenance services for seniors, and the Emergency Repair Program which provides financial assistance to eligible applicants to make urgently needed home repairs. In addition, the Rural Mortgage Lending Program provides long-term loan funds to local credit unions for conventional mortgages, and the Second Mortgage Loan Program provides repayable second mortgages to eligible buyers who cannot obtain sufficient first mortgage financing.

- **New Brunswick** – the New Brunswick Housing Corporation (NBHC) has been involved in the administration of public housing and rural and native housing since 1967. New Brunswick has several non-cost-shared housing-related programs including a renovation program, a downpayment assistance program to assist low-income homeowners in acquiring a downpayment for a home, and a shelter allowance program for the elderly. In addition, the Province has a non-profit capital grant program and a provincial rent supplement initiative – attempts to leverage additional affordable housing through public/private partnerships. New Brunswick has assumed responsibility for the management and administration of all federally cost-shared programs in the province, including non-cost-shared CMHC programs.

- **Quebec** – the Province, through the Société d’habitation du Québec (SHQ) has been involved in both cost-shared and non-cost-shared housing programs in the province for many years. Recently, Quebec has established the Quebec Social Housing Fund to build new social housing projects in conjunction with non-profit organizations, private businesses and municipalities. In addition, Quebec has recently integrated its shelter allowance programs for the elderly and low-income families with children. The Province’s Residential Adaptation Assistance Program promotes renovation, emergency repairs, neighbourhood revitalization and adaptation of homes for disabled people.

- **Ontario** – the Province has been involved in a variety of cost-shared and non-cost-shared housing programs over the years. The Ontario Housing Corporation has Canada’s largest portfolio of public housing – indeed, OHC is Canada’s largest landlord. Non-cost-shared housing programs have included market housing stimulation programs, renovation initiatives and, more recently, a substantial non-profit housing program. With the election of a new government in 1995, the Province has terminated funding for new projects and is delegating responsibility for social housing to municipalities.
• **Manitoba** – in addition to cost-shared housing programs with the federal government, the Province operates two shelter allowance programs for private renters: Shelter Allowance for Family Renters and Shelter Allowance for Elderly Renters which fund up to 90% of eligible rent costs over 25% of income. In addition, the Fokus program provides assistance for disabled people in rental housing. Manitoba is negotiating with CMHC regarding the transfer of responsibility for social housing administration.

• **Saskatchewan** – the Saskatchewan government has assumed responsibility for the management and administration of all federal cost-shared and non-cost-shared housing programs in the province. The Province also operates several non-cost-shared programs including: the Remote Northern Housing Program which provides low-income families with a self-build homeownership option; the Rental Market Assistance Program which provides assistance to developers and non-profit organizations to construct, own and operate rental housing in northern communities; and the Home Modifications for the Physically Disabled Program which assists the disabled to alter their homes to accommodate their disability. The Province is also implementing a pilot project to promote home ownership in the core areas of large cities in Saskatchewan.

• **Alberta** – the Alberta Government has been involved in both cost-shared and non-cost-shared programs over the years – covering a variety of areas. At present, in addition to the cost-shared programs with CMHC, the Province funds seniors’ apartments, seniors’ lodge units, non-cost-shared rent supplement units, housing registries and emergency housing. Alberta is negotiating with CMHC regarding the transfer of responsibility for social housing administration. The Province is also working with private and non-profit groups to develop additional affordable housing.

• **British Columbia**– since the early 1990s, the BC government has been increasingly taking a leadership role in social housing issues. BC maintains a social housing program (HOMES BC) which places emphasis on families with children and homeless individuals (or those at risk of homelessness). HOMES BC is set up to encourage a more strategic and flexible use of provincial funds through the encouragement of municipal, private and non-profit sector contributions to social/assisted housing. Seniors are assisted through the Shelter Aid For Elderly Renters (SAFER) program, while rent supplements are available to those with chronic mental illness, through partnerships with the Ministry of Health and non-profit mental health organizations.

• **Yukon** – the Yukon Housing Corporation (YHC) offers a variety of programs, including several programs to facilitate the repair and upgrading of the existing housing stock. The Home Repair Program allows occupants to borrow funds at low interest rates and long repayment periods – subsidies are also available for qualified applicants. YHC also operates the Residential Electricity Management Program which provides low interest loans to install non-electric heating in existing housing. Home ownership programs are also offered which provide loans for purchasers with 2% downpayments; relocation
assistance is also offered to mobile home owners who relocate to their own property. YHC also offers a joint venture program for developers planning to build modest rental or ownership housing.

- **Northwest Territories** – the Northwest Territories Housing Corporation (NWTHC) administers both rental and homeownership housing programs in various communities across the NWT. The NWTHC has assumed responsibility for the management and administration of all federally cost-shared programs in the territory, including non-cost-shared CMHC programs. It has offered local communities the option of assuming responsibility for the provision of housing services either through the community government or local community groups. To date, Local Housing Organizations have been formed in almost 50 communities throughout the NWT – over half of these have assumed responsibility for the delivery and management of other Corporation programs.

In addition, provincial departments of social assistance have a significant housing assistance component, although they are not generally perceived as major actors in the housing field. All provinces have provincial (or, in some provinces, municipally delivered) social assistance programs. In most cases, these have a specific shelter component which, although not a separate cheque, illustrates that the shelter component is an explicit part of the social assistance benefits system. Estimates indicate that the total annual social assistance payments to low income households which are specifically to help pay rents and shelter costs are greater than the total federal/provincial/territorial volume of funding for social housing programs.\(^{54}\)

The majority of social assistance households reside in the private rental sector. Therefore, the shelter component of welfare, as well as social assistance policies for provision of security deposits and emergency funding, and the role of social workers in mediating arrears, all are directly involved in the housing system.

Many provinces also provide subsidies via property tax rebates and tax credits through the income tax system (see Section 3.3.2), as well as home care support for the elderly, disabled and others with special needs.

### 6.3. Municipalities

Many municipalities operate non-profit housing agencies which have utilized funding from the federal and provincial governments to build and/or acquire housing for tenants with low incomes or special needs. In many cases, municipalities are examining options to enhance their housing subsidy capabilities. For example, in 1997, Metropolitan Toronto established a housing stakeholder panel to develop a plan of action for housing “to define a municipal housing role appropriate to today’s context of rising housing needs and declining public resources”. The City

---

of Toronto, through its non-profit housing corporation (Cityhome) has also embarked on a number of innovative projects – including assisted homeownership developments.

Other municipalities have also been active in this area. Over the past decade, the City of Vancouver has been researching and undertaking housing programs to promote balanced mixed income communities in the ongoing redevelopment of the former Expo lands and Coal Harbour redevelopment. Among other programs, Vancouver has supported the development of low-cost rental housing through below-market leases of land from the City’s property endowment fund. The City of Montreal has also been very active in developing new policy and program models – including a new neighbourhood revitalization program, Revitalization Des Quartiers Centraux.

Smaller cities are also active. The City of Saskatoon has hired a Housing Coordinator to examine initiatives such as housing trusts, land trusts and other mechanisms aimed at increasing the ability of the community to produce low-cost housing.

In Ontario, the Province is delegating social housing responsibilities to municipalities (including the management and administration of the current portfolio of social housing).

