

Housing For People

Programs of the British Columbia Department of Housing

Birth of a Department

Canada's first provincial Department of Housing was established in British Columbia on November 15, 1973, by proclamation of the *Department of Housing Act*.

The Department's functions are: "to supervise, acquire, develop, maintain, improve, and dispose of housing in the Province" and to perform other duties assigned by the cabinet.

The Department also administers the following Acts and Funds:

- *Elderly Citizens' Housing Aid Act*
- *Housing Act*
- *Housing Fund*
- *Leasehold and Conversion Mortgage Loan Act*
- *Provincial Home Acquisition Act*
- *Provincial Home Acquisition Fund*
- *Provincial Home-owner Grant Act*
- *Renters Resource Act*
- *School Tax Removal and Resource Grant Fund*
- *Strata Titles Act*

For several years before the new Department was established, the Province's housing programs were administered by various departments and there was only one full-time civil servant responsible for social housing.

Existing programs have now been consolidated from the departments of Finance, Provincial Secretary, and Municipal Affairs. Additional staff is being recruited to handle the Department's new and expanding programs.

District offices will be set up at Cranbrook, Kelowna, Prince George, Vancouver and Victoria.

More Money for Housing

The allocation of \$115,593,000 by the 1974 provincial budget to the new Department, \$102,183,000 more than in 1973, indicates the importance the government attaches to meeting the housing needs of British Columbia.

For land assembly and servicing, neighbourhood improvement, and co-operative and family rental housing, the *Housing Fund* was established. It replaced the \$10-million *Housing Incentive Fund* established by the *Housing Incentive Fund Act* and repealed by the *Department of Housing Act*. The unexpended balance from the *Housing Incentive Fund* plus additional advances raised the *Housing Fund* to \$20 million in 1974. Another \$50 million was added to the fund by the 1974 provincial budget.

The \$220-million *Provincial Home Acquisition Fund* received a boost of \$40 million in 1974 to help provide first leasehold mortgages and home conversion loans besides the home acquisition grants and second mortgage loans financed by this fund.

To fulfill the government's promise to gradually remove school taxes from owner-occupied residences and family farms, a \$15-million *School Tax Removal and Resource Grant Fund* was established in 1974. The *Fund*, administered by the Department, provides a minimum payment of \$30 and up to \$40 to all homeowners.

The \$10 million allocated in 1974 for senior citizens' self-contained and hostel accommodation plus the \$2 million allotted for personal and intermediate care facilities is more than double the amount of any previous year.

And as a result of the provincial government's vigorous housing activity, British Columbia exceeded in 1973 its Central Mortgage and Housing Corporation (CMHC) allocation for the first time. A commitment of \$72.2 million for family and senior citizens' rental housing and land assembly was more than triple the amount in any previous year and represented about two-thirds of the total allocated in the entire previous decade.

Assembling and Servicing Land

The key to meeting our housing needs is an orderly supply of reasonably-priced serviced land. Without serviced land housing cannot be built.

There is no land shortage, but raw land reserves must be converted into serviced parcels of land for building.

Land assembly and servicing is one of the Department's top priorities. This program began when the \$10-million *Housing Incentive Fund* was established on March 31, 1973.

Building Homes

Within the first year of its operation, the Department had launched a program of building 21,412 units of social housing, including 7,299 provincial rental units, 1,804 provincial senior citizens' units, 4,607 non-profit senior citizens' units, 1,239 special care beds, 1,819 par value co-operative homes, 85 building co-operative dwellings, 212 remote areas housing units, 3,621 units in residential subdivisions, and 1,127 pads in mobile home parks and subdivisions.

To place the Department in a position of building homes as quickly as possible, the government acquired Dunhill Development Corporation Ltd., a British Columbia company with an excellent reputation in the building development field.

This acquisition made available to the Department an immediate source of management, construction, and development expertise.

Dunhill is handling the Department's Proposal Call Housing Program.

On receipt of a resolution directed to the Minister of Housing from a municipal council, an evaluation is conducted of the need for family rental housing in the municipality by the Department. If the need is there, Dunhill arranges for a Proposal Call Program.

This program calls for rental housing designed for families in good locations and at reasonable cost. It encourages improvements and innovations in house construction, design, and land use.

