STATE FORMATION AND HOUSING POLICIES
ERRATA: This thesis is complete. The author apologizes for the fact that pages 171, 172, 183 and 200 are shorter than others. This is the result of deletions required by Canada Mortgage and Housing Corporation (CMHC). Pages 40-a, 41-a, 42-a, and 43-a were added to accommodate editorial changes requested at the time of thesis submission due to postal delays. Page 99-a was mis-numbered.
STATE FORMATION AND HOUSING POLICIES:
ASSISTED HOUSING PROGRAMMES AND COOPERATIVE HOUSING
IN POSTWAR CANADA

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ABSTRACT

This thesis examines the causes of change in the assisted housing programmes of the postwar Canadian state, and experience of these changes by cooperative housing producers. It demonstrates that transformations in assisted housing policies and procedures have occurred through class struggle over necessary changes in state intervention in the housing sector. It argues that this process of state development is geographically uneven, and corroborates this claim through studies of experiences of cooperative housing policy implementation in two Toronto neighbourhoods.

The proposed theory of state formation is argued to offer advantages over existing theoretical explanations of housing policy change. These include showing the links between social forces and state development, and providing a clearer specification of how social structure and human agency combine to produce policy outcomes over time and space. The theory argues that changes in the state are the outcome of class struggle and competition over the direction and substance of policy initiatives. It is found that this theory helps to explain the timing and characteristics of postwar assisted housing programmes, and transformations
in the regulation of cooperative housing. Analysis of
the development of two Toronto cooperatives shows that
local relations and practices help to determine how
housing policies and implementation procedures are experi-
enced. Thus it indicates how experiences of the state are
produced in particular places. It is discovered that
recent struggles over assisted housing policies have led to
a withdrawal of the state from assisted housing provision,
and pressures to deliver community-based housing in more
commodified forms. These changes have had contradictory
effects on peoples' capacities to deliver housing alterna-
tives to Canadians.
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CHAPTER ONE

Introduction

1.1 Geography of the State

The geography of the state refers to spatial variation in the organization, policies, operation and impacts of government institutions between places. These differences exist on a range of scales: from variations in zoning and other legal regulations within municipalities, for example, to international differences between systems of government such as military versus democratic rule. Geographic variation in the state also occurs over time. In ancient Greece, the spatial unit of government authority and regulation was the polis or 'city-state' (Short, 1984, 10-12). Today, the nation-state is the common unit of government (Coates, Johnston, and Knox, 1977). The outcomes of government policies also vary over space. Public investment in urban renewal in Boston has been concentrated in neighbourhoods which have experienced little citizen opposition to redevelopment for example (Fincher, 1981).

To study the geography of the state is to describe and explain these political differences between places. Most studies have assumed that variation in phenomena like
election results or public services can be explained by patterns of social differentiation over space (e.g. ethnicity, income) (Muir, 1975; Clark and Dear, 1981; Johnston, 1979, 1980; East and Prescott, 1975; Coates, Johnston, and Knox, 1977, 185-225; Tietz, 1971; Kasperson, 1971). According to this view, causal laws of state development are discovered through identification of empirical regularities in the political and social characteristics of places. Thus studies of U.S. metropolitan governments have attributed the phenomenon of political fragmentation to specific characteristics of central cities and suburbs (e.g. population composition, local leadership, voting behavior, service provision) (Markusen, 1984; Friedland, Piven and Alford, 1984; Williams and Eklund, 1978). Most theories of the state argue that it is the political behavior of individuals and/or groups within an existing social system that explains such empirical associations. This is the premise of the Tiebout hypothesis, for example, which claims that the fragmentation of metropolitan governments in the United States results from competition between utility-maximizing individuals for local bundles of private and public 'goods' (Tiebout, 1956; Ostrom, Tiebout and Warren, 1961). This 'market model' of the state has been widely used to explain the political characteristics of cities and systems of government (Cox,
1973; Macpherson, 1973, 1977; Johnston, 1979; Dunleavy, 1980). Similarly, theoretical explanations of 'community power' have often treated the behavior of social groups within a local power structure as the major cause of political outcomes (Dahl, 1961; Clark, 1973; Saunders, 1979; Dunleavy, 1980). Studies of the geography of the state have therefore usually treated the basic structure of a particular society (e.g. its class organization and political institutions) as given, and have sought to explain political differences between places by the behavior of individuals and groups within that social system (Macpherson, 1977; Johnston, 1980; Dear and Clark, 1981).

Alternative explanations of the geography of the state have been developed in recent years. These stress the links between the structure of societies and state development, and include Weberian analyses of the role of gatekeepers and consumption 'classes' in local political outcomes as well as analyses based on various Marxist theories of the state (Dear and Clark, 1981, 1984; Jessop, 1982; Cooke, 1984; Chouinard and Fincher, 1986; Fincher and Ruddick, 1983; Dear and Scott eds., 1981; Harrington, 1983; Habermas, 1973; Offe, 1975; Cockburn, 1979; London-Edinburgh Weekend Return Group, 1980; Castells, 1976; Mouffe, 1979; Duncan and Goodwin, 1982; Holloway and Picciotto eds., 1978). Among the advantages of these perspec-
tives are: 1) that they offer theories of the causal links between the structure of society (e.g. class) and the political characteristics of places (e.g. patterns of public expenditure), 2) that they encourage historically specific analyses of state development (by rejecting 'universal' and 'ideal' causal mechanisms like utility-maximization) and 3) that they emphasize the politics of state development, through concern with why, how, where and when state institutions help to reproduce particular class structures and power relations.

1.2 Significance of These Problems

Studies of the geography of the state are significant for two major reasons. First, because our scientific knowledge of the causes of political phenomena depends on discovery of the dynamics of state development over time and space. Analyses of the causes of political outcomes in particular places therefore contribute to our understanding of society and peoples' daily lives within it.

These studies are significant in a second, practical sense. Throughout most, if not all, human history state institutions have shaped numerous facets of day to day life. Sacred precincts in ancient cities were designed and operated so as to exclude those outside the ruling elite from access to the collected wealth of their society (Short, 1981; Mumford, 1961). During the industrial
revolution in England, the capacity of working class people to control aspects of their daily lives like regulation of industrial action or education depended in part on their influence within local government (Foster, 1977). Recent transformations in the 'welfare states' of advanced industrial nations provide another illustration of the significance of studies of the geography of the state.

Numerous studies have documented the unprecedented expansion of income support or 'welfare' programmes by the governments of advanced nations since the last world war (Piven and Cloward, 1971; Guest, 1980; Panitch ed., 1977; Gough, 1979; Wolfe, 1984; Lasch, 1979; Calvert, 1984). In their broadest sense, these collective measures of income maintenance include a broad range of tax and other incentives introduced to assist private industry (Calvert, 1984; Gonick, 1975; Mandel, 1978; Mahon, 1981; Aglietta, 1979; Gough, 1979). In recent years, there has been growing evidence that the welfare programmes which provide a social wage to citizens and community organizations are being abandoned or redesigned in significant ways. Western European and North American governments have limited or reduced expenditures on consumption items like housing, education, food stamps, as well as on financial transfers to low income families (Gough, 1979; Therborn, 1984; Duke and Edgell, 1984; Piven and Cloward, 1982; SPCMT/OSDC, 1983). The form of government intervention in the provi-
tion of public assistance, goods and services has also been changing. Harloe (1981, 35) notes a general decline in public housing since the 1960s in Western Europe and North America, and an increase in public assistance for commodified housing alternatives. In the Canadian case, a general shift away from Keynesian economic management and income support has been noted; a shift accompanied by the partial dismantling of public mechanisms for collective action in the workplace and community (e.g. collective bargaining and assistance for community planning) (Wolfe, 1984; Roberts and Bullen, 1984; Loney, 1977; Mahon, 1983; Goldrick, 1982; Magnusson and Sancton eds., 1983). Case studies indicate that these transformations have been accompanied by changing social relations within the state. For example, changes in provincial regulation of community health clinics and cooperative housing in Quebec have helped to shift control of these facilities from community groups in Montreal to the province (Fincher and Ruddick, 1983).

These transformations in the organization and operation of welfare states have significant practical implications for our daily lives. If we depend on old age pensions, for example, a decision by government to de-index payments will result in real decreases in our purchasing power (so long as the inflation rate is greater than zero). Similarly, increased restrictions on strike action in the
public sector may decrease our capacity to win concessions on salary and working conditions if we are employed by government. Spatial variations in such characteristics of the welfare state also influence our lives. If we are in poor health, for example, relocation to regions with better medical facilities or health care assistance may be necessary. Industries, governments, unions and community groups are also concerned with changes in the geography of the welfare state. Reductions in government assistance to the unemployed and the introduction of specific types of job-training programmes may result in a labour force willing to accept lower wages, and able to work with new technologies. Differences between governments in levels and types of social assistance may alter conditions of development and planning. For example, governments which provide generous industrial incentives may attract a large number of high-risk industries to their region, while governments which provide special assistance programmes like food banks may attract a disproportionate share of destitute people. Possibilities for establishing and maintaining unions depend on the industrial legislation of the welfare state, such as whether or not 'right to work' clauses are used in the regulation of strike action. The capacity of community groups to provide services like shelters for women and the homeless also depends on the availability of government funding in particular places,
and on whether leaders and volunteers are willing or able to work within the regulations of the assistance programmes. Thus the geography of the state, and recent transformations in its welfare programmes, are significant to a wide range of individuals and social groups.

1.3 Plan

This thesis examines one aspect of the changing geography of Canada's postwar welfare state: the introduction and implementation of cooperative housing programmes. The purpose of this study is to explain the timing and characteristics of these programmes, and to show how local experience of these policies was produced in two Toronto cases. It has three related aims: 1) to develop a theory of the capitalist state which considers the significance of class conflicts in policy outcomes 2) to use this theory to help to explain changes in assisted housing policies and implementation procedures and 3) to examine variations in peoples' experiences of cooperative housing policies between places. The study is presented in the following five chapters. Chapter two discusses the theory of capitalist state development used to help to account for postwar changes in assisted housing policies. It is argued that the state evolves through class conflict and competition over conditions of accumulation and social reproduction specific to particular phases in capitalist develop-
ment. Chapter three uses this theory to help to account for changes in the characteristics of federal social housing programmes during the postwar period. Major phases in federal housing assistance are described, and their characteristics explained as the outcome of causal processes of class struggle and competition. Chapter four provides an analysis of the development of cooperative housing policies. Social struggles leading to the introduction of cooperative housing programmes are discussed, and changes in policies and implementation procedures are explained as the outcome of class conflict and competition over the form of state intervention in assisted housing delivery. Chapter five examines the effects of these transformations in state policies on the experience of cooperative housing delivery and regulation. Case studies of cooperative housing provision in two Toronto neighbourhoods help to indicate why and how the geography of state varies over time and space. A logical analysis of the causes and implications of some of these variations is presented. Chapter six concludes by discussing the contribution of this study to explanations of state development and its implications for future research.
CHAPTER TWO
State Formation and Housing Policy

Recent debates in human geography and related disciplines have stressed the need for more attention to how human agency changes social conditions and structures (Thompson, 1978; Gregory, 1979; Giddens, 1981; Wright, 1983; Anderson, 1983). Alternative theoretical explanations, notably Weberian and Marxist, have been criticized for failing to show how peoples' actions in specific places perpetuate and transform existing constraints on human activities (Giddens, 1981; Thrift, 1983; Short, 1983). Katznelson (1981), for example, has argued that Weberian and Marxist analyses of U.S. urban politics would be strengthened by closer examination of why and how working people have separated political action on workplace and community issues in their daily lives. One response to these challenges has been to develop new perspectives on the capitalist state. Despite their many differences, these approaches share a common concern with how social struggles and experiences shape state institutions and policies (Esping-Andersen et al., 1976; Hirsch, 1978, 1981; Mouffe, 1979, 1983 Saunders, 1979; Mahon, 1980; Urry, 1981; Jessop, 1982; Fincher, 1981a, 1981b, 1984a, 1984b;
This chapter proposes a Marxist theory of state formation as the outcome of class conflicts and capitalist competition, discusses how this theoretical perspective compares to others in the literature, and outlines research methods and sources. The chapter has seven sections. Section 2.1 discusses existing theories of state formation. The next three present the theory of state development used in this study. Section 2.5 discusses how this theory was used to help to explain postwar trends in assisted housing policies, and compares this explanation with existing approaches. Possible advantages of the proposed theory are presented in section 2.6. Research methods and sources are discussed in section 2.7.