6.4. Sum-Up – Housing Assistance

Public assistance for households that cannot address their needs in the private housing market is a key part of the housing system. The main actors in establishing the public policy environment and in delivering programs to provide this social assistance include:

- **CMHC** – most social housing in Canada is funded wholly or in part by CMHC. The Corporation is arranging the transfer of the administration of social housing to the provincial governments (while maintaining the federal financial commitment). CMHC continues to be active in a number of special housing assistance initiatives.

- **Provincial housing departments and agencies** – all provinces have cost-shared assisted housing programs with the federal government. Many provinces also have non-cost-shared housing programs targeted at specific groups. Provinces are negotiating with CMHC to take over the administration of the federally sponsored social housing stock.

- **Provincial social welfare agencies** – social assistance programs typically include a component directed to cover shelter costs. These provide a significant degree of assistance to low-income households.

- **Municipalities** – many municipalities operate non-profit housing corporations which have utilized funding from the federal and provincial governments. Many are currently exploring opportunities to continue to expand their assisted housing stock. In Ontario, the Province is delegating responsibility for social housing to municipalities.
7. Research and Information Collection and Dissemination

Ongoing research helps to enhance the housing system, maximize efficiency and effectiveness, and anticipate emerging issues. Research, and the dissemination of knowledge, acts to improve and support the efficient operation of the housing system. Given the breadth and complexity of the system, research activities are found across a range of agencies and levels of government.

As is discussed in previous sections, many government departments and agencies (particularly IRC and NRCan) are heavily involved in technical research related to building materials and practices – see Sections 4.2.1-4.2.4 for a discussion of the activities of various actors in this area. In addition, Industry Canada provides resources for research (including housing-related research) through the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC) and the Network of Centres of Excellence (NCE).

Beyond housing technology, key public sector actors in terms of research and information collection and dissemination within Canada’s housing system include:

- CMHC,
- Statistics Canada,
- Provincial departments responsible for municipal affairs, housing and building standards,
- Municipalities, and
- Other participants such as academic institutions (with an urban or housing mandate), and association and stakeholder groups.

Since research and information dissemination of housing technology has been discussed in Section 4.2, this section concentrates mainly on other types of research.

7.1. CMHC

Since its inception, CMHC has been charged under the National Housing Act with the responsibility of undertaking research and disseminating information leading to the improvement of housing and living conditions in Canada. Over the years, CMHC has been at the forefront in identifying issues and problems, developing solutions, gathering data and analysing trends in housing markets, and disseminating the results of research and analysis to industry, consumers, researchers, government and non-government agencies and international organizations.

CMHC’s mandate in housing research, information and communications was recently confirmed by the federal government. The Corporation’s research budget is a direct allocation from the federal treasury. CMHC’s research activities are carried out in three broad theme areas:

- Market competitiveness, job creation, and the well-being of the housing sector,
• Housing and living conditions for Canadians, and
• Housing affordability and housing choices for Canadians.

CMHC is the convener of the National Housing Research Committee (NHRC) which provides a forum to coordinate and exchange research and information among federal and provincial agencies, as well as industry, social housing and consumer groups. The NHRC also seeks to identify potential priority areas for housing-related research. CMHC manages a research agenda planned in consultation with industry participants and often undertaken through partnerships, sometimes with provincial departments responsible for housing, or with private and public sector organizations active in the housing system. CMHC also provides grants to researchers (on a competitive basis) and to research organizations to pursue housing research more broadly.

Social and economic research undertaken by CMHC includes the investigation of factors and trends affecting the efficient operation of housing markets and the supply and condition of the housing stock, the affordability of housing, the distinct housing needs of various groups of Canadians, the sustainable planning of communities, and research on potential export markets for housing. In the technical area, CMHC’s research activities are aimed at identifying issues and developing practical solutions to improve the technical performance of Canadian housing and to manage and preserve the existing housing stock. This includes research on improvements in housing design, construction, renovation and operations, high-rise and multiple housing technology, as well as housing’s environmental effects (see Section 4.2).

CMHC uses the results of its directed research program to promote improved planning, design, construction, management and renovation through a variety of techniques including advisory documents, videos, conferences, seminars and design competitions. Through demonstration projects such as the Healthy Houses in Vancouver and Toronto, CMHC forms partnerships with industry and other government departments to test new ideas and engage consumers in improving the residential environment. The Workshop on Canadian Urban Indicators, held in conjunction with Environment Canada, is another example of CMHC’s facilitating role in promoting improvements in the housing system.

In addition to its directed research program, CMHC supports a number of activities initiated and conducted by external parties which are aimed at developing housing expertise and facilitating research and information transfer. For example, CMHC’s External Research Program supports high-quality and innovative research by Canadian researchers in the private and non-profit sectors, to address priority research areas. Also, CMHC’s Housing Awards Program recognizes and promotes innovative housing solutions and housing for particular groups (e.g. seniors, youth, disabled, young families, aboriginals). Selection of successful applicants under these programs are made by external selection committees comprised of researchers and practitioners in government, academic institutions, housing-related professions, and the housing industry.

The Affordability and Choice Today (ACT) program, sponsored by CMHC and managed in cooperation with partners, encourages improvements in regulatory processes by identifying, demonstrating and promoting changes in planning and building regulations that could help
improve housing affordability, quality and choice. CMHC, in partnership with participating provincial departments of municipal affairs, provides institutional support to the Intergovernmental Committee on Urban and Regional Research (ICURR) – see Section 7.5.1. CMHC also works with the housing industry in the promotion of New Homes Month, Renovation Month, and EnviroHome.

Through the Market Analysis Centre, CMHC maintains information on the national and regional housing markets, and provides timely data to all parts of the housing system. This includes the collection of data on housing starts and completions, sales and inventory, and an annual rental market survey, as well as specific research on factors influencing market trends. In partnership with the Conference Board of Canada, CMHC has developed the Canadian Housing Markets On-Line Service (CHMOS) which provides CMHC survey data, market analysis reports and other housing information on the internet.

The Canadian Housing Information Centre (CHIC) at CMHC provides housing information for industry, consumers and government via internet, fax, telephone or walk-in service. CHIC also conducts information searches and publishes bibliographies on housing-related subjects, as well as reports on the status of CMHC research initiatives.

7.2. Statistics Canada

As the federal agency responsible for the Census and a wide range of other information-related activities, Statistics Canada is a significant partner in collecting, analyzing and making available data on the housing system. The Census, which is conducted every five years, includes specific questions designed to monitor housing conditions – covering housing types, and the state of housing repair, as well as information on household characteristics (age, family type and size, income, tenure, rents and ownership costs, disability of household members, etc.). These types of benchmark data are essential inputs into research on various aspects of housing.

In addition to the Census, Statistics Canada is an important source of information on a variety of matters – including housing. With PIPES (Program to Improve Provincial Economic Statistics), Statistics Canada is launching a new initiative to produce more reliable provincial economic statistics for various industries (including construction).