A 24-unit pilot project in Burnaby based on the "Habitat" or terraced-cluster housing concept is being studied by the Department and may provide acceptable family housing at a density of some 30 units per acre.

Developers are invited to come forward with proposals for the construction of rental housing on their own land or on land owned by the Crown. These proposals are evaluated by a selection committee as to price, location, and quality. On completion, these homes will be rented to a wide range of income groups by the British Columbia Housing Management Commission.

Residential Land Lease Program

The Department leases individual lots of land to families to lower the cost of owning a home where it is developing subdivisions through land assembly or from Crown lands.

Residential land leasing is an accepted and established custom in North America, Scandinavia, and Europe.

Term of lease is generally 60 years. At the end of the term, if the Department does not extend the lease, it will compensate the lessee for the value of the improvements. If agreement cannot be reached on the value, there are provisions for arbitration. This ensures that there will be inducements to properly maintain the homes for the period of the lease.

Some advantages of a land lease is that it requires no down payment, except for a \$300 security deposit that will be refunded if the house is substantially completed or occupied within a year. With the Provincial Home Acquisition Grant of up to \$1,000, the total payment for the house is substantially reduced.

Also there is no ground rent for the first year, except when the house is already constructed, so that the lessee is not required to make payments until the house is occupied.

The current annual ground rent is eight per cent of the initial cost of the land. This allows persons with modest incomes to qualify for a home as the amount of the mortgage loan is decreased.

The house itself can be sold or the lease assigned at any time and any price. However, the ground rent is then adjusted on the basis of the then value of the bare land. The purchaser pays any increase in the ground rent attributable to any increase in the value of the bare land. There are provisions for arbitration if agreement cannot be reached on the value of the land.

If the home-owner ceases normal occupation of the house, or the house is rented or sublet, the ground rent is adjusted on the basis of the then value of the land at eight per cent. This ground rent is adjusted each year while the house is rented and precludes the home-owner from taking any profit from the increased value of the land in which he did not invest any capital.

This lease is acceptable to CMHC and most private mortgage companies for the purpose of obtaining insured mortgage loans under the *National Housing Act*.

All leased lots will be widely advertised as they become available.

If there are many applications for an individual lot, a draw will be held. Merchant builders can also qualify for leased lots.

serviced land, the Department is attempting to find new methods of combining land, houses, and people comfortably and effectively.

Because of soaring land costs and the limited availability of

The new *zero-lot-line* concept is one solution.

Instead of siting a house on a lot in the traditional way, the concept permits a home to be built on either side of the lot, at the very back, or right up front.

It is a radical departure from the monotonous row housing associated with conventional subdivisions.

Homes built the *zero-lot-line* way are staggered, clustered, and grouped attractively, creating a warmer, people-oriented neighbourhood with an open feeling.

There is no waste space, no traditional planning restrictions on the size of the side yards, and above all, it is more economical and a pleasant way to share the land beautifully.

Leasehold Mortgage Loans

To encourage families to build their own homes on land leased from the provincial government, leasehold mortgage loans are available at moderate or reduced interest rates.

The *Leasehold and Conversion Mortgage Loan Act* allows a first mortgage loan of up to \$30,000. The loan, up to 95 per cent of the value of the home, is based on the appraised value of the building after completion of all construction.

The Provincial Home Acquisition Grant of up to \$1,000 for construction of a new home is also available.

The interest rate on the first mortgage loan is at present 10 per cent.

Low income families can apply for a reduced rate, calculated so that total payments do not exceed 25 per cent of the family's adjusted income (total annual family income minus \$1,000 per annum for a working spouse). The interest rate can then be reduced to as low as five per cent by way of a FREE LOAN.

The FREE LOAN bears no interest, but is repayable on sale of the dwelling or assignment of the lease — except for a forgiveness of one third of the FREE LOAN or \$25 a month whichever is less.

ELIGIBILITY

The leasehold mortgage loans are available only to person(s) with a dependent child under 18, or where over 18, is permanently disabled or attending a full-time learning institution.

These loans are available only for NEW housing and designated developments.

Applications will only be approved on dwellings that meet the normal requirements of the applicant and dependents.