2.1 Theories of State Formation

State formation refers to the concrete development of state institutions and policies through social struggles and experience. It is the process through which peoples' actions shape the organization and operation of the state over time and space. Theorists disagree on the nature of this process. According to conventional 'representational' accounts (Saunders, 1979), the state is a neutral apparatus which responds to competing demands by altering policy outputs (Macpherson, 1973; Jessop, 1977; Dear and Clark, 1981). The organization and functions of the state are
therefore taken as given. Alternative 'society-centred' accounts emphasize causal links between social structure and state characteristics (Clark and Dear, 1984). The Weberian approach, or 'managerialist' perspective, argues that the state develops through conflict between consumer groups over access to goods, services and decision-making opportunities. Managers within the bureaucracy play a key role in this process because they act as 'gatekeepers', controlling the distribution of state funds and other resources (Saunders, 1979; Bassett and Short, 1981). The state apparatus is thus biased in favour of actors who hold positions of influence within its institutions.

Marxist accounts of state formation, on the other hand, argue that the fundamental causes of trends in state development are class conflicts and competition over conditions of production and reproduction. Classes are defined by peoples' relations to the means of production, rather than by their market or 'status' positions as in the Weberian approach (Saunders, 1979; Calvert, 1982). Like all institutions in class societies, the state favours the reproduction of the class relations of the dominant mode of production. Theorists differ on the reason for this bias. According to instrumentalists, members of the ruling class occupy most positions within the state apparatus and can therefore promote policies and procedures favouring the status quo (Miliband, 1969). Structuralist
and derivationist accounts claim that the state necessarily functions in ways that reproduce the fundamental relations of a mode of production (e.g. by enforcing a 'free market' in wage-labour under capitalism), and that this accounts for class biases in operation (Althusser, 1971; Poulantzas, 1978; Holloway and Picciotto, 1979). Other theorists argue that the characteristics of the capitalist state are not directly determined by its role in social reproduction, but are the outcome of class conflicts within the necessary limits of production and reproduction (Gramsci, 1971; Wright, 1979; Mouffe ed., 1979; Mouffe, 1983).

2.2 Conceptual Criteria

This author accepts the latter position that the capitalist state is limited but not directly determined by its role in the reproduction of capitalism. For a state which consistently reduced opportunities for commodity production would by definition ultimately cease to be a capitalist state. Within these fundamental limits, however, state institutions and policies are the outcome of class conflict and capitalist competition.

Following Urry (1981, 83), six criteria for such a theory of the capitalist state can be identified:

.... that it is based on the specific characteristics of capitalist societies; that the state is not reduced to the economic, or seen as the instrument of the dominant economic class; that the state is not conceptualised in functional terms; that explanation is provided of its specific institutional form; that theorisation is
provided not of the capitalist state, but of capitalistic states and of their interrelations; and that it is recognised that capitalistic states are diverse and bear no straight forward one-to-one relationship with the development of the capitalistic economy.

The first criterion requires a theory which specifies the causal links between state development and capitalism. Thus explanations of state formation must be based on a theory of the capitalistic state, as opposed to a theory of the state in capitalism (Clark and Dear, 1981). The second criterion rejects deterministic accounts of the state apparatus, as either an epi-phenomenon of the 'needs' of capital or an instrument of the ruling class. And the last four criteria require theoretical explanations of variations in forms of the capitalistic state in different times and places.

Jessop (1982, 213) has argued that an analysis of state formation which satisfies these criteria must be conjunctural. A conjunctural analysis requires the researcher to do the following:

....engage in an analysis of the many determinations that are combined in a concrete conjuncture and show how they are interrelated as necessary and/or sufficient conditions in a contingent structure of causation. This entails both movement from the abstract to the concrete within a single plane of analysis (e.g., from capital-in-general to particular capitals) and the combination of determinations drawn from different planes of analysis (e.g., popular-democratic antagonisms rooted in the relations of economic exploitation). Such an approach excludes all pretence to construction of a general theory and aims
at producing the theoretical tools with which particular conjunctures can be examined.

So, in addition to the theoretical criteria outlined above, explanations of state formation require a conjunctural method of analysis.

It has been argued that realism provides an appropriate philosophy of science for conjunctural explanations of social phenomena (Bhaskar, 1975, 1979; Sayer, 1979, 1984; Chouinard, Fincher and Webber, 1984). According to this view, science involves the discovery of real causal mechanisms, and the ways in which active causes combine with specific contingent conditions to produce phenomena. It follows that objects of analysis must be given real theoretical definitions. This simply means that the mechanisms which are thought to cause the object to act in necessary ways are believed to really exist in the world (Sayer, 1979, 1984; Webber, 1985). Realist definitions thus differ from empiricist descriptions of objects, and from idealist definitions of hypothetical causal mechanisms (e.g. utility maximizing individuals).

The acceptance of realism therefore implies a second methodological criterion for analyses of the capitalist state: that explanations use real definitions of objects. This is consistent with the theoretical requirement that state development be explained as an outcome of causal processes in capitalist societies.
2.3 Theory of State Formation

With the preceding criteria in mind, a theory of state formation in capitalist societies can be proposed. It begins with the claim that the dominant cause of state formation in class societies is intra- and inter-class conflict. According to Marxist theory, pre-capitalist and capitalist societies share the causal characteristic of antagonistic class relations. The ruling class, as the appropriator of the surplus from production, tends to undermine the necessary conditions for the reproduction of subordinate classes (e.g. by failing to commit sufficient resources to labour's consumption). This fundamental antagonism in class interests means that inter-class conflict is a necessary feature of all class societies (Mandel, 1969; Chouinard and Fincher, 1983; Wright, 1983). Intra-class conflicts contribute to state formation, as class fractions compete to secure conditions favouring their own reproduction. For example, to the extent that the capacity of capitalists to appropriate surplus value depends on public provision of infrastructure (roads, industrial parks), fractions of capital are likely to compete for these forms of state investment.

It follows from the characteristic relations of capitalist societies that the dominant causal mechanisms in capitalist state formation are: a) struggle between capital and wage labour over conditions for the extraction
and realization of surplus value (including conditions for
the reproduction of labour power in and outside the
workplace) and b) capitalist competition for profitable
conditions of accumulation (Mandel, 1975; Wright, 1978).
This second proposition meets the criterion that a theory
of state formation be based on the specific characteristics
of capitalist societies.

But what constitutes class conflict in and against
the state? Class conflict can be defined as those strug­
gles that tend to increase the capacity of subordinate
classes to oppose the reproduction of the dominant mode of
production. In other words, class struggle consists of
conflicts which undermine conditions necessary for the
reproduction of the dominant social relations in class
societies. For example, collective forms of production
such as agricultural cooperatives are non-reproductive
of capitalist wage labour to the extent that they free
workers from dependence on wages paid by capital for the
purchase of consumption commodities. Unsuccessful efforts
to create collectively controlled industrial enterprises
and services may also increase class capacities, by
providing collective experiences of struggle for industrial
and social change. It follows that class struggles in
capitalist state formation are those conflicts which
increase the capacity of the working class to act in
opposition to capitalist social relations, by transforming
the policies and procedures of state institutions and by creating collective experiences of struggle over characteristics of the state (Therborn, 1983; Fincher, 1984a, 1984b). These conflicts include those which limit opportunities for the production of surplus value directly, such as struggles for the introduction of legislation requiring minimum industrial wages and benefits. And class struggle in state formation also includes conflicts outside the workplace which limit opportunities for the realization of surplus value and thus for the reproduction of capital and wage-labour. For example, efforts to increase government assistance to non-profit housing cooperatives contribute to the non-reproduction of the individualized, commodified relations in housing exchange and consumption characteristic of the capitalist market. This definition of class struggle, in terms of the capacity of antagonistic classes to act in opposition to each other, satisfies the realist criterion that objects be defined by real causal properties.

The state apparatus can thus be conceptualized as a concrete arena or 'terrain' of class conflict (Burawoy, 1981). According to this view, the state consists of a range of apparatuses and policies which are contested through class struggle and competition. The precise form and functions of the state therefore vary over time and space. As contested terrains of class conflict, state
agencies are not neutral in their organization and operation, but favour those class fractions which are dominant or hegemonic in a given concrete social formation in general, or in certain parts of the state apparatus (Poulantzas, 1978; Mahon, 1980). This concrete definition satisfies the theoretical criterion that state formation be defined as an historically specific process which cannot be explained through use of a general theory of the capitalist state.

The policies, procedures and political relations that are contested in and against the state vary with different modes of production. This is because the form and functions of the state are limited by the social relations governing the appropriation of surplus by the ruling class. In social formations dominated by the feudal mode of production, for instance, extra-economic relations of coercion and authority were the major means of extracting surplus from producers. These relations included a political contract between lord and vassal requiring the latter to surrender surplus in the form of tithes, in exchange for physical protection and the use of land owned by the lord (Anderson, 1974). Among the implications of the feudal system of class domination was that class conflicts were likely to be limited to individual 'fiefdoms'. Moreover, struggles occurred over aristocratic privileges particular to the feudal system, such as control
of land by the nobility (Thompson, 1975). Social formations dominated by a capitalist mode of production have developed different forms and sites of state regulation. These include legal enforcement of the wage-labour contract, regulation of working conditions, and state provision of some goods and services (Thompson, 1969; Marx, 1976; Holloway and Picciotto, 1978; Fine ed., 1979; London-Edinburgh Weekend Return Group, 1980). Thus the possible terrains of conflict over state characteristics reflect the historically specific nature of state formation in class societies.