The extensive range of housing-related information available from Statistics Canada includes:

- The Survey of Household Spending (formerly Family Expenditure Survey) collects data on the spending of households on various products and services – including those related to housing, such as rents, mortgage payments, renovation spending, etc. As part of the PIPES project, this survey will be conducted annually and will have a larger sample than previously.
• The Homeowner Repair and Renovation Expenditure Survey collects data on the expenditures and types of activities involved in homeowner renovations, as well as the characteristics of the occupants and the dwellings on which work is undertaken.
• HIFE – the Household Income, Facilities and Equipment data base combines data from the Household Facilities and Equipment (HFE) Survey, the Labour Force Survey and the Survey of Consumer Finance to provide a computerized data file which is extensively used for housing analyses. This data base will undergo some changes as the HFE content is now part of the new Survey of Household Spending.
• SLID – the Survey of Labour and Income Dynamics is a longitudinal survey of the economic well-being of Canadians as it changes over time.
• New annual business surveys of the construction industry, the real estate rental, leasing and property management industries, and real estate agents, brokers, appraisers and other real estate services will be conducted as part of the PIPES project.
• The building permits survey collects data on building permits for all types of construction in municipalities across Canada.
• Construction spending estimates by type of construction are prepared as part of the National Accounts. Recently, Statistics Canada has expanded their estimates of renovation activity to include renovation spending on rental housing.
• The Census of Manufactures provides estimates of the volumes of various types of products (including specific types of building products) manufactured in each province.
• International trade data are available on exports and imports of detailed products (including building products), as well as the countries involved.
• The Consumer Price Index provides estimates of trends in ownership and rental housing costs across the country, as well as overall consumer price inflation.
• Information on housing price trends is provided through the New House Price Index, and the recently-established series on new housing prices based on information obtained through GST administrative records.
• Information on mortgage financing activity is collected from financial institutions as part of national financial statistical reporting functions (these aggregate data are passed on and published in the Bank of Canada Review).
• Employment and unemployment in the construction industry is collected as part of the Labour Force Survey.

Statistics Canada also collects a range of data on trends in the overall economy which are an important input into analyses of prospects for economic growth – and housing demand.

Statistics Canada works closely with other government departments in assessing data needs and assisting in data collection. For example, CMHC consults Statistics Canada in the design and operation of the Corporation’s surveys which collect data on housing starts, completions and vacant new dwellings, as well as rental market statistics. CMHC also contributes expertise and financing for specific housing-related questions in some Statistics Canada surveys. Also, NRCan maintains the National Energy Use Data Base which utilizes information from the Survey on Household Energy Use conducted every four years in collaboration with Statistics Canada – the
survey provides information on the energy consumption habits of Canadian households as well as conditions or factors which affect energy use, such as envelope features, insulation, windows, and heating systems.

These various types of data all provide insights into aspects of the housing system. They are an important component of the infrastructure of information necessary for the effective operation of the system.

7.3. Provincial Governments

While research activity in most provinces is more limited than that undertaken by CMHC, provincial departments of housing and municipal affairs undertake research as part of their program and policy development functions. This includes technical research to assist in development of provincial building codes, and needs analysis related to social housing and income assistance programs. In addition, as issues arise, provincial departments sometimes undertake and/or commission research projects on housing issues – sometimes in partnership with others (e.g. CMHC), sometimes on their own. In most cases, these analyses tend to focus on specific issues of direct relevance to provincial housing or urban policies or programs – or upcoming changes to these policies or programs.

7.4. Municipalities

As with provincial departments, the larger municipalities frequently undertake or commission studies of various aspects of the housing system relevant to their operations. As noted in Section 6.3, many municipalities are involved in housing programs. As such, they frequently undertake or commission research on various aspects of housing. They also collaborate on initiatives from time to time – for example, the Caucus of the Big City Mayors have collaborated in preparing briefs on housing issues and possible policy options.

Other examples include research commissioned by Metropolitan Toronto, in support of the housing stakeholder panel established in 1997. In Montreal, the City prepared a report which became the catalyst for the development and introduction of the City’s neighbourhood revitalization program.

Municipalities in British Columbia are now required by the Province to include a housing policy within their official community plans. This clearly will result in additional research on local housing issues in BC municipalities. Similarly, in Ontario, with the delegation of social housing administrative responsibilities to municipalities, additional research on housing needs and appropriate policy responses at the local level will be required.
7.5. **Other Participants**

There are a variety of other organizations which are involved in research and information dissemination in the housing system.

7.5.1. **ICURR**

The Intergovernmental Committee on Urban and Regional Research (ICURR) is a publicly and user-funded information and research centre that focuses on local governance, local finance, urban planning, local economic development and urban sustainability issues. ICURR was established to facilitate co-ordination of research and information sharing across all provincial and territorial jurisdictions – as noted in Section 7.1, CMHC is a partner in ICURR. The research agenda is established by a committee with representatives from the funding provinces and CMHC. The scope of ICURR’s research work covers the breadth of the housing system, ranging from municipal administration to technical research.

7.5.2. **Academic Institutions**

Research broadly related to the housing system is undertaken by a wide range of academics and consultants. Some of these researchers are attached to specific research institutes within universities, and are funded through a combination of provincial educational funding and research contracts. These centres provide a focal point for research on various aspects of housing – as well as programs providing degrees in planning, architecture and engineering. These institutes can be an important source of research, and can contribute to the policy and research development process at all three levels of government. The existence of a number of these independent institutes is a legacy of the CMHC role in developing expertise in the housing system through start-up assistance.

7.5.3. **Associations and Stakeholder Groups**

The various associations and stakeholder groups comprise an important set of actors in the housing system. These range from anti-poverty advocates and social housing representatives through the home building and development industry to the financial services community and professional associations. These associations and organizations have a keen interest in pursuing those aspects of housing in which their membership is specifically interested. Since they are often on the front-lines of changes and issues confronting various aspects of the housing system, they are frequently able to identify areas where research would be appropriate – as well as assisting in the direction of the research and in disseminating the results. These associations often participate with CMHC and others in research.
7.6. **Sum-Up – Research and Information Dissemination**

Research and the dissemination of research knowledge are essential for supporting and improving the efficient operation of the housing system. The main public sector actors in the area of housing research and information dissemination are:

- **CMHC** – clearly the pre- eminent source of housing research and disseminator of information related to housing in Canada, CMHC supports and undertakes a wide variety of research on all aspects of housing. In addition to research activities, CMHC sponsors awards programs, conferences, design competitions and demonstration projects on various matters related to housing and maintains CHIC, a significant resource for housing information.

- **NRC and NRCan** – these and other agencies and departments are heavily involved in technical research related to building materials and practices.

- **Statistics Canada** – as the agency responsible for the Census of Canada and a wide range of other information-related activities, Statistics Canada collects, analyzes and disseminates a wide range of data on most aspects of the housing system.

- **Provinces and municipalities** – most provinces and many municipalities undertake research on various aspects of the housing system – often jointly with CMHC. These research efforts tend to be focused on specific issues relevant to their policies or programs.

- **ICURR, academic institutions and association and stakeholder groups** – these organizations all undertake or sponsor research on various aspects of the housing system.
8. Canada's Housing System in Transition

The focus of this report has been on the roles played in Canada’s national housing system by the various levels of government and their agencies, as well as intergovernmental bodies. From the discussion in the previous chapters, it is clear that the ‘system’ which has evolved for the planning, construction, marketing, occupancy and management of Canada’s housing is, in many respects, the product of the collectivity and interactions of these public and quasi-public sector actors, and the functions they perform.