The reduced interest rates are available only where the applicant or the spouse has resided in the province for any consecutive period of five years previously, OR was born in British Columbia. If neither of these requirements are met, then a reduced interest loan can be made only if the applicant or the spouse has resided in the province for a continuous period of two years immediately preceding the date of the application of the loan.

Home Conversion Mortgage Loans

To increase rental accommodation and residential densities in large urban areas, without disrupting neighbourhoods with comprehensive redevelopment, the Department provides financial assistance to homeowners to enable them to convert their single-family dwellings into rental suites, duplexes, and multi-unit accommodation.

Huge capital expenditures are not required as these areas are already fully serviced with water, sewage, electric power, social facilities and transportation.

All conversion plans must comply with local zoning and building by-laws.

Regulations under the *Leasehold and Conversion Mortgage Loan Act* allow:

- A first mortgage loan of up to \$12,000 for an initial new unit and up to \$6,000 for additional units in the same building *if* the property does not have an existing first mortgage. The interest rate is eight per cent.
- A second mortgage loan of up to \$12,000 for an initial new unit and up to \$6,000 for additional units in the same building. The interest rate is nine per cent.

A conversion mortgage loan at nine per cent interest rate is allowed for a dwelling having an existing second mortgage loan under the *Provincial Home Acquisition Act*.

Loans are repayable over 20 years and have a five-year term. Up to two per cent — or a maximum of \$240 — of the loan can be used to cover design costs.

Co-operative Housing

The Department places heavy emphasis on co-operative housing as it is the most satisfactory and fulfilling way of providing good and adequate housing to British Columbians at a reasonable price. It subscribes to the principle that housing is for shelter, not investment.

Co-operatives provide many of the benefits of home-ownership, but, co-operative housing members choose to forego speculation for reduced shelter costs.

A housing co-operative is a group incorporated under the *Co-operatives Association Act* to own and control housing developments. The group usually becomes involved in the design and building of their future homes and always takes responsibility for future management.

Homes are owned collectively, rather than individually, and are leased to shareholders.

Co-operative housing is non-profit. A restricted resale price is accepted in exchange for good quality housing at a relatively low price. An individual can become a co-operative member by buying a share, the amount of which differs depending on the size of the home being leased.

The monthly payments to the co-operative also differ and depend on individual income and dwelling size.

All residents are co-operative shareholders and are entitled to vote on co-operative business. The general membership elects a board of directors that conducts the affairs of the co-operative.

An individual can sell his shares to the co-operative or, with the co-operative's permission, to a prospective member.

In either case, the resale is controlled and is based on the current dollar value of the share plus costs of any improvements to the interior of the house credited to the individual up to an amount determined by the co-operative.

PROVINCIAL ASSISTANCE:

- Purchase of land for co-operatives or preference in the disposition of land owned by the province.
- A land lease at four per cent of market value with the ground rent payable only after the development is occupied.
- A grant equal to 10 per cent of the construction costs paid over the initial five-to-ten years to reduce rents.
- Funds for deposits and rent supplements for low-income residents.
- Interim financing pending CMHC loan advances.
- The Provincial Home Acquisition Grant of up to \$1,000 for each housing unit.
- The Provincial Home-owner Grant.

The United Housing Foundation, a non-profit organization established in 1972 to promote the development of housing co-operatives, provides reliable technical guidance to groups intending to form co-operatives. It extends to the counselling through the various organizational stages of incorporation and development and helps them to acquire land or property, arranges financing, provides technical assistance on design and construction matters, educational material on management policy, and generally helps to facilitate prospective co-operative groups.

The Foundation's services are partly funded by grants from the Department.

ELIGIBILITY

Any group of families or senior citizens can form a non-profit housing co-operative.

They must be prepared to subscribe to the principles of par value co-operative ownership.

There is no individual family income limit. However, the average income of all members should not exceed that established for the project by the CMHC.

Building Co-operatives Program

The Department has launched an experimental building co-operatives program that will provide residents of the province with opportunities to build homes with their own labour.

Building co-operatives are well established in Nova Scotia where some 4,300 homes have been built under this scheme. Groups of 10 to 12 persons banded together to study building methods during winter and the following summer they did the construction work.