Possible forms of conflict in and against the state also vary with phases in the development of social formations dominated by a particular mode of production. This is because a mode of production develops unevenly over time and space. For example, relations characteristic of precapitalist modes of production (e.g. individual commodity production) may continue to exist alongside dominant capitalist social relations within a given social formation (Wright, 1978; Anderson, 1979). This implies that different arenas or terrains of class conflict in state formation are likely to emerge during particular phases of capitalism. For example, industrial capitalism in England and later in Canada was characterised by state regulation of industrial property and the labour process (Thompson, 1969; Kealey, 1980). Class conflicts therefore
tended to be concentrated in the workplace, and directed at property rights and authority in the factory. In contrast, the 'monopoly' phase of capitalism has been associated with the extension of class conflict to issues outside the workplace. Struggles over the provision of collective consumption items and welfare services (e.g. public education and assisted housing) have been among the 'non-workplace' conflicts noted during this phase (Mandel, 1975; Mingione, 1981; Castells, 1978, 1979, 1983; Chouinard and Fincher, 1983; Fincher, 1984; Clark and Dear, 1984). The problem of how these phases in state formation can be identified is addressed in subsection 1.3.

While class conflict and competition limit possible forms of the state in class societies, these mechanisms do not determine its precise characteristics in particular places. For contingent social conditions within class societies affect the outcome of struggles over state formation. Under capitalism, these contingencies include racial and gender divisions, relations of authority and cooperation in the workplace and other social institutions, and the distribution of resources such as political information and organizational skills. These contingencies vary between places, as a result of the uneven development of regions. Capitalist competition for more profitable accumulation results in an ongoing recomposition of the industrial base of regions, as capital is shifted between
industrial sectors and locations (Bluestone and Harrison, 1981; Massey and Meegan, 1982; Walker, 1978; Webber, 1984). The changing geography of industrial production also reflects struggles between capital and labour over conditions of work. Efforts to increase capitalist control of the labour process and wage levels may result in the relocation of plants to regions with low rates of unionization for example (Bluestone and Harrison, 1981; Webber, 1983). Characteristics of the labour force, and the social relations of daily life, are also reconstituted through these processes of competition and struggle between class fractions. In South Wales, increased demand for female labour in new manufacturing branch plants has helped to transform relations in the workplace, home and community: diminishing the influence of militant, male-dominated trade unions in labour negotiations, shifting company management to outside regions, and altering the traditional gender division of labour based on female employment in the home (Massey, 1984). This changing geography of production and reproduction matters because it is through such immediate relations in production and reproduction that people experience and respond to necessary relations of a mode of production. For example, the worker under capitalism is more likely to experience exploitation by capital (the extraction of surplus value in production) through subordination to factory managers, low wages and benefits,
and dangerous working conditions in situations where the organization of labour through unions and political parties is weak (Braverman, 1974; Friedman, 1977; Burawoy, 1981). Focusing on struggles outside the workplace, Fincher and Ruddick (1983) found that capitalist hegemony within the state has been experienced by working class organizations in Montreal through programmes which attempt to replace collective service delivery with hierarchical forms of administration.

People reproduce and transform these contingent relations and conditions selectively through conflicts in and against state formation. For instance, labour organizations may struggle against exclusion from government commissions charged with reviewing labour legislation. To the extent that such struggles over relations in reproduction increase working class capacities to oppose dominant trends in state development, they increase the ability of workers to transform capitalist relations of production and reproduction. For instance, changes in the spatial distribution of information on state labour policy may influence the capacity of working class organizations in different regions to monitor and respond to changes in legislation and programme administration.

In summary, the proposed theory of state formation argues that changes in state institutions and policies are caused primarily by class conflict and competition. The
characteristics of the state, as an arena of class struggle, vary with dominant modes of production and phases in the development of those modes. State formation under capitalism is caused primarily by conflict between the capitalist and working classes, and by competition between capitalists. The range of sites of conflict over state formation has extended beyond the point of production to other aspects of social life during the present phase of capitalism. Contingent relations and conditions that influence the outcomes of struggle over state policies and procedures vary between places, reflecting the dynamic and complex regional geography of capitalist development.

2.4 Periodizing State Formation

The proposed theory claims that concrete characteristics of the state vary with different modes of production and phases in the development of societies dominated by specific modes. This variation reflects differences in fundamental class relations between modes, and changing conditions of state formation during specific phases in the development of societies dominated by a mode like capitalism. The task remains of identifying significant phases in conditions of capitalist state development. This section argues that state formation in capitalism can be periodized using Aglietta's (1979) analysis of regimes of accumulation.

Aglietta (1979) argues that phases in the develop-
ment of capitalist societies are characterized by different processes of regulation in social production and reproduction. Changes in the internal regulatory logic of capitalist growth occur through transformations of the labour process, and the 'conditions of existence' of the working class. These two sets of changes are both objects or sites of class struggle. As Fincher (1984, 9-10) has explained, Aglietta refers to phases in these forms of social regulation as 'regimes of accumulation':

.... when it becomes possible to increase relative surplus value, the production and reproduction requirements for achievement of a certain level of absolute value having been stabilized, then the new conditions for the extraction of that higher level of relative surplus value may be termed a new regime of accumulation. Aglietta identifies two regimes of accumulation in U.S. history, an extensive and an intensive regime. They co-existed, he argues, yet the manner of capitalist accumulation changed according to which was dominant. The extensive regime of accumulation is a mode of profit-making based on transforming the organization of the labour process. The intensive regime transforms the daily life of the wage-earning class, to produce in that class new forms of consumption based on commodities rather than on any form of communal reproduction which might previously have characterized extended families or communities.

Aglietta's (1979) periodization of U.S. capitalism implies that concrete sites of class conflict in and against the state will change with dominant regimes of accumulation. During an extensive regime of accumulation, one would expect state intervention and class struggle to be concentrated at the point of production, in contests
over issues of authority and control in the workplace (e.g. whether the factory owner or union leader should be entitled to set the pace of production). During a phase of capitalism dominated by an intensive regime of accumulation one would expect a broader range of struggles over state development. As the extraction of relative surplus value comes to depend upon the reproduction of conditions favouring mass consumption of commodities, class conflicts over state policies and procedures are likely to extend to conditions of daily life outside the workplace. Thus one would expect conflicts over consumption issues like consumer protection and rent control to influence state formation during an intensive regime of capitalist growth. This is not to claim that conflicts in the workplace become unimportant during an intensive regime of accumulation, but only that struggles over state intervention in the reproduction of conditions of daily life outside the workplace are more likely to occur during a period of capitalism dominated by an intensive rather than extensive regime of accumulation.

Following Fincher (1984a), this periodization of state formation can also contribute to the identification of empirical examples of class struggle. Fincher (1984a) defines class struggle as those conflicts a) which increase class capacities by threatening or preventing marginalization of the working class in production and reproduction
and b) which occur at the point of production and in conditions of reproduction necessary to the process of value creation. Under an extensive regime of accumulation one would expect class struggle in the sense of conflicts which threaten value creation to be largely restricted to the workplace. In contrast, during a phase of capitalism dominated by intensive accumulation struggles to limit or reduce mass production and consumption of commodities constitutes a direct threat to value creation and thus accumulation. It follows that conflicts over state intervention in conditions of working class life outside production are more likely to constitute class struggle during an intensive regime of accumulation.

2.5 Explanations of Changes in Housing Policy

This section discusses how this conception of state formation will be used to help to explain postwar trends in Canadian assisted housing policies, the subject of this thesis. A comparison with existing explanations of recent changes in the housing policies of capitalist states indicates possible advantages of this approach.

This study used the proposed theory to help to account for recent trends in the assisted housing policies of the Canadian state, and in particular to explain changes in cooperative housing policies and implementation procedures. Chapter three discusses how class struggle and competition over conditions necessary to an intensive
regime of accumulation have shaped assisted housing policies in postwar Canada. An analysis of this causal process of change in cooperative housing policies is presented in chapter four. Chapter five examines local experience of cooperative housing policies through case studies of two Toronto projects, each of which developed under different local conditions and forms of state regulation. The case studies thus helped to show why and how concrete terrains of struggle over cooperative housing policy vary over time and space.

This approach differs from existing explanations of changes in the capitalist state, and accounts of the postwar history of Canadian housing policy. These areas of the literature will be considered in turn.

Chouinard and Fincher (1984, 1986) argue that there have been two general approaches to explaining concrete changes in the capitalist state: a causal and a contextual perspective. The former claims that the fundamental class relations and economic tendencies in capitalism cause changes in characteristics of the state, while the latter takes this structure as a given context for state development and doesn't make explicit causal links between state characteristics and class relations. Examples of causal explanations include Cockburn's (1977) analysis of local state institutions in Britain, and Fincher's (1981) account of the implementation of urban renewal in Boston.
studies link concrete changes in state policies to the reproduction of necessary conditions for capitalist accumulation at the local level. Recent examples of contextual approaches include Feagin’s (1984) account of state intervention in the redevelopment of Houston, and Dear’s (1981) explanation of the social and spatial reproduction of the mentally ill. These analyses acknowledge that capitalism limits the possible range of characteristics of the state, but don’t address the question of how class relations have shaped urban renewal and mental health programmes.

This thesis developed a causal explanation of postwar changes in Canadian assisted housing policies. Aglietta’s periodization of necessary conditions of capital accumulation and social reproduction was used to identify those aspects of conflict over housing policy which constituted class struggle in the sense defined above. This allowed necessary limits to the housing policies of the postwar state to be identified, as well as conflicts which therefore constituted a threat to the reproduction of the capitalist state. While housing policies were argued to be causally linked to necessary conditions of capitalist growth, this explanation rejected structuralist claims that the necessity for a capitalist state to favour the reproduction of profitable conditions of accumulation and wage-labour directly determines policies and implementation
procedures. Instead, housing programme characteristics were seen as the outcome of concrete processes of class conflict and competition in particular contingent conditions. This differs from analyses of local characteristics of the capitalist state that deduce the cause of policy programmes (e.g. the delivery of services in 'commodified' form) from class relations under capitalism (Holloway and Picciotto, 1978; Jessop, 1982; Harloe, 1981; Fincher and Ruddick, 1983). The latter is a logical account of state formation, while this study favoured an historical explanation of how concrete struggles have shaped state policies.

This explanation differs from analyses that argue that particular state programmes are inherently reproductive or non-reproductive of capitalism. Ball (1983), for instance, claims that public housing represents a socialist alternative to the capitalist market because units are allocated according to need rather than ability to pay. In contrast, this thesis argues that housing programmes and policy struggles have potentially contradictory implications for the reproduction of capitalism, depending on the manner of policy implementation and conflict. For example, if public housing programmes facilitate working class opposition to hierarchial management practices through physical concentration of clients, then they may increase capacities to struggle for more
collective and decommodified forms of housing provision (e.g. continuing cooperative housing). On the other hand, small scale and mixed income housing projects may favour political fragmentation between residents and the reproduction of individual dependence upon the state-client relation.

This explanation also offers an alternative to existing explanations of postwar trends in Canadian housing policy. Most studies have adopted an institutional explanation, that is a perspective which treats the operation of government as the fundamental cause of policy outcomes. Smith (1977), for example, argues that the social housing programmes of the federal government have made the housing market inefficient and encouraged shortages of affordable housing in the private housing sector. Fallis (1980) attributes the redistribution of income to middle rather than low income households through housing assistance in Ontario to problems in federal and provincial programme design. Lorimer (1978), Patterson (1972) and Bacher (1980) have provided 'conspiratorial' or instrumentalist explanations of postwar change in housing policies, arguing that the domination of government agencies like Canada Mortgage and Housing Corporation (CMHC) by business interests has led to programmes which support corporate profits at the expense of affordable low income housing. Other studies have stressed changes
in housing legislation and administration by various levels of government as the major cause of housing policy outcomes and impacts (Rose, 1980; Dennis and Fish, 1972; Task Force on CMHC, 1979; City of Toronto, 1975, 1982). Despite their differences, these studies share a preoccupation with government institutions as the fundamental cause of housing policy change.