Public policy has played an important role in the development and evolution of Canada’s highly integrated and inter-dependent housing system. As the system has matured, the role of government has changed from one of direct market intervention – most evident in the initial post-war construction effort – to a more supportive and enabling one. Where once government actually undertook development and physically built and financed homes for Canadians, now public policy is directed at supporting the marketplace, and maintaining and improving the highly efficient housing system that has evolved.

As with any system, there are, over time, changes in the activities, roles and responsibilities of the various participants. When viewed from the perspective of the system as a whole at any one time, these changes tend generally to be relatively small and incremental in nature. However, change is constant – in the course of writing this report (over a period of roughly a year), the authors have had to alter numerous sections as a result of various changes affecting one or more participants in the system. Also, the changes resulting from the activities of one participant reverberate and have multiple impacts on other participants throughout the system.

Some changes result from pressures internal to the housing system – such as the transfer of responsibility for administration of social housing to the Provinces, or the commercialization of CMHC’s mortgage insurance operations. Others come from pressures external to the system – such as international financial trends that lead to actions by the Bank of Canada that, in turn, directly affect mortgage rates; or, the increased international interest in various aspects of Canada’s housing system, which has led not just to increased trade, but also the ‘export’ of various aspects of Canadian housing. Whatever the source of change, the system adjusts.

Canada's housing system, recognized as one of the best in the world, is by no small measure a consequence of the public policy framework which has been established by the various levels of government, working in concert with participants in all parts of the system. Canada’s housing system is important. Housing is a key element in the economy and provides a livelihood to many Canadians – as well as providing shelter. While it is generally recognized that housing is important, the essential role of the public policy environment in the housing system is not so generally understood.
This final chapter presents, first, an overview of some broad conclusions which can be reached based on the analysis in the preceding chapters, then a brief review of the roles played by the various levels of government in the housing system – as well as how these roles have evolved in recent years. The final section examines briefly some of the challenges which are driving change in the housing system – and will continue to do so in the future.

8.1. Conclusions Relating to Canada’s Housing System

A number of broad conclusions emerge from the description of the public policy environment for Canada’s housing system provided in the foregoing chapters:

- Canada’s housing system is extremely complex and involves a much wider range of public and private sector actors than is at first apparent – or is generally understood.

- Many aspects of the system are formal and recognizable as having an important influence on housing; others are not so evident, often because their impact is indirect – but they are nonetheless important.

- There is a significant degree of interdependence among the various participants in the system.

- The system is effective and efficient – and the fact that Canadians are among the best housed people in the world is a direct result of this efficiency.

- The system accommodates and encourages innovation and change – elements which have played an essential role in the affordability, accessibility, quality and choice of housing available to Canadians.

- The system itself is constantly changing and evolving in response to various social, economic and political influences.

- All levels of government play important roles in establishing the public policy environment within which the system operates – the public policy environment is, itself, an intrinsic and essential part of the system, both driving change and responding to it.

- The roles of the various levels of government in the housing system change and develop over time – but these changes tend to be relatively small and incremental, in relation to the totality of the system.

The roles played by the various levels of government, their agencies, and intergovernmental bodies, and how these roles have evolved in recent years are summarized briefly below.
8.1.1. The Federal Government

Various departments and agencies of the federal government are participants in the housing system. Overall management of the economy, financing (including interest rates and the supply of funds), taxation, regulation, immigration, human resources, export promotion, housing assistance, and research and information dissemination – and many other parts of the system – are all directly influenced by the actions of the federal government.

Federal agencies such as CMHC and NRC perform key roles in facilitating innovation and change within the system. They also provide an essential national focus for the resolution of issues which, while often within the constitutional jurisdiction of the provinces, nonetheless pose similar challenges for each province. By undertaking or overseeing appropriate research, promoting discussion, and disseminating knowledge and information, these agencies facilitate the establishment of national standards and approaches to common issues. If these issues were addressed individually by each province, the result would be a patchwork of differing regulations and approaches – with consequent increased costs, inefficiency, and economic loss. For example, CMHC’s research agenda and the broad dissemination of the results assist in promoting innovations and the efficient operation of various parts of the housing system. Another excellent example of the benefits which derive from the use of a coordinated national approach to important issues is the development and maintenance of the Model National Building Code, and the related technical research to accommodate new building products and systems. There are numerous other examples canvassed in this report, including those relating to infrastructure funding and the environment.

There are a number of national committees and councils which perform a role of facilitation and cooperation within the housing system. The National Housing Research Committee, the Canadian Council of Directors of Apprenticeship, the National Sector Teams (for export promotion), the Canadian Council of Ministers of the Environment, and the Provincial/Territorial Committee on Building Standards are examples of the many formal national intergovernmental bodies which serve the purpose of coordinating federal and provincial activities, resources and policy development in specific areas of mutual interest. In addition, ad hoc intergovernmental committees and task forces are established, on an as-needed basis, to address one or more issues on various aspects of the system. Depending on the nature of the issue, these typically involve officials from both the federal and provincial governments, and may involve municipal representatives and stakeholders from the private and third sectors. Also, officials of all three levels of government maintain an on-going informal liaison on matters of mutual interest.

8.1.2. Provincial/Territorial Governments

The provincial and territorial governments’ participation in the housing system reflects their constitutional jurisdiction over civil and property rights, including land use regulation and planning, and ‘matters of a local nature’. Provincial governments have ultimate jurisdiction over a number of critical parts of the housing system – planning and land use, building codes and
standards, training and education, labour standards and relations, business legislation and regulations, and land registration systems. Provinces are also influential in a number of other areas (e.g. taxation, finance, housing assistance, research and information dissemination).

Many of the provincial regulatory responsibilities in the areas of planning and land use, and enforcement of building regulations, are typically delegated to municipalities. Provinces exercise varying degrees of control over these areas. In some provinces, there is effectively no provincial oversight of municipal land use planning activities, while, in others, these plans are typically subject to approval by various provincial authorities. Most provinces have been pursuing efforts to streamline the approval process for municipal planning documents through actions such as centralizing the review and approval function. In some provinces, there has been further delegation of responsibilities to the municipalities in these areas.

In exercising their responsibilities in the housing system, each of the provincial governments generally faces similar challenges. While they do not always take the same course in addressing these challenges, provincial officials typically examine the approaches taken in other jurisdictions, and weigh their relevance and applicability to the particular circumstances of their province. The various formal and informal intergovernmental committees and councils perform a very useful function in disseminating information, and undertaking necessary research to assist provinces in addressing these challenges in a cost-effective and efficient manner.

8.1.3. Municipalities

As with the federal and provincial governments, municipalities play a significant role in the housing system. Their participation in the system is, however, different from that of the other two levels of government in that they have no constitutional authority – they are the statutory ‘creatures of the provinces’. The responsibilities of municipalities in housing are entirely derived through delegation from the provinces.