A building co-operative co-operates up to the point of completion of their homes. In some cases, however, they may continue to handle monthly payments as a group until the mortgages are paid up.

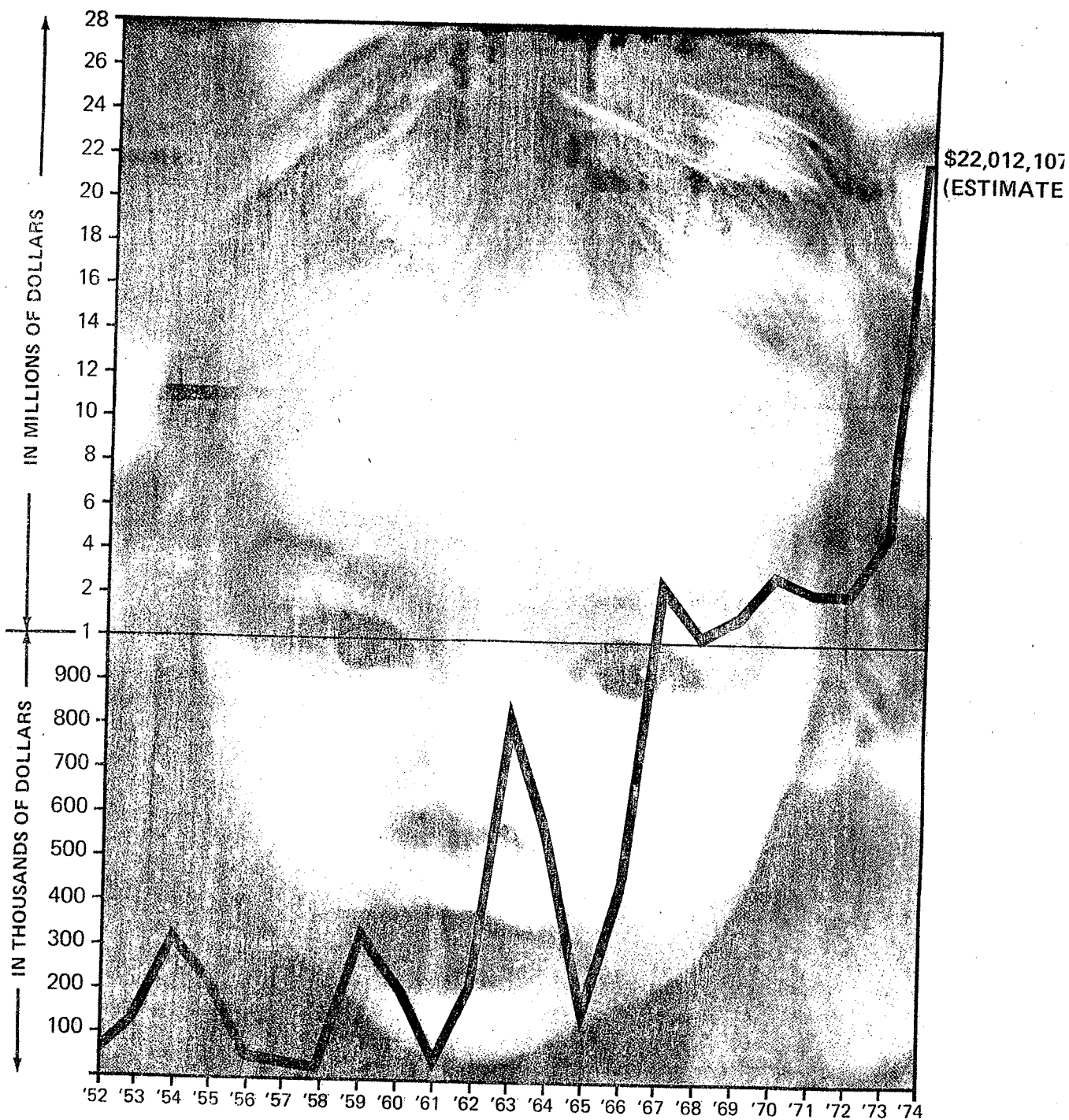
Homeownership rests with the individual.

Building co-operatives are best suited for small towns. They should have a minimum of six members.