This thesis does not use an institutional or 'managerialist' explanation of postwar trends in Canadian housing policy. Following Barker et al. (1973), changes in housing programmes are argued to be caused by broad changes in the Canadian political economy, particularly in necessary conditions for capital accumulation and commodified consumption in the housing sector. However, this study rejects their view that Canadian housing policies have been the logical outcome of the needs of capital. The characteristics of housing programmes have been contested within limits imposed by class relations and necessary conditions of capital accumulation in postwar Canada.

2.6 Advantages of This Approach

The proposed theoretical explanation of housing policy changes has several potential advantages over existing Canadian analyses. Unlike the dominant institutional perspective, this explanation does not assume that state agencies are an autonomous cause of policy change, but examines how the state responds to broader trends in
Canadian society. This promises a more accurate account of the recent history of housing programmes. For instance, the timing and characteristics of struggles for social security and welfare help to explain why it was only after 1945 that the state began to use housing a major instrument of economic stabilization. Similarly, departures from dominant trends in housing policy, such as the expansion of public housing programmes during the early 1960s, can be more easily explained. Instead of attributing such changes to an abstract process of 'problem-solving' within government, it can be shown how struggles for new forms of housing assistance and urban renewal pressed state agencies to alter housing programmes.

The theoretical perspective used in the present study also has possible advantages over existing explanations of changes in the housing policies of capitalist states. These include: 1) a non-deterministic account of the causes of housing policy changes 2) more rigorous analysis of the class interests served by different housing programmes and 3) greater sensitivity to the role of human agency in transformations of state policies. These advantages are considered in turn.

The literature on housing production, consumption and policies in capitalist societies has expanded enormously in recent years (Bassett and Short, 1980; Castells, 1979; Political Economy of Housing Workshop, 1976, 1980).
Much of this research has been in the Marxist tradition, although Weberian analyses of housing classes have attracted considerable attention (Bassett and Short, 1980; Saunders, 1984). Despite common concern with developing critical or alternative explanations of housing policies, analysts disagree on how changes in housing policies and procedures occur. Instrumentalist explanations (e.g. Harvey and Chatterjee, 1974; Harvey, 1973, 1978) attribute phenomena like housing submarkets in U.S. cities to capitalist domination of financial and government institutions. This perspective has lost favour in recent years, as analysts have questioned the 'state monopoly capital' thesis that monopoly capitalists directly control the operations of the state. Instead, it has been recognized that class domination and hegemony within the state can take different forms in particular social formations (Lebas, 1981; Poulantzas, 1976, 1978; Mouffe ed., 1979). Structural explanations argue that the needs of capitalist societies for profitable conditions of accumulation and the reproduction of docile wage-labour have determined trends in state intervention in housing. State subsidies for postwar suburban development in the U.S., for instance, have been explained by the 'needs' of various fractions of capital for profitable forms of accumulation in the urban built environment, and for a labour force with a direct stake in home ownership, mass consumption and the capita-
list credit system (Harvey, 1978; Walker, 1978b). As Bassett and Short (1980) note, such 'economistic' explanations of housing and housing policy have been more common in the U.S. urban political economy literature, than in British or French research. Still, examples of the logical deduction of the causes of housing policies from the accumulation and legitimation 'needs' of capital can be found in the British literature (Cockburn, 1977; Ball, 1983). The major criticisms of these explanations have been that they: attribute housing policy development to the economic imperatives of the capitalist mode of production and thus pay insufficient attention to political forces like housing struggles, and that they provide a functionalist account of the causes of housing policy (policies are caused by the function of the state in capitalist reproduction) (Bassett and Short, 1980; Chouinard and Fincher, 1984).

An alternative explanation of recent housing policies has been provided by the so-called 'French structuralist' school of urban research. Following the pioneering work of Castells (1978; 1979) on the 'urban question', researchers have examined how structural or necessary contradictions in urban development under capitalism have combined with social struggles to change the urban policies of capitalist states (Lebas, 1981; Pickvance ed., 1976; Castells, 1977, 1978; Harloe ed.,
Work in this tradition has been criticized for its high level of abstraction or 'formalism', and for empiricist definitions of certain theoretical categories (e.g. urban social movements). Duncan (1981) argues that Castells' explanations of housing policies suffered from the use of abstract categories like 'collective consumption' to explain the functions of modern cities under capitalism, the generalization of policy trends in specific capitalist nations to capitalism in general (e.g. state intervention in housing is necessary to the reproduction of capitalism), and from a methodological distinction between economic, political and 'ideological' levels of social formations. Castells (1979, postscript) acknowledges these weaknesses in his earlier analyses, arguing that the descriptive use of formal theoretical categories contributed to taxonomies rather than explanations of urban phenomena. A related difficulty in these structural explanations has been ambiguity about the significance of class conflict in transforming state policies. Is state intervention in housing provision always necessary to the reproduction of labour-power, for example, or is that intervention likely to vary with the extent and forms of class conflict in specific social formations? Structuralist explanations of housing policy have generally accepted the former functionalist proposition and treated social change through struggle as a 'structural effect'. This

The proposed theoretical perspective promises to overcome these problems of instrumentalism, determinism and ambiguity about the fundamental causes of changes in the capitalist state. As indicated above, the theory of state formation used in this study argues that the situation of capitalist states within capitalist modes of production limits the range of possible state actions (e.g. limits the possibilities for policies which inhibit the production and consumption of commodities). However, within these structural limits, struggles over conditions of production and reproduction cause concrete changes in the state apparatus and its policies, changes which vary over time and space due to the uneven development of capitalist societies.

Some analysts have suggested that problems of determinism and economism can be overcome through an eclectic or 'multitheoretical' approach (Harrington, 1983; Jessop, 1982). According to this position, different theories of the capitalist state might be used to explain the causes of policy change in certain phases of capitalism. Theories of the state might also be combined to account for apparent differences in forms of conflict.
over policies, for instance between class and 'non-class' conflict situations (Jessop, 1982). In this author's view, proposals for multitheoretical explanations of state policies are unsatisfactory for two reasons. First, they leave the question of cause and effect relationships in state development unresolved. It is not clear, for example, why the causes of state development should fundamentally change with phases in capitalism. For, as Chouinard et al. (1984) note, there have not yet been convincing demonstrations of changes in fundamental causal mechanisms within capitalism. Similarly, once it is conceded that pure forms of bipolar class struggle are seldom if ever manifest (since contingent conditions like ethnic divisions alter the manner in which struggle occurs), then the rationale for combining different theories of social conflict is unclear. Indeed, as Fincher (1983) indicates, there is a danger that eclectic combinations of theories will lead to inconsistent explanations of phenomena like urban social struggles. Nor have current proposals for multitheoretical explanations of state policies addressed the problem of the method of analysis to be used. Marxist and Weberian theories of the state, for example, have been used in conjunction with different scientific methods (realism and idealism for instance) (Saunders, 1979, 1980; Sayer, 1979, 1981; Chouinard, Fincher and Webber, 1984). On what basis would one
choose a method of explanation in a situation where different theories of the state were combined? To what extent are different state theories linked to incompatible conceptions of science and the world, or as Lakatos (1980) puts it, to inconsistent research programmes? Given such serious difficulties in an eclectic approach to explaining state development, it seems more promising to work within a single research programme, in this case that of Marxist political economy.

Another possible advantage of the proposed theoretical explanation is that it offers a more rigorous identification of the class interests served by housing programmes. Most analyses have used either reductionist or ad hoc criteria to assess the class implications of housing programmes (Chouinard and Fincher, 1983; Bassett and Short, 1980). Instrumentalist and economistic analyses have generally assumed that the class implications of policies can be 'reduced' to the economic needs of capital(s). Bassett and Short (1980) note that these reductionist explanations have not been successful in accounting for variations between advanced capitalist nations in housing policies. Why, for example, is Sweden more heavily involved in public housing than the U.S. if programmes are simply the outcome of the need to shelter labour?

Other studies have used ad hoc, empiricist criteria to assess the class implications of housing policies.
Castells' (1976) notion that 'structural effects' indicate effective working class struggle, for example, implies that any policy outcome which impedes capital accumulation necessarily favours the interests of the working class in opposition to capitalism. Yet it seems likely that some forms of resistance to accumulation will increase workers' capacities for effective opposition more than others. For example, if workers provide non-profit housing through their own financial organizations instead of relying on government agencies then this may decrease uncertainty about future funding. Empiricist definitions of effective class struggle thus make it difficult to judge the extent to which certain policy outcomes favour specific class interests. This is a serious difficulty in light of evidence that the class implications of specific forms of housing provision, consumption, and policies vary between nations and over time (Rose, 1980; Agnew, 1981).

The proposed theory may help to overcome these problems in reductionist and empiricist analyses of class interests in housing policies. Because class struggle in state formation is defined as collective actions that tend to increase the capacity of workers to oppose policies favouring conditions necessary to a regime of accumulation, one need not reduce class interests to the needs of capital or use observable characteristics of housing provision (state versus private housing, housing tenure) as ad
hoc indicators of class interests served by policy outcomes. Instead, one has a theoretical rationale for deciding which policies, procedures, and forms of struggle tend to increase working class capacities for opposition to conditions of production and reproduction specific to phases of capitalism. During an intensive regime of accumulation, one of the conditions of which is mass consumption of commodities, state policies favouring relatively decommodified forms of housing threaten the realization of value and thus capital accumulation. Decommodified alternatives like continuing housing cooperatives therefore further working class interests by removing a portion of the housing stock from commodity circulation and exchange, and by encouraging more collective forms of consumption (e.g. housing is managed by democratic boards instead of landlords or individual homeowners). As Fincher (1984a) indicates, even theoretical definitions of class interests in terms of capacities for opposition may be criticized on grounds of pragmatism. However, a strength of this approach is that there is some theoretical rationale for designating certain characteristics of struggles and policy outcomes as more likely to increase working or capitalist class capacities than others. In principle, this theoretical definition of class interests in state formation promises greater consistency between analyses in assessment of the implications of state policies for class
It can be argued that the proposed conception of state formation addresses recent criticisms of Marxist analyses for failing to pay sufficient attention to the role of human agency in policy change (Jessop, 1982; Saunders, 1979; Giddens, 1981; Mouffe, 1983; Laclau, 1979). By accepting the argument that the fundamental class relations of capitalism limit possible forms of the state without determining all its characteristics in a specific conjuncture (Wright, 1978), one can examine the extent to which class conflicts shape policy outcomes and impacts in any given situation. This helps to encourage consideration of the role of human actions in shaping daily life under capitalism. Although, contrary to the claims of recent critics like Giddens (1981), the significance of human actions as a cause of change in class societies has been recognized throughout the history of Marxist political economy, from the classical writings of Marx (Marx, 1974, 1976; Marx and Engels, 1970) to the recent work of the social historians (Thompson, 1969, 1975; Kealey and Warrian eds, 1975; Kealey, 1980; Cross and Kealey eds., 1984). As Marx (1974, 146) put it in his famous passage from the 'Eighteenth Brumaire':

> Men make their own history, but not of their own free will; not under circumstances they themselves have chosen but under the given and inherited circumstances with they are directly confronted.