Due to different approaches taken among the ten provinces and two territories with respect to delegation of responsibilities to the municipal level of government, the influence of municipalities on housing varies across the country. Indeed, within provinces, there are variations in the degree of responsibility delegated to municipalities, depending generally on the size of the municipality. In some specific cases, such as Vancouver, Montreal and St. John’s, municipalities govern their affairs under a charter, rather than through general provincial legislation.

The main areas of municipal responsibility with respect to housing include land use planning, enforcement of building codes and standards, maintenance and occupancy regulations for the existing stock, property taxation, and various charges on new and existing housing, licencing of businesses and, to some extent, housing assistance.
8.1.4. Changes in Government Roles

The roles of the various levels of government in the housing system change and evolve over time; however, the changes tend to be relatively small and incremental in nature. These changes are generally the result of government efforts at rationalization to reduce overlap and duplication, improve efficiency, and provide better service. Examples of changes in government roles in the housing system in recent years include:

- The federal government has renewed CMHC’s mandate. The Corporation now operates under four key pillars: housing finance, research and information transfer, assisted housing, and international. In housing finance, CMHC will operate on a more commercial basis; it will continue to support affordability and choice, access to an adequate supply of low-cost funds for housing, and competition and efficiency in housing finance. CMHC’s mandate for research and information transfer remains unchanged – it will continue to focus on ways to improve housing and living conditions, and to support the marketplace. In assisted housing, funding will be maintained for existing commitments though administration of social housing is being transferred to the provinces; CMHC continues to be involved in on-reserve housing and specific initiatives targeted at special needs. CMHC’s international role involves products and services to help the housing industry pursue export opportunities abroad.

- CMHC has been negotiating with the provinces and territories to transfer responsibility for the administration of the existing portfolio of federally subsidized social housing. This will mean that, effectively, the provinces will have administrative control over the part of the social housing stock which is funded totally by the federal government, as well as the federal/provincial stock (though federal funding commitments to these projects will be maintained). The agreements specify that the provinces must respect federal principles and accountability requirements for the federally funded housing stock, as well as CMHC’s social housing agreements with third-party sponsors.

- Many provinces have developed non-cost-shared provincial housing programs. These programs often have different target groups and subsidy mechanisms than either the federal or the federal/provincial social housing programs of the past. The transfer of administrative responsibility for federally-sponsored social housing will concurrently reinforce the provincial role in consolidating administration of all social housing programs at one level. This is intended to improve access for needy households through a single window, and offers potential for reduced administrative expenditures through improved economy of scale and efficiency. Some provinces are also examining the integration of programs in the areas of social assistance, health and housing, in order to improve the efficiency and cost-effectiveness of public sector initiatives in these areas.

- Municipalities have become more active in the area of housing assistance – sometimes in concert with provincial initiatives. Many municipalities are taking the lead in researching
and promoting new approaches to developing and financing social housing – in part a reaction to reduced levels of federal and provincial funding for traditional social housing programs. As well, through innovative grass-roots initiatives such as those promoted by Homegrown Solutions or Affordability and Choice Today (ACT) – federal initiatives that encourage local innovation – municipalities and stakeholder groups are developing community and public/private partnerships to address housing issues.

- Many provinces have been delegating some of their regulatory and enforcement responsibilities with respect to housing to municipalities and other local authorities. In some cases, this has involved increased municipal regulatory responsibility for planning and land use – in some provinces, municipalities have been delegated approval authority for municipal plans, generally within the parameters specified by provincial policy statements or guidelines. Some provinces are also delegating responsibility for social housing to municipalities – in some cases, this includes the on-going funding of the social housing stock. In most parts of Canada, municipalities are already empowered to levy a charge on new developments for the provision of off-site services. In most cases, provinces restrict the amounts which can be charged for such off-site services, or prescribe the means of determining such charges. Some of the provinces which have not previously allowed municipalities to levy such charges now are reviewing this possibility.

- The federal government has reached Labour Market Development Agreements with most provincial and territorial governments to implement the ‘active employment’ programs of the EI system. Under these agreements, the federal government will transfer resources to the provinces to design and deliver programs covering matters such as wage subsidies, job creation, skills development and self-employment assistance. The new federal role reflects a shift from a role of provider and deliverer of programs to an increased emphasis on that of a broker and enabler. HRDC intends to work towards ‘helping people help themselves’ by reducing dependency on income support, enabling the transition to the knowledge-based economy, reducing barriers for those with special needs, and fostering flexible delivery arrangements in partnership with provinces and the private sector. In addition, HRDC retains its responsibilities for EI, the National Employment Service, the national dimension of the labour market information system, the promotion and support of national sectoral councils, providing support for labour market research and innovative projects, and delivering support for interprovincial labour mobility.

- Immigration is another area of recent federal/provincial agreements affecting the housing system. Since 1991, Quebec has had the authority to select independent and business immigrants – through recent agreements, other provinces will have greater involvement in developing immigration and settlement policies and programs. CIC is working with provinces to develop criteria for a provincial nominee class which would allow the provinces to choose skilled immigrants in order to fill labour market shortages in their region.
• In the area of the environment, the Canadian Environmental Assessment Agency continues to work with provincial governments and municipalities in an effort to harmonize the processes used in the environmental assessment of projects. The Canada-Wide Accord on Environmental Harmonization commits the federal government and the provinces (except Quebec) to work towards greater coordination in the delivery of environmental protection by clearly defining roles and responsibilities, promoting partnerships, and reducing duplication of effort. Also, the Climate Change Secretariat has been established to coordinate (in cooperation with the provinces) the development of a National Implementation Strategy to enable Canada to meet its greenhouse gas emission targets adopted as a result of the United Nations Convention on Climate Change in Kyoto.

8.2. Challenges

As noted, the housing system is in a constant state of change, in response to various internal and external forces. Some of the major changes and challenges which are likely to impact on the system in coming years include:

• Changes in the role of government – there is an on-going shift at all levels of government towards policies which are supportive of the marketplace. The various levels of government continue to play an important role in the system; however, their actions are increasingly focused on initiatives which facilitate private sector efficiency and competitiveness. Rather than spending programs and regulations, governments are promoting creative approaches which encourage market-driven solutions to issues.

• Maturing housing markets – demographics, changing tastes, the aging of the housing stock – all will have significant effects on the housing industry and the housing system. The housing industry will continue to make a major contribution to the Canadian economy; however, the nature of the industry will change as renovations account for an ever-increasing share of total activity. This, plus other on-going pressures, such as the need for appropriate financing mechanisms to support homeownership in an era of changes in the nature of work, will challenge both the industry and government to ensure that their products and policies are supportive of the changing housing market.

• Assisting those in need – in a climate of fiscal restraint at all levels of government, a continuing challenge will be to find new and creative ways to assist those whose housing needs are not met in the marketplace. It will become increasingly important to optimize the use of existing resources and to develop new ways to coordinate public and private resources to meet this need.

• The internationalization of the Canadian economy and the housing industry – in recent years, Canada has faced significant challenges and major opportunities in the new global
economy. This will continue and intensify over the foreseeable future. The possible merger of some of Canada’s major banks, and the potential for increasing competition in Canada’s mortgage financing market from foreign lending institutions are examples of the types of impacts exerted on the housing system by global pressures. With respect to trade, there is enormous potential for enhancing exports from the Canadian housing system – in various forms including products, systems, services and knowledge. At the same time, the housing system plays an important role in making Canada an attractive place for international investment – the quality and relative cost of Canada’s living environment are important considerations for companies and individuals seeking a place to invest.