The Department's assistance includes consultant services, leasing of serviced lots, interim financing, and a first mortgage.

The program is generally more suitable for people living outside the Greater Vancouver and Greater Victoria areas.

Provincial Expenditures on Rental Housing



Provincial Rental Housing

A major new program to build and operate provincially-owned rental units for everyone, not just the disadvantaged, has been launched by the Department.

These houses will be rented to a wide range of income groups with rent supplements for those who need assistance.

All new projects will have ample social and recreational facilities.

The British Columbia Housing Management Commission, the agency that manages the accommodation, has been reconstituted with a fresh mandate. The Commission's new directions include the implementation of an innovative rent supplement program shared on a 50-50 basis with the federal government.

This program will permit a broader income mix in projects. The Commission now has a portfolio of some 4,300 family and senior citizens dwelling units. Municipal Councils can apply for such housing by sending a resolution to the Minister of Housing.

To encourage municipalities to request family rental housing and to co-operate in its development, the 12.5 per cent operating subsidy that was previously required from municipalities has been abolished for new projects approved after April 1, 1974. This lessens the cost of social programs to municipal ratepayers.

All family rental projects pay a grant equivalent to full municipal taxes.

ELIGIBILITY

An applicant must have a year's residence in British Columbia. Where there are more applicants than available homes, assignments will be on need established by a point rating system.

All rental units are advertised when ready for occupation.

Non-Profit Senior Citizens' Housing

British Columbia has one of the highest proportions of elderly residents in Canada and this creates a strong demand for various types of senior citizen housing.

The Department encourages non-profit sponsors such as service clubs, churches, ethnic and other groups to build and manage these facilities. Some municipal councils and regional district boards are also showing an interest in sponsoring senior citizen and family housing.

Good senior citizens' housing provides the elderly with a residential environment that will enable them to be independent as late in life as possible. It incorporates the types of reception and health facilities senior citizens need.

The program provides:

- Grants of up to one-third of capital costs for self-contained home developments.
- Grants of 35 per cent for boarding residences and facilities offering personal and intermediate care to occupants.
- Purchase of suitable sites, if necessary, and transfer of title when mortgage is approved and purchase price is refunded to the Department.
- Land lease at eight per cent of cost.

The site of the building is the responsibility of the sponsoring group subject to approval of the Department and CMHC.

To encourage municipalities to support senior citizens' housing, the **Municipal Act** was amended to remove the obligatory municipal tax exemption for new developments effective April 1, 1974.

Municipalities are now able to subject these projects to real property taxes for the first time.

To protect elderly residents from rent increases resulting from this change, the Department is willing to enter into rent supplement agreements with CMHC and the sponsoring group.

The \$10 million allocated this year for senior citizens' self-contained and hostel accommodation plus the \$2 million for personal and intermediate care facilities is more than double the amount in any previous year.

The Department also encourages senior citizens to establish their own housing co-operative. Non-profit senior citizens' housing co-operatives offer an excellent alternative for retired or about-to-be retired couples who find it difficult to maintain their present family homes. (See section on housing co-operatives).

ELIGIBILITY

Any registered non-profit organization that can submit proof that it has the capability and experience to undertake senior citizens' housing is eligible.

Mobile Home Parks

Well planned and managed mobile home parks can supply good accommodation for many families and senior citizens.

The Department is at present developing model mobile home parks around the province to demonstrate that they can be pleasant places to live. Some of these mobile home parks will be on a rental basis and managed by the British Columbia Housing Management Commission. The others will be owned and operated by co-operatives.

To help British Columbians own mobile homes, the government made prospective owners of mobile homes on Crown leased land or their own land eligible for the Provincial Home Acquisition Grant and the Provincial Home-owner Grant.

The new **Mobile Home Tax Act** made these premises part of municipal assessment for the first time thereby giving mobile home dwellers in mobile home parks the same status as other ratepayers insofar as the Provincial Home Acquisition Grant and the Provincial Home-owner Grant are concerned.