The approach proposed in this chapter promises
greater sensitivity to the 'particularities' of peoples' experiences of the state in specific localities, without endorsing Thrift's (1983) seemingly frivolous proposal for geographic studies of such particularities "for their own sake". By examining how the concrete geography of the state is produced through struggles within particular modes of production, phases in the history of those modes and locales, it should be possible to develop better causal and 'contextual' explanations of state development in class societies.

2.7 Research Methods and Sources

Several research methods and sources were used to gather information on postwar trends in assisted housing policies, changing conditions of housing production and consumption, struggles to alter state intervention in the housing sector, and peoples' experiences of housing problems and policies.

Descriptive analysis of federal statistics on Canadian economic and housing trends, and housing assistance, was used to identify postwar changes in conditions of intensive housing production and consumption, and to determine the effects of these changes on housing production, consumption, and federal housing assistance programmes. Most of this data was obtained from Statistics Canada and Canada Mortgage and Housing Corporation (CMHC) publications. Unpublished data was obtained from CMHC files.
Secondary sources on Canadian economic history and the housing sector supplemented these sources. The results of this analysis are presented in chapter three, which explains postwar phases in federal housing assistance as the outcome of struggles over how the state should respond to changing economic conditions of housing production and consumption.

Description of housing policy debates and groups involved in them was used to determine the effects of class conflict and capitalist competition on assisted housing programmes. Unpublished sources included: unstructured interviews with housing activists, government staff, and representatives of the private housing industry, CMHC files on cooperative housing policy, a report on federally funded housing projects from the Canadian public archives, and the proceedings of meetings on housing policy attended by the author. Information was also obtained from published sources: Canadian House of Commons debates, publications by lobby groups like the Cooperative Housing Foundation (CHF) and Canadian Homebuilders' Association, research reports sponsored by CMHC, research reports and position papers released by non-government agencies like the Canadian Council on Social Development (CCSD) and Fraser Institute, University theses and research reports, journal articles concerned with social and housing policy debates, and articles and books on social struggles in
postwar Canada. This information was used to establish the types of groups involved in struggles over Canadian assisted housing policies, their extent, objectives, level of support, and organizing efforts. General findings on the organizations involved in postwar housing struggles are presented in chapter three, while chapter four discusses recent struggles between cooperative housing groups and the federal government over the extent and form of federal assistance to producers of continuing cooperative housing.

A case study approach was used to examine geograp­hic variations in local experience of the cooperative housing policies and procedures of the Canadian state. This entailed a logical analysis of how conditions of housing production and consumption, local social relations in consumption and reproduction, and forms of struggle over housing policies and neighbourhood change, combined to produce particular experiences of cooperative housing policies in two Toronto neighbourhoods. Data on two continuing housing cooperatives was used to describe the forms of struggle that emerged over project delivery and regulation, and the effects of these struggles on project regulation, use and peoples’ responses to related state policies. Information on groups involved in contesting project delivery and regulation was obtained through unstructured interviews with people involved with each project, community newspapers and planning documents,
project files, and secondary reports. Details of project regulation, and background information on conditions of housing production and consumption, and political organizing around housing and development issues in each neighbourhood, were obtained through these same sources. This approach to case study analysis and research sources are discussed in more detail in chapter 5 (section 5.1).

2.8 Conclusions

This chapter has proposed a theory of state formation as the outcome of class conflict and competition over conditions necessary to specific regimes of accumulation, and over contingent conditions in particular places. This approach promises better explanations of changes in Canadian housing programmes, by considering the role of class conflicts in policy change and how these causal processes have combined with contingent circumstances in particular places to produce policy outcomes and experiences. The proposed theoretical perspective also meets recent demands for more attention to the effects of social struggles and local circumstances on geographic variations in the state and peoples' responses to state characteristics. The empirical results of this analysis are discussed in the following four chapters. In the next chapter, major phases in postwar federal assisted housing policies are explained as the outcome of class conflict and competition over state intervention in the housing sector and
Canadian economy in general.
CHAPTER THREE

Housing Policy in Postwar Canada

The postwar period has seen frequent changes in Canadian housing legislation and policy implementation, and the use of a wide range of measures to stimulate the housing industry and meet housing needs. Although the federal government took the lead in the housing field following the second World War, provincial and municipal governments have helped to regulate housing provision (e.g. through zoning, rent control, and industry assistance) and have contributed to the delivery of public and non-profit housing. This broadening and deepening of state intervention in housing production and consumption has not been unique to Canada, but has been observed in all advanced capitalist nations (Harloe, 1981). This chapter examines a particular facet of this transformation in the Canadian state: the development of federal assisted housing policies. The term "assisted" is used in its broadest sense to refer to government provision of incentives and subsidies to private, public, and community housing producers and should be distinguished from "social housing", a label which is currently applied only to the non-profit sector (CMHC, 1983a, 1983b). The chapter
consists of two parts. Section one describes the major changes in federal assisted housing policies that have occurred since 1945. These trends are explained in section two, using the theory of state formation presented in chapter two.

3.1 Postwar Housing Policies

Four distinct phases of state intervention in housing production and consumption can be identified since 1945. The first is the period from 1950 to 1963, when federal and provincial housing programmes were almost exclusively concerned with the provision of incentives to financial institutions, builders, developers, and home-owners. This was followed by expansion in direct state provision of low income housing, through federal and provincial public housing programmes (1964 to 1970). A third phase in state intervention emerged from 1970 to 1978. This period saw the introduction of a new programme designed to replace public housing with non-profit and cooperative assisted housing produced and managed by community or 'third sector' groups. A fourth phase of state intervention began after 1978. It has been characterized by federal withdrawal from direct housing assistance, encouragement of private sector delivery of assisted housing, more autonomous provincial housing programmes and increased uncertainty regarding federal and provincial
directions in housing policies. Each of these phases is described below.

3.1.1 Private Sector Assistance (1950-63)

Following the Second World War, state intervention in Canadian housing production and consumption was marked by two major trends: 1) the dramatic withdrawal of the federal government from direct provision of housing and 2) the adoption of Keynesian housing programmes, designed to stimulate economic growth. During the war, a 'rudimentary' federal crown corporation (Wartime Housing Limited) produced housing in centres suffering housing shortages as a result of the migration of workers to wartime industries (Rose, 1980, 28; CBC, 1979). From 1941 to 1945, Wartime Housing Limited produced over 19,000 government housing units in urban centres, and an additional 27,000 houses for returning war veterans (Archer, 1980, 29). After 1945, entrepreneurs in the finance, building and development industries called for federal withdrawal from direct building of rental and ownership units. Wartime Housing Limited was replaced with a new crown corporation in 1946 (Central Mortgage and Housing Limited). CMHC was charged with administering federal housing policies and the 1950s saw the introduction of new programmes to assist the private sector in the provision of rental and ownership housing (Patterson, 1972; Carver, 1975; Rose, 1980; Archer,
Amendments to the federal National Housing Act (NHA) in 1944 followed the recommendation of the government’s advisory committee on reconstruction (the 'Curtis Committee') that housing programmes be used to dampen fluctuations in economic growth. The preamble argued that the high employment-generating capacity of the housing sector made it a promising target for counter-cyclical state expenditures (Archer, 1980, 31). The act established policy measures to encourage investment in mortgage funds, and to make homeownership accessible to lower income Canadians (Rose, 1980; Bacher, 1980; Archer, 1980; Smith 1977; Patterson, 1972). Prior to 1954, the primary policy instrument used by the federal government was the NHA mortgage. These were joint loan packages created by the federal government and private lenders, and offered to potential homebuyers at lower-than-market interest rates (of 3-4% in the 1950s; CBC, 1979). Changes in mortgage legislation provided additional incentives for the purchase of housing by consumers. The 'loan to value' ratio for mortgages was increased, thus reducing the size of down-payments required. Amortization periods were also increased from 15 to 20 years in 1946, and reached 35 years by the late 1970s (Rose, 1980, 35). To encourage financial institutions to participate in joint loans, provisions allowed them to charge "higher rates of interest on their
portion of the loan and established a system of guarantees that virtually eliminated all risk of capital and interest loss for lending institutions" (Smith, 1977, 9). Despite these incentives, most financial institutions remained reluctant to invest in long-term mortgage loans, and participation in this programme was restricted primarily to insurance companies (Patterson, 1972).

In 1954, the federal government replaced the joint loan technique with a mortgage insurance programme. Direct capital expenditures on mortgages were seen to conflict with the monetary restraint of the St. Laurent government. Amendments to the NHA allowed the chartered banks to enter the mortgage market for the first time and insured their investments, thus in principle increasing private sources of housing credit (Patterson, 1972). The 1957 CMHC annual report confirmed the federal commitment to reducing state spending on mortgages:

Parliament, in passing the National Housing Act 1954, had never intended that the Corporation should become a major supplier of mortgage money. Although Parliament in framing the Act allowed for such an eventuality, the purpose of the mortgage insurance arrangement was to reduce the house-building industry's dependence on public money by mobilizing private funds more effectively.

(cited in Carver, 1975, 144).

New incentives were introduced to encourage financial institutions to invest in conventional and government insured mortgages. For example, in 1957 the NHA insured
mortgage interest rate was freed to market levels and legislative restrictions on interest charges for conventional loans were gradually relaxed during the 1960s (Patterson, 1972; Smith, 1977).

Figure 3.1 shows evidence of the partial withdrawal of the federal government from direct spending on mortgage credit, and a decline in NHA insured mortgages, from 1955 to 1957 and again after 1958. The number of direct and insured mortgage loans made under the provisions of the NHA increased from 42,280 units in 1950 to 82,169 units in 1953. In 1963, federal mortgage loans were provided to only 54,694 housing units. Data on gross private loans (not including cancellations) indicate that these decreases in federal lending corresponded to increased conventional mortgage activity. For example, conventional mortgage loans for new housing increased from 44,744 gross units in 1953 to 76,601 gross units in 1963 (Central Mortgage and Housing Corporation, 1966, table 27). Smith (1974, table III) estimates that the percentage of new residential units financed with federal mortgage loans fell from 73% in 1950 to 29% in 1963. As Table 3.1 indicates, CMHC favoured mortgage insurance over direct loans for most of the 1954 to 1963 period. The only year in which direct loans exceeded insured loans in dollar value was 1959, when the first major expansion of the direct lending programme occurred in response to a shortage of housing
FIGURE 3.1 Net Mortgage Loans for New and Existing Housing Approved Under the Dominion and National Housing Acts 1950 to 1963.