- International cooperation – international agreements, such as those relating to the environment and international trade, will continue to present major challenges to parts of the housing system. The various levels of government will need to cooperate and coordinate their activities in areas such as internal trade barriers and harmonization of regulations and codes in order to sustain Canada’s place in the global economy. To meet Canada’s environmental commitments, government and industry will need to work together to promote change in ways consistent with Canada’s social and economic interests.

- Technological change – all aspects of the housing industry and the housing system in general are experiencing challenges and opportunities due to various types of technological change. Rapidly advancing information systems and technology have significant implications for skills development and the systems and products used in housing.
Appendix A

Acronyms Used in the Report
## Appendix A – Acronyms Used in the Report

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>Affordability and Choice Today</td>
</tr>
<tr>
<td>AIT</td>
<td>(Federal/Provincial) Agreement on Internal Trade</td>
</tr>
<tr>
<td>BMEC</td>
<td>(Ontario) Building Materials Evaluation Commission</td>
</tr>
<tr>
<td>CCBFC</td>
<td>Canadian Commission on Building and Fire Codes</td>
</tr>
<tr>
<td>CCC</td>
<td>Canadian Codes Centre (at IRC)</td>
</tr>
<tr>
<td>CCDA</td>
<td>Canadian Council of Directors of Apprenticeship</td>
</tr>
<tr>
<td>CCMC</td>
<td>Canadian Construction Materials Centre (at NRC)</td>
</tr>
<tr>
<td>CCME</td>
<td>Canadian Council of Ministers of the Environment</td>
</tr>
<tr>
<td>CCFPPH</td>
<td>Canadian Centre for Public-Private Partnerships in Housing (at CMHC)</td>
</tr>
<tr>
<td>CDIC</td>
<td>Canada Deposit Insurance Corporation</td>
</tr>
<tr>
<td>CEA</td>
<td>Canadian Environmental Assessment Agency</td>
</tr>
<tr>
<td>CHBA</td>
<td>Canadian Home Builders’ Association</td>
</tr>
<tr>
<td>CHEC</td>
<td>Canadian Housing Export Centre</td>
</tr>
<tr>
<td>CHIC</td>
<td>Canadian Housing Information Centre</td>
</tr>
<tr>
<td>CHMOS</td>
<td>Canadian Housing Markets On-Line Service</td>
</tr>
<tr>
<td>CHST</td>
<td>Canada Health and Social Transfer</td>
</tr>
<tr>
<td>CIC</td>
<td>Citizenship and Immigration Canada</td>
</tr>
<tr>
<td>CIDA</td>
<td>Canadian International Development Agency</td>
</tr>
<tr>
<td>CLC</td>
<td>Canada Lands Company</td>
</tr>
<tr>
<td>CLFDB</td>
<td>Canadian Labour Force Development Board</td>
</tr>
<tr>
<td>CLIP</td>
<td>Chattel Loan Insurance Program</td>
</tr>
<tr>
<td>CMHC</td>
<td>Canada Mortgage and Housing Corporation</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CPTED</td>
<td>Crime Prevention Through Environmental Design</td>
</tr>
<tr>
<td>CREA</td>
<td>Canadian Real Estate Association</td>
</tr>
<tr>
<td>CSA</td>
<td>Canadian Standards Association</td>
</tr>
<tr>
<td>DBR</td>
<td>Division of Building Research (at NRC)</td>
</tr>
<tr>
<td>DFAIT</td>
<td>Department of Foreign Affairs and International Trade</td>
</tr>
<tr>
<td>DFO</td>
<td>Department of Fisheries and Oceans</td>
</tr>
<tr>
<td>DIAND</td>
<td>Department of Indian Affairs and Northern Development</td>
</tr>
<tr>
<td>EDC</td>
<td>Export Development Corporation</td>
</tr>
<tr>
<td>EI</td>
<td>Employment Insurance</td>
</tr>
<tr>
<td>ELE</td>
<td>Electronic Labour Exchange</td>
</tr>
<tr>
<td>ERP</td>
<td>External Research Program</td>
</tr>
<tr>
<td>FLMM</td>
<td>Forum of Labour Market Ministers</td>
</tr>
<tr>
<td>F/P/T</td>
<td>Federal/Provincial/Territorial</td>
</tr>
<tr>
<td>GIC</td>
<td>Guaranteed investment certificates</td>
</tr>
<tr>
<td>GDS</td>
<td>Gross Debt Service (Ratio)</td>
</tr>
<tr>
<td>CHST</td>
<td>Canadian Health and Social Transfer</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>HASI</td>
<td>Home Adaptations for Seniors Independence</td>
</tr>
<tr>
<td>HIFE</td>
<td>Household Income Facilities and Equipment (Statistics Canada data file)</td>
</tr>
<tr>
<td>HRDC</td>
<td>Human Resources Development Canada</td>
</tr>
<tr>
<td>HST</td>
<td>Harmonized Sales Tax</td>
</tr>
<tr>
<td>IAS</td>
<td>Industrial Adjustment Service</td>
</tr>
<tr>
<td>ICURR</td>
<td>Intergovernmental Committee on Urban and Regional Research</td>
</tr>
<tr>
<td>IRAP</td>
<td>Industrial Research Assistance Program</td>
</tr>
<tr>
<td>IRC</td>
<td>Institute for Research in Construction (at NRC)</td>
</tr>
<tr>
<td>ITCs</td>
<td>International Trade Centres</td>
</tr>
<tr>
<td>MIF</td>
<td>Mortgage Insurance Fund</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>MBS</td>
<td>Mortgage backed securities</td>
</tr>
<tr>
<td>NAC</td>
<td>National Apprenticeship Committee</td>
</tr>
<tr>
<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
</tr>
<tr>
<td>NBC</td>
<td>National Building Code</td>
</tr>
<tr>
<td>NBHC</td>
<td>New Brunswick Housing Corporation</td>
</tr>
<tr>
<td>NCE</td>
<td>Network of Centres of Excellence</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Government Organization</td>
</tr>
<tr>
<td>NHA</td>
<td>National Housing Act</td>
</tr>
<tr>
<td>NHRC</td>
<td>National Housing Research Committee</td>
</tr>
<tr>
<td>NLHC</td>
<td>Newfoundland and Labrador Housing Corporation</td>
</tr>
<tr>
<td>NOC</td>
<td>National Occupation Classification</td>
</tr>
<tr>
<td>NRC</td>
<td>National Research Council</td>
</tr>
<tr>
<td>NRCan</td>
<td>Natural Resources Canada</td>
</tr>
<tr>
<td>NRTEE</td>
<td>National Round Table on the Environment and Economy</td>
</tr>
<tr>
<td>NSAS</td>
<td>National Sectoral Adjustment Service</td>
</tr>
<tr>
<td>NSERC</td>
<td>National Sciences and Engineering Research Council</td>
</tr>
<tr>
<td>NSS</td>
<td>National Standards System</td>
</tr>
<tr>
<td>NST</td>
<td>National Sector Teams</td>
</tr>
<tr>
<td>NWTHC</td>
<td>Northwest Territories Housing Corporation</td>
</tr>
<tr>
<td>OEE</td>
<td>Office of Energy Efficiency (at NRCan)</td>
</tr>
<tr>
<td>OHC</td>
<td>Ontario Housing Corporation</td>
</tr>
<tr>
<td>ONHWP</td>
<td>Ontario New Home Warranty Program</td>
</tr>
<tr>
<td>OSGF</td>
<td>Office of the Superintendent of Financial Institutions</td>
</tr>
<tr>
<td>PERD</td>
<td>Panel on Energy Research and Development</td>
</tr>
<tr>
<td>PIPES</td>
<td>Program to Improve Provincial Economic Statistics</td>
</tr>
<tr>
<td>PIT</td>
<td>Principal, interest and taxes</td>
</tr>
<tr>
<td>PITH</td>
<td>Principal, interest, taxes and heating</td>
</tr>
<tr>
<td>PTCBS</td>
<td>Provincial/Territorial Committee on Building Standards</td>
</tr>
<tr>
<td>PWGSC</td>
<td>Public Works and Government Services Canada</td>
</tr>
<tr>
<td>RCMP</td>
<td>Royal Canadian Mounted Police</td>
</tr>
<tr>
<td>RRAP</td>
<td>Residential Rehabilitation Assistance Program</td>
</tr>
<tr>
<td>RRSP</td>
<td>Registered Retirement Savings Plan</td>
</tr>
<tr>
<td>SBLA</td>
<td>Small Business Loans Act</td>
</tr>
<tr>
<td>SCC</td>
<td>Standards Council of Canada</td>
</tr>
<tr>
<td>SDOs</td>
<td>Standards Development Organizations</td>
</tr>
<tr>
<td>SPI</td>
<td>Sectoral Partnership Initiative</td>
</tr>
<tr>
<td>SSHRC</td>
<td>Social Sciences and Humanities Research Council</td>
</tr>
<tr>
<td>UFFI</td>
<td>Urea Formaldehyde Foam Insulation</td>
</tr>
<tr>
<td>UI</td>
<td>Unemployment Insurance</td>
</tr>
<tr>
<td>WCB</td>
<td>Workers’ Compensation Board</td>
</tr>
<tr>
<td>WHMIS</td>
<td>Workplace Hazardous Materials Information System</td>
</tr>
<tr>
<td>YHC</td>
<td>Yukon Housing Corporation</td>
</tr>
</tbody>
</table>
Index