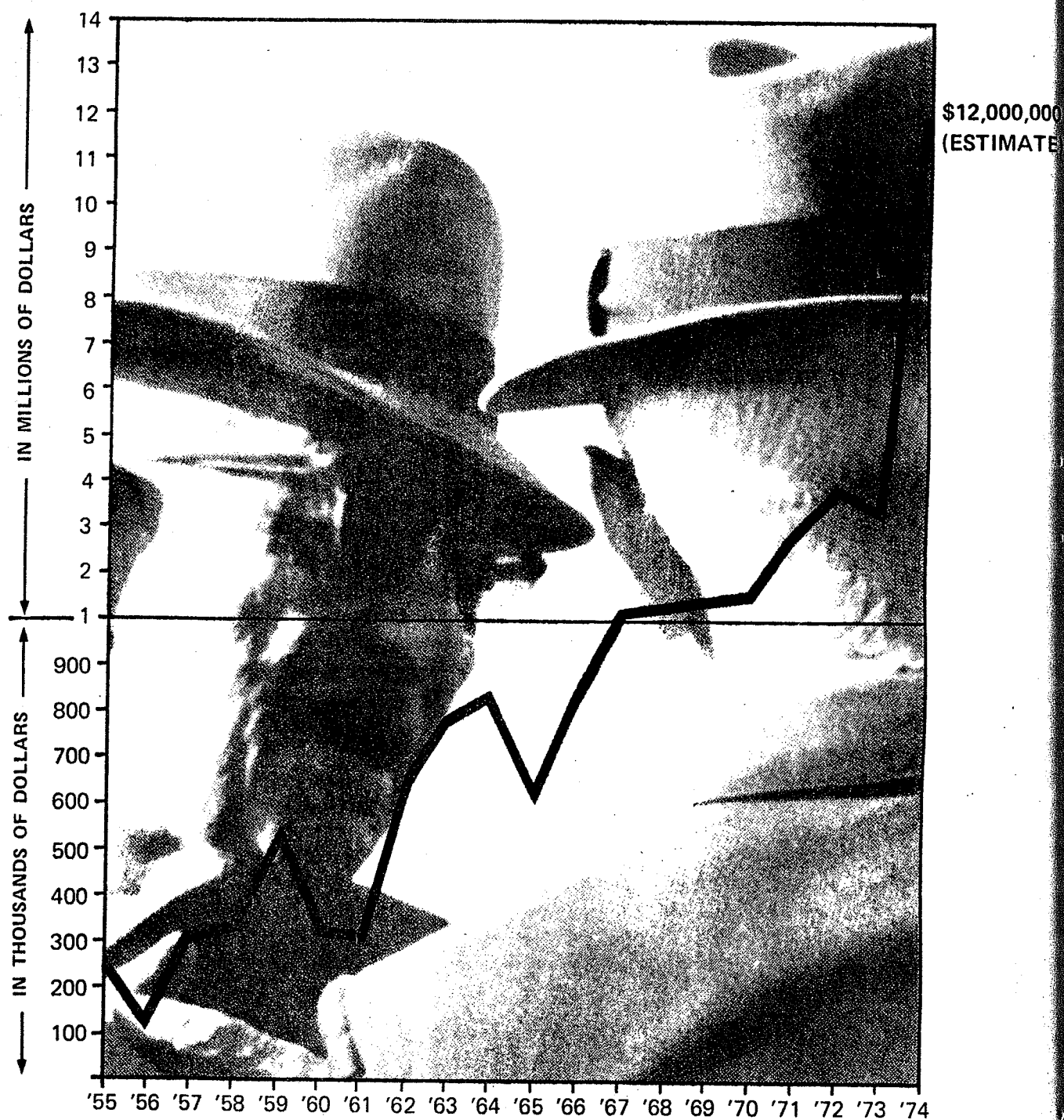
Condominium Development

A new **Strata Titles Act** proclaimed on August 2, 1974, facilitates the building of condominiums in British Columbia while at the same time giving greater protection to strata owners.

The new Act is a complete revision of the original **Strata Titles Act** passed in 1966.

It gives municipal officials, instead of councils, the power to approve strata plans for new buildings but municipal council approval is still necessary for conversions of apartment buildings into condominiums.

Provincial Expenditures for Senior Citizens' Housing



More stringent controls were placed on conversions. Also, for the first time in Canada, condominiums may be built on leased Crown or municipal land.

To enable the British Columbia Association of Strata Corporations to establish an office to service condominium corporations throughout the province, the Department extended a start-up grant to the association.