Central Mortgage and Housing Corporation (1957) Canadian Housing Statistics, table 16, Ottawa: CMHC
Table 3.1
Housing Loans by CMHC in Canada, 1954 to 1963
(in millions of current dollars)*

Programme

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Lending</th>
<th>Insured Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>---</td>
<td>378</td>
</tr>
<tr>
<td>1955</td>
<td>---</td>
<td>601</td>
</tr>
<tr>
<td>1956</td>
<td>---</td>
<td>388</td>
</tr>
<tr>
<td>1957</td>
<td>199</td>
<td>261</td>
</tr>
<tr>
<td>1958</td>
<td>324</td>
<td>510</td>
</tr>
<tr>
<td>1959</td>
<td>309</td>
<td>283</td>
</tr>
<tr>
<td>1960</td>
<td>150</td>
<td>232</td>
</tr>
<tr>
<td>1961</td>
<td>238</td>
<td>439</td>
</tr>
<tr>
<td>1962</td>
<td>154</td>
<td>384</td>
</tr>
<tr>
<td>1963</td>
<td>281</td>
<td>365</td>
</tr>
</tbody>
</table>


*figures rounded to the nearest million.
credit (Patterson, 1972; Fallis, 1980). The federal mortgage programme was thus implemented so as to counter cyclical fluctuations in mortgage investment, without creating public competition with private lenders.

Federal support for assisted rental, public housing and urban renewal programmes remained minimal in comparison to mortgage programmes during the 1950s and early 1960s. Table 3.2 indicates that annual expenditures on assisted rental units under the limited dividend programme from 1954 to 1960 ranged from just under 50 million dollars in 1958, to a low of 9 million dollars in 1962. CMHC loans under the federal-provincial public housing programme launched in 1954 remained below 13 million dollars annually from 1954 through 1963. Expenditures on urban renewal remained below 5 million dollars annually during this period. Dennis and Fish (1972, 173-176) report that public housing accounted for less than .7% of annual housing starts during the 1950s. And Rose (1980, 36) notes that few assisted rental or public housing units existed by 1960, despite years of lobbying for low income housing initiatives:

Fifteen years of meetings and discussion, of speech-making and brief-writing, of presentations to provincial ministers, federal officials, local municipal councils and groups of businessmen and service clubs had resulted, by 1960, in the construction of not more than 10,000 to 12,000 public housing units, depending upon how the count was made.

Even if assisted rental units are included in the total, not more than 15,000 public housing units existed in Canada
Table 3.2

CMHC Loans for Assisted Rental, Public Housing and Urban Renewal Programmes

(in millions of current dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Assisted Rental</th>
<th>Public Housing</th>
<th>Urban Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>16.1</td>
<td>11.9</td>
<td>---</td>
</tr>
<tr>
<td>1955</td>
<td>9.9</td>
<td>12.4</td>
<td>1.8</td>
</tr>
<tr>
<td>1956</td>
<td>10.5</td>
<td>4.0</td>
<td>3.5</td>
</tr>
<tr>
<td>1957</td>
<td>30.6</td>
<td>11.1</td>
<td>1.1</td>
</tr>
<tr>
<td>1958</td>
<td>49.2</td>
<td>10.7</td>
<td>0.0</td>
</tr>
<tr>
<td>1959</td>
<td>35.5</td>
<td>7.6</td>
<td>3.4</td>
</tr>
<tr>
<td>1960</td>
<td>11.0</td>
<td>6.2</td>
<td>4.5</td>
</tr>
<tr>
<td>1961</td>
<td>25.5</td>
<td>6.0</td>
<td>2.9</td>
</tr>
<tr>
<td>1962</td>
<td>9.0</td>
<td>4.2</td>
<td>3.5</td>
</tr>
<tr>
<td>1963</td>
<td>14.6</td>
<td>10.8</td>
<td>3.7</td>
</tr>
</tbody>
</table>

SOURCE: Fallis, 1980, table 1
by 1960 (Rose, 1980).

The conclusion that the housing programmes of the 1950s and early 1960s were dominated by private sector incentives and subsidies is further reinforced by recent research on indirect housing assistance through federal tax incentives. Throughout the postwar period, homeowners have enjoyed exemption from taxation on capital gains from the sale of their principle residence, as well as on 'imputed rent' (the difference between the market value of a house and ownership expenses) (Hulchanski, 1982; Dowler, 1983). Since 1949, owners of rental units have enjoyed capital cost allowances which permit a yearly tax deduction for depreciation expenses against rental income (Barker et al., 1973; Lorimer, 1978; Dowler, 1983). Until 1981, developers and investors in all rental or commercial real estate could deduct 'soft costs' or capital costs at the front end of development projects from non-rental income for tax purposes. Unlike capital cost allowances, these soft cost deductions are not subject to recapture upon sale of the asset.

Unfortunately, little seems to be known about the magnitude of housing-related tax expenditures during the postwar period. It was not until 1979 that the Canadian Department of Finance began to publish tax expenditure accounts. Hulchanski (1982, 2) estimates that in 1980 total housing related tax expenditures in Canada were worth
8.9 billion dollars. This compared to direct federal expenditures on housing subsidies of only 700 million dollars in the same year. Dowler (1983, table 18 and appendix I) estimates that annual federal tax expenditures on rental and ownership housing averaged 4.8 billion dollars from 1976 to 1980. He cautions, however, that finance department estimates of tax expenditures are conservative because the impacts of some tax provisions have not been monitored or effectively measured.

3.1.2 Public Housing (1964 to 1970)

The second major phase in postwar housing policies, from 1964 to 1970, was marked by the expansion of public housing and continued emphasis on direct and indirect federal assistance to private finance institutions, owners of rental buildings and homeowners. The number of new and existing housing units financed with NHA direct and insured mortgage loans increased from 55,794 net units in 1964 to 124,026 units in 1970 (figure 3.2). As figure 3.2 indicates, NHA mortgage activity increased from 1966 to 1968 and again from 1969 to 1970, helping to sustain higher levels of housing production than in the 1950s. In addition, new incentives were used to encourage private provision of housing. In 1969, for example, the practice of discounting mortgages was authorized for lenders participating in the federal mortgage insurance programme.
FIGURE 3.2 Net Mortgage Loans for New and Existing Housing Approved under the National Housing Act, 1964 to 1970

This allowed financial institutions to increase effective interest rates on mortgage loans, as Patterson (1972, 263) has explained:

This is a little known practice in which the lender charges points for making a loan. If he charges one point, it means that borrower actually takes a loan for 101 per cent of what he would have otherwise. The net effect is to raise the interest rate above that stated in the contract.

Most federal subsidies and incentives continued to be directed to the private housing industry and consumers during the 1964 to 1970 period. When public housing production in Canada peaked in 1970 at 20,000 units this represented only 16.1% of all dwelling units funded under the NHA in that year (CCSD, 1977, 69; Leacy ed., 1983, series S247-253). Still, there was an unprecedented expansion in public housing activity. Bacher (1980, 2) reports that 96,000 public housing units were produced in Canada from 1964 to 1972, as compared to a mere 11,000 units from 1949 to 1963. Public housing provision was encouraged by the introduction of a new federal-provincial public housing programme in 1964 (section 43). Under this scheme, the federal government offered loans to provincial or municipal housing corporations for 90% of construction costs, and to share operating losses on a 50-50 basis, through the rent supplement programme (section 44 of the NHA). The programme also allowed CMHC to assist provincial and municipal housing agencies in land acquisition, and to
pay for 50% of the costs of urban renewal schemes (the latter of which became the responsibility of the provinces) (Dennis and Fish, 1972, 177; Rose, 1980, 39; CMHC, 1979; Black, 1977; CCSD, 1977; Pickett, 1972; Adamson, 1972).

Ontario was the first province to participate in the new public housing programme, announcing the establishment of Ontario Housing Corporation (OHC) in the same month that the federal scheme was announced. Other provinces operated under the old federal-provincial public housing programme until the late 1960s, when some provinces established their own public housing corporations (Rose, 1980; Dennis and Fish, 1972, 79).

The new programme provided more federal assistance than its predecessor and the number of public housing projects completed annually increased dramatically. In 1966, 55 public housing projects were completed. In 1969, 125 new projects were produced. By 1970, an average of 216 projects per year were being produced (Black, 1979, 12). As noted above, the annual number of public housing units produced in Canada peaked in 1970 at 20,000 units (CCSD, 1977, 69). Federal expenditures on public housing loans rose from 8.3 million dollars in 1964 to 245.6 million dollars in 1970 (Fallis, 1980, tables 1 and 2). This represented a real increase of $176.5 million constant 1964 dollars (author’s calculations based on Leacy, 1983, series K8-18). In the late 1960s, most of these federal funds went
to Ontario. In 1968, for instance, Ontario received 37.5 million dollars in public housing assistance out of total federal expenditures of 115.6 million dollars (Fallis, 1980, tables 2 and 3).

Federal spending on assisted rental housing programmes lagged behind public housing expenditures from 1965 through 1967, but accelerated after 1967. CMHC expenditures on limited dividend or assisted private rental housing declined from 11.3 million dollars in 1964 to 0 dollars in 1966 and 1967. By 1969, spending on assisted private rental housing had increased to 39.5 million dollars, and reached 243.4 million dollars in 1970 under the experimental 200 million and limited dividend programmes. In real terms (constant 1964 dollars), expenditures on assisted rental housing increased by 131 million dollars between 1967 and 1970 (author's calculations based on Leacy, 1983, series K8-18). In contrast, non-profit housing groups received only 13.7 million dollars in federal assistance in 1965 and 72.8 million dollars in 1970, a real increase of 44 million constant 1964 dollars between 1965 and 1970 (Fallis, 1980, tables 1 and 2; author's calculations based on Leacy, 1983, series K8-18). Low levels of government funding meant that only 12,500 new and 167 existing non-profit housing units were produced in Canada between 1964 and 1970. This represented a mere 1.9% of national housing starts (author's calculations based on
Dennis and Fish, 1972, table 5 and CMHC, 1982, table 9). Most of this non-profit housing was concentrated in the provinces of Quebec and British Columbia. These two provinces received 57.3% of all federal funds allocated for new non-profit projects from 1964 to 1970. The four Atlantic provinces received only 7.3% of this funding, while Ontario accounted for 10% (author's calculations based on Dennis and Fish, 1972, table 5). These regional differences reflected the preference of most provincial governments for public housing projects. For it was only in provinces like Quebec, where the provincial government provided 35% capital cost grants to non-profit housing groups, that non-profit projects seemed to develop. In Ontario, tenant demands for rents comparable to provincially subsidized public housing projects, and a lack of capital grants and operating subsidies, discouraged expansion of the non-profit housing sector during the 1960s (Ontario Habitat Foundation, 1973; Dennis and Fish, 1972, 243). Groups wishing to develop continuing cooperative housing (projects which differ from building cooperatives in that they remain collectively owned, managed, and non-profit) had little government assistance. From 1964 to 1969, CMHC approved only 4 federal loans to continuing cooperatives in Canada (CMHC statistics, June 14, 1972, CMHC file 112-1-2, vol. 9).
3.1.3 Non-profit and Cooperative Housing (1970 to 1978)

Major changes in Canadian housing policies occurred in the 1970 to 1978 period. Federal and provincial investment in public housing decreased in favour of private and non-profit programmes to house low and moderate income Canadians. These included assisted homeownership, rehabilitation, rental and municipal, private and cooperative non-profit housing schemes. Conventional incentives such as mortgage insurance and tax exemptions for individual homeowners were also used to encourage investment in mortgage credit and homeownership. Special tax expenditures for multiple unit residential buildings (MURBs) were introduced which allowed investors to deduct capital costs from non-rental income (Dowler, 1983, chapter 3).