Accessory apartments, 89
Affordability and Choice Today (ACT), 72, 102, 113
Agreement on Internal Trade (AIT), 47, 48
Alberta, 16, 34, 35, 52, 53, 54, 66, 78, 79, 86, 87, 97
American Society for Testing and Materials, 79
Atlantic Canada Opportunities Agency (ACOA), 71
Bank Act, 23, 24, 25, 29
Bank of Canada, 21, 22, 23, 24, 30, 104, 109
Bankruptcy and Insolvency Act, 55, 70
British Columbia, 16, 24, 35, 65, 82, 88, 97, 105
British North America Act, 13
Bureau de normalization du Quebec, 79
Business Development Bank of Canada, 27

Canada Business Corporations Act, 52
Canada Customs and Revenue Agency, 34
Canada Deposit Insurance Corporation (CDIC), 24, 26
Canada Health and Social Transfer, 94
Canada Infrastructure Works, 14, 71, 72, 73
Canada Lands Company (CLC), 69, 73
Canada Mortgage and Housing Corporation (CMHC), 4, 6, 14, 15, 17, 18, 23, 25, 26, 27, 28, 29, 30, 31, 40, 46, 54, 58, 59, 61, 67, 70, 71, 72, 73, 75, 81, 82, 83, 85, 89, 90, 91, 93, 94, 95, 96, 97, 98, 99, 101, 102, 103, 104, 105, 106, 107, 109, 111, 113
Canada Pension Plan, 30, 31
Canada-Wide Accord on Environmental Harmonization, 69, 114
Canadian Centre for Housing Technology, 82
Canadian Centre for Public-Private Partnerships in Housing (CCPPPH), 15, 94

Canadian Charter of Rights and Freedoms, 87
Canadian Codes Centre (CCC), 74, 75, 76
Canadian Commercial Corporation, 58, 59
Canadian Commission on Building and Fire Codes (CCBFC), 74, 75, 76, 77, 78, 79, 81, 83
Canadian Construction Materials Centre (CCMC), 60, 74, 80, 83
Canadian Council of Directors of Apprenticeship (CCDA), 44, 45, 48, 50, 111
Canadian Council of Ministers of the Environment (CCME), 69, 111

Canadian Environmental Assessment Act, 69
Canadian Environmental Assessment Agency (CEAA), 69, 114
Canadian General Standards Board, 79
Canadian Home Builders’ Association (CHBA), 4, 31, 54, 55
Canadian Housing Export Centre (CHEC), 58

Canadian Housing Information Centre (CHIC), 103, 106
Canadian Housing Markets On-Line Service (CHMOS), 103
Canadian International Business Strategy for Building Products, 61
Canadian International Development Agency (CIDA), 58, 61
Canadian Labour Force Development Board (CLFDB), 44, 50
Canadian Non-Profit Housing Foundation, 33
Canadian Real Estate Association (CREA), 54
Canadian Standards Association (CSA), 79, 80
CANMET Energy Technology Centre (CETC), 60
Caucus of the Big City Mayors, 105
Chattel Loan Insurance Program (CLIP), 29
Citizenship and Immigration Canada (CIC), 16, 40, 41, 50, 114
Climate Change Action Fund, 70
Climate Change Secretariat, 70, 114
Commission of Inquiry into the Quality of Condominium Construction in British Columbia, 83

Community Planning Act, 65
Companies Act, 24, 25, 51
Companies Creditors Act, 70
Competition Act, 52, 53, 56
Competition Bureau, 52, 53, 54

Condominium Act, 86
Conference Board of Canada, 103
Constitution Act, 13

Construction Lien Act, 53
Consumer Protection Act, 52
Contract Payment Reporting System, 33
Crime Prevention Through Environmental Design (CPTED), 67

Department of Canadian Heritage, 90, 91
Department of Fisheries and Oceans (DFO), 65, 70, 71, 73

Department of Foreign Affairs and International Trade, 58
Department of Indian Affairs and Northern Development (DIAND), 72, 73
Department of Justice, 32, 33, 56, 57

Department of National Revenue Act, 31
Direct Sellers Act, 52
Electronic Labour Exchange (ELE), 46
Emergency Repair Program (ERP), 94, 95, 96
Emili, 28

Employment Insurance, 31, 32, 42
Employment Insurance Commission, 55
Energy Efficiency Act, 80

EnviroHome, 103
Environment Canada, 73, 102
Index

Export Development Corporation (EDC), 58, 60
External Research Program, 102

Federal Court, 55, 56
Federal Office of Regional Development - Quebec (FORD-Q), 71
Federal/Provincial/Territorial Subcommittee on Housing and Building Codes, 77
Finance Canada, 21, 23, 24, 26, 30, 31, 33, 34, 39, 90
First Home Loan Insurance Program, 28
First Nations and Inuit Youth Housing Internship Initiative, 94
Fisheries Act, 70
FlexHousing Initiative, 82
Forum of Labour Market Ministers (FLMM), 47, 50
General Electric Capital Mortgage Insurance Canada, 25, 28