Since the first strata development was built in 1968 some 30,000 strata units have been constructed in British Columbia and many families have found them an attractive place to live.

Condominiums have the advantage of permitting intensive use of urban land. This allows lower cost and more open space.

Federal — Provincial Programs

REMOTE AREA HOUSING

Under a federal-provincial agreement, 75 per cent of the construction costs of new homes in remote areas will be borne by the federal government and the remaining 25 per cent by the province.

The homes will be made available on a rent-to-purchase basis to low and moderate income families with any subsidy costs being shared by the two governments on the same ratio as the construction costs.

Homes may be purchased in small communities for rent or sale to low-income families but not unless there are sufficient vacant homes in the area.

This program is for communities with a population of less than 2,500 although larger centres may be eligible if other government programs are not available.

Applications should be made to the local CMHC office.

NEIGHBOURHOOD IMPROVEMENT PROGRAM

To upgrade older residential neighbourhoods, a federal-provincial agreement was signed on December 7, 1973, to provide loans and grants for rehabilitation of dwellings worth saving as well as funds for the improvement of social and recreational facilities in urban neighbourhoods.

This is an alternative to the bulldozer approach favoured in the past.

The cost sharing is on a 50 per cent federal, 25 per cent provincial, and 25 per cent municipal basis for land acquisition and clearing, relocation of individuals, construction and improvement, and other costs.

For the upgrading of municipal services, the federal and provincial shares are 25 and 12.5 per cent respectively.

For the first-year of the agreement, the federal government pledged \$6 million and the provincial government approved \$2 million for the program.

The provincial government has the responsibility to designate which communities shall participate in the program after studying submissions from various municipalities.

For 1974, the municipalities selected were Vancouver, Victoria, New Westminster, Duncan, Rossland, Powell River, Coquitlam and Prince Rupert.

Provincial Home-Owner Grant & School Property Tax Removal and Resource Grant

The Department extends Provincial Home-Owner Grants to reduce property tax levies by local governments on resident home-owners.

The individual grant was increased in 1973 to \$200 with an additional grant of \$50 to resident home-owners aged 65 or over.

In 1974 the grant was augmented by the School Tax Removal and Resource Grant of a minimum of \$30 and up to \$40 to all home-owners. This new grant is 20 per cent of the amount by which school taxes exceed the Provincial Home-owner Grant in 1974.

Application for the Provincial Home-owner Grant and the School Tax Removal and Resource Grant is made on the reverse side of the property tax bill.

Provincial Home Acquisition Grants and Loans

The Department offers financial assistance to qualifying British Columbians for home purchase by providing:

- A grant of \$1,000 or a second mortgage loan of \$5,000 for a NEW dwelling.
- A grant of \$500 or a second mortgage loan of \$2,500 for an OLDER dwelling to persons who have been renting accommodation in British Columbia for two years before the date of purchase.

The program, introduced in April, 1967, to further encourage home ownership by British Columbia residents, initially consisted of a grant of up to \$500 to all qualifying purchasers of living accommodation. It has been amended considerably since.

An annual refund of 10 per cent (up to \$50) of the principal and interest payments is now allowed for regular repayments of second-mortgage loans, making an effective rate of 7.5 per cent on a 25-year loan of \$15,000. Free life insurance reduces the effective rate to seven per cent. The interest rate on first mortgage loans made by approved lenders under the *National Housing Act* is approximately 12 per cent at present.

Benefits of this program were extended in 1973 to Indians living on a reserve and to mobile home-owners in a mobile home park.

Amendments in 1974 removed the deduction of previously received Provincial Home-owner Grants from the maximum \$500 grant available to renters on purchasing an older home. Residency requirements were also broadened.

A Provincial Home Acquisition Fund of \$25 million was established in fiscal year 1967-68. Further appropriations totalling \$105 million were paid into the fund in the next 5 years. In 1973-74 another \$50 million was added, and, together with the \$40 million allocated by the 1974 provincial budget, the fund was increased to \$220 million.

As of November 1, 1974, almost \$62.2 million had been approved for over 103,000 housing grants and nearly \$213.1 million for almost 58,500 second mortgage loans.