The 1970s saw increased use of the federal mortgage insurance programme. Between 1971 and 1975, annual insured mortgage loans increased from 1807.2 million dollars to 3439.7 million dollars, a real increase of 602.4 million (1971) constant dollars (author's calculations based on Leacy, 1983, series K8-181; Task Force on CMHC, 1979, 49). By the end of 1978, CMHC had an estimated 20 billion dollars of loan insurance in force. This compared to loan insurance by private mortgage companies of 15 billion dollars at the close of 1978 (Task Force on CMHC, 1979, 49).

Figure 3.3 shows the number of new and existing
FIGURE 3.3 Net Mortgage Loans* for New and Existing Housing under the National Housing Act, 1970 to 1978


*Data after 1978 are gross
housing units financed through federal direct and insured mortgage loans from 1970 to 1978. Housing produced with NHA insurance and direct loans increased from 124,026 net units in 1970 to 153,328 net units in 1972. The number of NHA housing units decreased to a low of 82,373 units in 1974, before increasing to an average of 162,061 units from 1975 to 1978. These fluctuations in federal mortgage assistance reflected changes in conventional lending activity. The number of gross dwelling units financed with conventional mortgage loans increased from 41,789 in 1970 to 97,637 in 1973, and government lending activity declined from 1971 to 1974. The number of conventionally financed gross dwelling units then decreased to an average of 73,223 between 1974 and 1978, while government financing expanded again after 1975 (author’s calculations based on CMHC, 1982, table 52). Thus, as in earlier periods, government assistance was delivered so as to counter declines in conventional credit and help to maintain housing production and consumption.

The federal government used conventional and new incentives to encourage the consumption of owner-occupied housing units. NHA insured mortgages were made more attractive to consumers by increasing the maximum size of the loan (thus reducing downpayments), increasing the amortization period to 40 years, extending NHA mortgage legislation to cover the purchase of existing homes, and
reducing the insurance premiums for NHA loans. In 1973, CMHC introduced a new Assisted Homeownership Program (AHOP). This offered a mortgage of up to 95% of lending value over a term of 35 years and grants to first-time homebuyers. In 1975, grants were replaced by interest reduction loans. This helped to reduce federal expenditures on AHOP, from 461 million dollars in 1975 to 206 million dollars in 1976, or by 291 million constant (1975) dollars (CCSD, 1977; Task Force on CMHC, 1979; author’s calculations based on Leacy, 1983, series K8-18). By December of 1979, 138,783 units had been approved for assistance under the AHOP programme (CMHC, 1980, 6). In 1974, the federal government also introduced a new tax expenditure incentive known as the Registered Homeownership Savings Plan (RHOSP) (Hulchanski, 1982a, 3; Dowler, 1983). This was in addition to existing tax expenditures (non-taxation of capital gains and imputed rent on principle residences).

The federal government also introduced new policy measures for rental housing during the 1970 to 1978 period. In 1972, amendments to the Canadian Income Tax Act removed tax shelter benefits for individual investors. Development corporations remained eligible for capital cost allowances, a benefit which some argue has promoted concentration in the property industry (Smith, 1977). In 1975, the federal government introduced an Assisted Rental Programme (ARP) as
part of a 'Federal Housing Action Program'. Under the programme in effect from 1976 to 1978, CMHC offered interest-free loans to investors in rental housing who were willing to sign a fifteen year agreement limiting rent levels. Thus ARP was another version of earlier 'limited dividend' programmes. CMHC approved approximately 100,000 units under the ARP programme from 1976 to 1979. Hulchanski (1982b) notes that the ARP programme was intended for use with tax expenditure provisions (such as MURB), and that the federal taxes foregone from 1976 to 1981 under ARP and related tax provisions totalled 95 million dollars per year. In 1976, the Ontario and B.C. governments began to stack additional assistance onto the ARP programme (Hulchanski, 1982b).

The period from 1970 to 1978 also saw a gradual expansion in government assistance for non-profit housing (municipal, private and cooperative). However, private sector assistance continued to exceed non-profit funding throughout the 1970s (Dowler, 1983; Hulchanski, 1982a). Some observers argued that these relatively low levels of funding marginalized third sector groups in assisted housing delivery in favour of private sector alternatives (Burns, 1973; Laidlaw correspondence, CMHC files).

In April 1970, the federal government announced a special 200 million dollar 'innovative' or experimental housing programme, to be used to find new ways of deli-
vering assisted low and moderate income housing. In practice, most funds were allocated to private sector rental and condominium projects, rather than to community-based non-profit housing groups (Dennis and Fish, 1972; Berger, 1972). According to a 1970 interim report, four of the five housing projects approved in the City of Toronto under the experimental programme were to be produced by development corporations. Bradwin Properties, Greenwin, Victoria Wood and Meridian were to receive loans worth over 36 million dollars. In contrast, the single non-profit cooperative housing project approved at this time was to receive a loan of 2.5 million dollars (draft statement for Minister Andras, Oct. 1970, CMHC file 143-1/70). The Minister Responsible for CMHC made it clear that his primary concern was to encourage the private housing industry to produce more affordable housing:

I have for some time entertained the belief that the ability of the housing industry could be more fully extended in the particular and important field of low-cost housing. A significant feature of this program has been the direct involvement of builders, including some of the largest construction firms in Canada and it is from this sector that the majority of proposals have emanated. (CMHC file 143-1/70, folder #1)

Amendments to the NHA in 1973 included new non-profit and cooperative housing programmes. These provided financial and technical support to community-based groups and included assistance for housing renovation and conver-
sion under the Residential Rehabilitation Assistance Program (RRAP). Section 15.1 of the NHA provided assistance to nonprofit housing groups (municipal and private). Section 34.18 made funding available to cooperative housing groups on a regular basis for the first time. Financial assistance was offered on the following terms:

Under sections 15.1 and 34.18, loans for 100 per cent of lending value at subsidized interest rates were extended to non-profit organizations formed exclusively for charitable purposes, those which were provincially or municipally owned and cooperative corporations, whose intentions were to provide and operate modest housing for low and moderate income households unable to locate or afford such housing on the open market. A 10 per cent capital contribution was available or CMHC would buy parcels of land at the request of the non-profit corporations and lease it back to them at subsidized rents on a long term basis. Tenant rents were to be based at the breakeven level. (CMHC, 1983a, 18)

Priority was to be given to projects providing family housing for low and moderate income people, and creating new construction in areas of high unemployment. Haire (1975) reports, however, that 70% of the funds loaned during 1974 went to senior citizen rather than family housing projects. Unlike previous non-profit housing programmes, 15.1 and 34.18 did not require matching provincial grants. Provincial governments were expected to provide rent supplement funds through master agreements under the federal-provincial public housing programme (section 44.1 of the NHA). Provinces were also allowed to
stack additional financial assistance onto the 15.1 and 34.18 housing programmes (CMHC, April 1983).

Under the new programmes, CMHC grants and subsidies to municipal and private non-profit housing groups rose from 6.4 million dollars in 1974 to 20.7 million dollars in 1978, a real increase of only 3.3 million (constant 1971) dollars (Task Force on CMHC, 1979, table 5.2.1; author’s calculations based on Leacy, 1983, K8-18 and Canadian Labour Law Reporter, 1986, 2015-2016). Federal low interest (8%) mortgage loans to non-profit housing groups fell in real terms from 107.7 million (constant 1971) dollars in 1974 to 78 million (constant 1971) dollars in 1978 or by 29.7 million (author’s calculations based on Task Force on CMHC, 1979, table 5.1.3; Leacy, 1983, series K8-18; Canadian Labour Law Reporter, 1986, 2015-2016).

Much less financial assistance was provided to cooperative housing groups. CMHC grants and subsidies for cooperative housing increased from zero dollars in 1974 to 5.4 million dollars in 1978, a real increase of only 2.1 million (constant 1971) dollars (ibid). Subsidized mortgage loans increased from 7.6 million dollars in 1973 to 52.1 million dollars in 1978, a real increase of 18.9 million (constant 1971) dollars (ibid; Table 3.3). These differences in funding were reflected in levels of housing production. From 1974 to 1978, 25,817 non-profit housing units were produced with NHA loans in Canada. NHA loans for coopera-
Table 3.3

Cooperative Housing Loans Approved in Canada, 1973-78

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
<th>Loan Amount (millions of current dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>414 *</td>
<td>7.6</td>
</tr>
<tr>
<td>1974</td>
<td>996</td>
<td>17.6</td>
</tr>
<tr>
<td>1975</td>
<td>1495</td>
<td>44.4</td>
</tr>
<tr>
<td>1976</td>
<td>1567</td>
<td>40.3</td>
</tr>
<tr>
<td>1977</td>
<td>820</td>
<td>40.9 **</td>
</tr>
<tr>
<td>1978</td>
<td>2337</td>
<td>52.1 **</td>
</tr>
<tr>
<td>Total</td>
<td>7529</td>
<td>202.9</td>
</tr>
</tbody>
</table>

*author's estimate based on CMHC, 1982, table 59 and CMHC, 1980.

**these figures are from Task Force on CMHC, 1979, table 5.1.3.

tive housing totalled 7529 units (Table 3.3). Table 3.4 suggests that cooperative housing groups might have delivered more housing units if more funds had been available. In 1973, the Cooperative Housing Foundation estimated that 29.4 million dollars in mortgage funds were required by the cooperative sector. Actual CMHC mortgage loans totalled 7.6 million dollars. In 1974, Foundation estimates indicated that 38.9 million dollars in mortgages were required. CMHC mortgage loans committed in that year totalled 17.5 million dollars.

Additional funds for private, non-profit and cooperative housing projects were provided through the research provisions ('part five') of the 1973 NHA. Non-profit and cooperative housing groups were eligible for 'start up' funds which could be used for the preparation of loan applications and project feasibility studies. Beginning in 1974, federal funding was made available under the Community Resources Organization Program (CROP) for the establishment and operation of technical resource groups. These groups assist in the production and management of community-based non-profit housing (Social Policy Research Associates, March 1983). In 1978, 1.5 million dollars in start up funds and 201 thousand dollars in CROP assistance was allocated to third sector housing groups (CMHC, 1980, 14). Provinces could offer additional financial assistance to technical resource groups, as
Table 3.4

Mortgages Required Versus Mortgages Loaned for Cooperative Housing in Canada, 1973 and 1974

<table>
<thead>
<tr>
<th>Province</th>
<th>1973</th>
<th>1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>8.5</td>
<td>9.5</td>
</tr>
<tr>
<td>Alberta</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>3.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Manitoba</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Ontario</td>
<td>6.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Atlantic Provinces</td>
<td>2.5</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29.5</td>
<td>38.9</td>
</tr>
</tbody>
</table>

Source: CMHC file 112-1-2 vol. 9.

Homeowners, landlords, non-profit and cooperative housing groups were also eligible for housing rehabilitation assistance under the Residential Rehabilitation Assistance Program (RRAP) from 1973 to 1978. RRAP offered direct CMHC loans at a reduced interest rate of 8%. More generous assistance was offered to homeowners than to landlords or non-profit groups. Homeowners were eligible for maximum loans of 5,000 dollars while owners of rental units or non-profit housing were eligible for loans of only 1,000 dollars per unit (CMHC, Toronto branch files, no date). Expenditures under RRAP totalled 431 million dollars from 1974 to 1978 (Task Force on CMHC, 1979, 63).