General Occupation List, 41
Greater Vancouver Regional District, 66

Hazardous Products Act, 80
Health Canada, 80, 88
Healthy Housing Demonstrations, 82, 102
Heritage Canada, 90, 91
Home Adaptations for Seniors Independence (HASI), 94
Home Buyers’ Plan, 29, 33
Homegrown Solutions, 94, 113
Housing Awards Program, 102
Housing Internship Initiative for First Nations and Inuit Youth, 72
Human Resources Development Canada (HRDC), 33, 40, 41, 42, 43, 44, 45, 46, 47, 50, 114

Immigration Review Board, 55
Indian Act, 72
Industrial Cooperation Program, 61
Industrial Research Assistance Program (IRAP), 75
Industrial Technology Advisors, 75
Industry Canada, 27, 52, 53, 58, 59, 61, 70, 71, 74, 101
Institute for Research in Construction (IRC), 60, 74, 75, 76, 77, 80, 81, 83, 101
Interest Act, 26
Intergovernmental Committee on Urban and Regional Research (ICURR), 102, 105, 107
International Trade Centres, 58

Labour Force Survey, 103, 104
Labour Market Development Agreements, 43, 114
Land Use Planning and Protection Act, 65
Law Society of Upper Canada, 56

Major Industrial Accidents Council of Canada, 67
Manitoba, 16, 35, 52, 53, 86, 88, 96
Market Analysis Centre, 103

Meewasin Valley Authority, 68
Montreal, 13, 78, 99, 105, 112
Mortgage backed securities (MBS), 29, 30
Mortgage Insurance Fund (MIF), 28, 30
Municipal Act, 53, 65
Municipal Government Act, 65

National Apprenticeship Committee (NAC), 44, 50
National Building Code (NBC), 5, 14, 46, 60, 63, 72, 75, 76, 111
National Capital Commission, 68
National Employment Service, 45, 114
National Energy Use Data Base, 104
National Fire Code, 72, 76
National Fire Protection Association, 79
National Housing Act (NHA), 12, 14, 27, 28, 29, 75, 101
National Housing Research Committee (NHRC), 18, 102, 111
National Occupation Classification (NOC), 43
National Plumbing Code, 76
National Research Council (NRC), 4, 46, 58, 60, 67, 72, 74, 75, 79, 80, 81, 82, 83, 107, 111
National Round Table on the Environment and Economy, 70
National Sector Teams (NSTs), 59, 61, 111
National Sectoral Adjustment Service (NSAS), 45, 50
National Standards System (NSS), 61, 79
National Strategic Framework for Canada’s Housing Exporters, 58
Natural Resources Canada (NRCan), 46, 58, 60, 70, 80, 81, 82, 83, 89, 90, 91, 101, 104, 107
Natural Sciences and Engineering Research Council (NSERC), 101
Network of Centres of Excellence (NCE), 101
New Brunswick, 16, 32, 35, 37, 87, 96
New Brunswick Housing Corporation (NBHC), 96
New Homes Month, 103
Newfoundland, 16, 32, 35, 38, 78, 88, 95
Newfoundland and Labrador Housing Corporation (NLHC), 16, 95
NoRTH Committee, 82
Northwest Territories, 11, 16, 53, 97
Northwest Territories Housing Corporation (NWTHC), 16, 97
Nova Scotia, 16, 32, 34, 35, 69, 86, 87, 95

Office of Energy Efficiency (OEE), 89
Office of the Superintendent of Financial Institutions (OSFI), 24
On-Reserve Non-Profit Housing Program, 72
Ontario, 16, 18, 22, 24, 30, 34, 35, 37, 38, 52, 53, 54, 61, 66, 71, 78, 79, 80, 86, 88, 89, 96, 99, 105
Ontario Building Code Commission, 78
Ontario Building Materials Evaluation Commission, 80
Index

Ontario Building Officials Association, 79
Ontario Housing Corporation (OHC), 96
Ontario International Trade Corporation, 61
Ontario Municipal Board, 66
Ontario New Home Warranty Program (ONHWP), 52, 53, 54
Ottawa, 6, 68, 82, 93, 98
Panel on Energy Research and Development (PERD), 81
Planning Act, 89
Prince Edward Island, 16, 32, 37, 38, 78, 88, 96
Program to Improve Provincial Economic Statistics (PIPES), 103, 104
Provincial/Territorial Committee on Building Standards (PTCBS), 74, 76, 77, 78, 79, 81, 83, 111
Public Works and Government Services Canada (PWGSC), 16, 68, 73
Quebec, 5, 16, 18, 24, 32, 34, 35, 36, 37, 40, 49, 53, 54, 61, 68, 69, 71, 87, 88, 96, 114
Quebec Bureau of Export Promotion, 61
Quebec-Canada Accord, 40
R-2000 Program, 46, 81
Red Seal Program, 43, 48, 50
Registered retirement savings plans (RRSPs), 29
Registry of Product Evaluations, 80
Renovation Month, 103
Rent Review Act, 87
Residential Rehabilitation Assistance Program (RRAP), 15, 46, 94
Revenue Canada, 31, 32, 33, 34, 35, 39, 80
Risk-Based Land Use Planning Guidelines, 67
Saint John, 37
Saskatchewan, 16, 38, 53, 68, 86, 87, 97
Saskatoon, 68, 89, 99
Sectoral Partnership Initiative (SPI), 45, 46, 47, 50
Shelter Enhancement Program, 94
Skills Canada, 46
Small Business Loans Act (SBLA), 27

Social Sciences and Humanities Research Council (SSHRC), 101
Société d’habitation du Québec (SHQ), 16, 96
St. John’s, 13, 78, 112
Standards Council of Canada (SCC), 61, 79, 80, 83
STAR data base, 90
Statistics Canada, 101, 103, 104, 107
Strategis Internet Service, 59
Sudbury, 37
Supreme Court of Canada, 55, 56
Team Canada, 57, 58
Technical Guide for Urban Infrastructure, 72
Tenant Protection Act, 88
The Drinking Water Materials Safety Act, 80
Toronto, 38, 49, 54, 69, 82, 98, 102, 105
Trade Commissioners, 58
Transport Canada, 67
Treasury Board, 71
Trust and Loan Companies Act, 24, 25

UI Act, 42
Urea formaldehyde foam insulation (UFFI), 80, 89

Vancouver, 13, 54, 78, 82, 98, 102, 112
Warranty programs, 11, 46, 53, 81, 82
Western Economic Diversification (WED), 71
Winnipeg, 39, 71
Women in Trades, Technology, Operations and Blue Collar Work (WITT), 47
Workers’ Compensation Board (WCB), 10, 36, 46, 48, 49, 50, 55, 82
Workplace Hazardous Materials Information System (WHMIS), 4, 49
Workshop on Canadian Urban Indicators, 102
Yukon, 11, 16, 36, 53, 97
Yukon Housing Corporation (YHC), 16, 97