Renters' Resource Grants

The Renters' Resource Grant, like the Provincial Home-owner Grant, is designed to give individuals and families relief from municipal taxation.

Tenants aged under 65 receive \$30. Those 65 and over receive \$80.

The grant is made possible by revenues received from British Columbia's natural resources.

The Elderly Citizens' Renter's Grant Act was introduced in 1972 and provided a grant of \$50 to only persons 65 and over. In spring 1974, the Act was amended to increase the grant to \$80 and to provide a grant of \$30 for all other tenants. The title of the Act was changed to the *Renters' Resource Grant Act* to indicate British Columbians are sharing in the resource revenues of the province.

ELIGIBILITY

A renter must be over 16. The tenant must have occupied rental accommodation in British Columbia for 12 consecutive months immediately preceding date of application.

Only one grant a year is allowed.

When several persons share the same accommodation, only one person from the residence is entitled to apply.

Persons covered by the *Mobile Home Tax Act*, who are eligible for the Provincial Home-owner Grant, are not eligible for the Renters' Resource Grant.

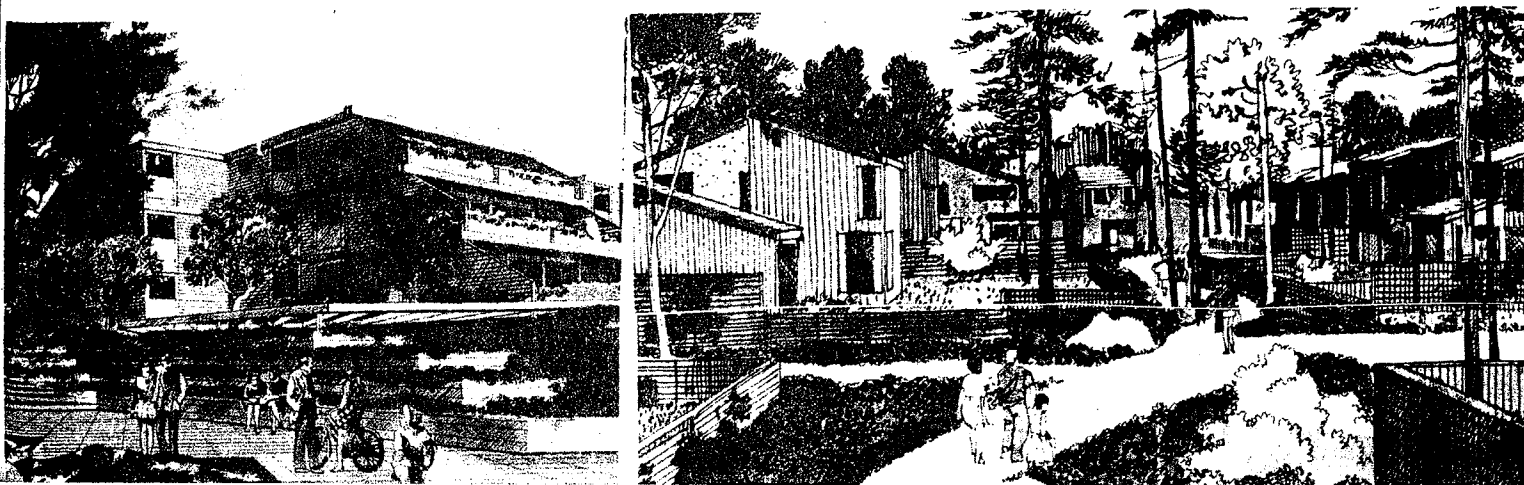
In its first year of operation ending March 31, 1973, some \$2.4 million was paid out. The next year the sum decreased to \$2.25 million but was up by over \$5 million from April 1 - October 15, 1974.

Rental Information Service Grants

The Department will make grants available to rental information services operated by a regional district, municipality, or non-profit society.

The annual grant is 15 cents per capita and is intended to cover the deficits of rental information services subject to the following conditions:

- The municipality makes a contribution to the service equal to 50 percent of the provincial grant.
- Fees levied by the service may not exceed \$10 with no charge for senior citizens, students, and social allowance recipients.
- The service employs people from the Department of Human Resources Opportunities Program whenever possible.



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