3.1.4 Privatization and Disentanglement (1978 to 1982)

Federal assisted housing policies were characterized by two major trends from 1978 to 1982: increased reliance on the private sector for housing delivery and the 'disentanglement' of some non-profit programmes to the provinces. These trends are described below.

Figure 3.4 shows a decline in the number of housing units financed through NHA mortgage loans, from 134,561 units in 1978 to 77,464 units in 1981 and 80,888 gross housing units in 1982. Conventional mortgage loans for new and existing units also declined, from 262,573 gross units
FIGURE 3.4 Gross Mortgage Loans for New and Existing Housing under the National Housing Act, 1978 to 1982

in 1978 to 137,637 in 1982 (CMHC, 1982, table 46). These trends reflected a slump in housing production and sales after 1978, and decreased activity under the federal government's AHOP, ARP and graduated payment mortgage (GPM) programmes. Insured loans under the Assisted Homeownership Program (AHOP) had been provided for 94,198 new and existing units between 1975 and 1978. In 1979, only 7 housing units were financed under the AHOP programme. No mortgage loans were provided after 1979. From 1975 to 1978, 123,229 new and existing housing units had received insured mortgage loans under the ARP (assisted rental) programme. Only 18 units were financed through ARP in 1979 and just over 100 units in 1980. No mortgage loans were approved after 1980. Insured loans under GPM decreased from 22,695 housing units in 1979 to 749 units in 1982 (CMHC, 1982, table 68).

Direct federal lending for assisted housing also declined significantly after 1978. And direct loans for related programmes like urban renewal and federal-provincial land assembly decreased. Total direct federal lending for housing and related urban programmes decreased from 1,185.3 million dollars in 1978 to 823.9 million dollars in 1982, a real decline of 679.0 million (constant 1978) dollars (author's calculations based on Canadian Labour Law Reporter, 1986, 2015-2016). Federal budgetary expenditures on housing and urban development program-
mes (grants, contributions and subsidies) rose from 694.1 million dollars in 1978 to 1,390.5 million dollars in 1982, however this constituted a real increase of only 42.8 million (constant 1978) dollars (ibid). Most of this additional spending occurred under the public housing, residential rehabilitation and differential mortgage interest subsidy programmes (CMHC, 1982, table 27).

The evidence thus indicates that the federal government began to withdraw from direct lending for assisted housing after 1978, with subsidies being directed toward public housing, rehabilitation and mortgage interest reduction programmes. This resulted in a decrease in total CMHC expenditures. Total advances by CMHC declined from 1,117.4 million dollars in 1978 to 469.3 million dollars in 1982, or by 789.2 million (constant 1978) dollars (author's calculations based on Canadian Labour Law Reporter, 1986, 2015-2016). Borrowings by the crown corporation from the federal government decreased from 1,223.5 million dollars in 1978 to 430.5 million dollars in 1982, a real decline of 904.6 million (constant 1978) dollars (CMHC, 1982, table 27; author's calculations based on Canadian Labour Law Reporter, 1986, 2015-2016).

These trends also reflected changes in the financing and delivery of non-profit and cooperative assisted housing programmes. Amendments to the NHA in 1978 eliminated the 15.1 and 34.18 direct lending programmes in
favour of insured private mortgage and interest reduction subsidies. This new 56.1 programme was scheduled to take effect on July 1, 1978 but did not cover cooperative housing projects until 1979 (CMHC, March 1983, 1983b).

Figure 3.5 illustrates the delivery of subsidies to non-profit and cooperative housing projects under the 56.1 programme. The total subsidy assistance available is the difference between monthly mortgage payments at a 'market' interest rate (determined by CMHC) and monthly payments at an interest rate of 2%. These total available subsidies are first used to subsidize all housing units down to 'low end of market' rents (set by CMHC). Any subsidies remaining after these 'economic rents' are paid are available for deeper rent subsidies on a rent-geared-to-income basis. Thus federal rent subsidies are built directly into the 56.1 programme, rather than being negotiated with the provinces on a project-by-project basis as under the previous non-profit and cooperative housing programmes. Non-profit and cooperative housing groups also remained eligible for additional assistance through the RRAP, CROP and start up programmes (CMHC, 1983a).

The delivery of assistance to these 'third sector' housing groups changed under the 56.1 programme. After 1978, CMHC devolved or 'disentangled' the administration of municipal and/or private non-profit housing assistance to provincial governments. The terms of programme decentral-
FIGURE 3.5 Hypothetical Illustration of Section 56.1 Subsidy Assistance

SOURCE CMHC, (1983) Section 56.1 Non-Profit and Cooperative Housing Program Evaluation Ottawa; CMHC Program Evaluation Division, Figure 2.1
ization were set out in global and operating agreements signed between CMHC and provincial housing agencies. Table 3.5 shows the division of federal and provincial responsibilities under the 56.1 programme as of November 1983. All provinces except Newfoundland, Northwest Territories and the Yukon had signed global and operating agreements by December 1979. Nova Scotia, Saskatchewan and Quebec all assumed authority for the delivery of municipal and private non-profit housing (with Saskatchewan also administering provincial nonprofit housing assistance). Prince Edward Island, Ontario and Alberta assumed responsibility for the delivery of assistance to municipal non-profit housing agencies. British Columbia assumed responsibility for private non-profit housing assistance, while the Yukon administered assistance for provincial non-profit housing.

Non-profit and cooperative housing production increased under the 56.1 programme. From 1978 to 1983, over 66,000 units of non-profit and cooperative housing were produced in Canada. Cooperative housing accounted for approximately 18.9% of the total, or 12,312 units. Most of these housing units were concentrated in British Columbia, Ontario and Quebec. And, as had been the case under the 1973-78 programmes, most of this housing was delivered through the non-profit sector. Private non-profit housing groups delivered 51.5% of housing produced under the 56.1 programme, or 33,596 units as of 1983 (table 3.6).
Table 3.5
Provincial Variations
in Administration of Non-Profit
and Cooperative Housing Programmes

<table>
<thead>
<tr>
<th>Province</th>
<th>Housing Programmes Administered</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFLD</td>
<td>None</td>
</tr>
<tr>
<td>P.E.I.</td>
<td>2</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>1 and 2</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>None</td>
</tr>
<tr>
<td>Quebec</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Ontario</td>
<td>2</td>
</tr>
<tr>
<td>Manitoba</td>
<td>Joint allocation of units under Non-profit (with CMHC)</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>1, 2 and 3</td>
</tr>
<tr>
<td>Alberta</td>
<td>2</td>
</tr>
<tr>
<td>B.C.</td>
<td>3</td>
</tr>
<tr>
<td>N.W.T.</td>
<td>None</td>
</tr>
<tr>
<td>Yukon</td>
<td>None</td>
</tr>
</tbody>
</table>

Source: CMHC, 1983b, chart 2.1.

Code: 1 Provincial Non-Profit, 2 Municipal Non-profit, 3 Private Non-Profit

Note: all cooperative and native assisted housing programmes administered by CMHC.
Table 3.6
56.1 Units in Canada by Type and Province*

<table>
<thead>
<tr>
<th>Province</th>
<th>Provincial Non-Profit</th>
<th>Municipal Non-Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Nfld.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>P.E.I.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>138</td>
<td>11.3</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Quebec</td>
<td>8328</td>
<td>38.6</td>
</tr>
<tr>
<td>Ontario</td>
<td>22</td>
<td>0.1</td>
</tr>
<tr>
<td>Manitoba</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>1849</td>
<td>57.3</td>
</tr>
<tr>
<td>Alberta</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B.C.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>N.W.T.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Yukon</td>
<td>44</td>
<td>80.0</td>
</tr>
<tr>
<td>Canada</td>
<td>10381</td>
<td>15.9</td>
</tr>
</tbody>
</table>

Private Non-Profit | Cooperative

<table>
<thead>
<tr>
<th>Province</th>
<th>#</th>
<th>%</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nfld.</td>
<td>561</td>
<td>81.4</td>
<td>128</td>
<td>18.6</td>
</tr>
<tr>
<td>P.E.I.</td>
<td>224</td>
<td>95.7</td>
<td>10</td>
<td>4.3</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>406</td>
<td>33.3</td>
<td>360</td>
<td>29.5</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>1407</td>
<td>79.4</td>
<td>153</td>
<td>8.6</td>
</tr>
<tr>
<td>Quebec</td>
<td>9350</td>
<td>43.4</td>
<td>2669</td>
<td>12.4</td>
</tr>
<tr>
<td>Ontario</td>
<td>10339</td>
<td>56.3</td>
<td>4383</td>
<td>23.9</td>
</tr>
<tr>
<td>Manitoba</td>
<td>0</td>
<td>0</td>
<td>146</td>
<td>5.2</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>741</td>
<td>22.9</td>
<td>80</td>
<td>2.5</td>
</tr>
<tr>
<td>Alberta</td>
<td>1041</td>
<td>37.6</td>
<td>524</td>
<td>18.9</td>
</tr>
<tr>
<td>B.C.</td>
<td>6908</td>
<td>55.2</td>
<td>3895</td>
<td>30.8</td>
</tr>
<tr>
<td>N.W.T.</td>
<td>4</td>
<td>100.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Yukon</td>
<td>11</td>
<td>20.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Canada</td>
<td>33596</td>
<td>51.5</td>
<td>12312</td>
<td>18.9</td>
</tr>
</tbody>
</table>


*Native housing not shown.
In contrast, only an estimated 28,309 non-profit units were produced between 1973 and 1978, and 7529 cooperative housing units from 1973 to 1978 (CMHC, 1982; CMHC file 112-1-41 vol. 9; table 3.4).

The types of housing projects produced under the 56.1 programme varied considerably between provinces. In Ontario, the emphasis has been upon private non-profit housing (56.3% of all 56.1 units from 1978 to 1983). Cooperative housing accounted for 23.9% of Ontario's 56.1 units during this period, with municipal and provincial non-profit housing trailing at 19.3% and less than 1% of all units respectively. In contrast, provinces like Manitoba and Newfoundland have had little 56.1 housing activity outside the private non-profit sector (table 3.6).

There has also been considerable variation in the types of non-profit assisted housing receiving additional provincial funds under 56.1, since provinces are able to decide unilaterally whether or not to supplement federally funded housing projects. Most provinces have directed additional assistance to municipal or private non-profit housing. In Ontario, all reported additional provincial assistance to 56.1 projects as of 1983 had gone to public and private non-profit housing. Only in New Brunswick is there evidence of additional provincial assistance to cooperative housing projects under the 56.1 programme (table 3.7).
<table>
<thead>
<tr>
<th>Province</th>
<th>Public Non-Profit</th>
<th>Public Non-Profit</th>
<th>Private Non-Profit</th>
<th>Cooperative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># %</td>
<td># %</td>
<td># %</td>
<td># %</td>
</tr>
<tr>
<td>Nfld.</td>
<td>0 0</td>
<td>73 100</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>P.E.I.</td>
<td>0 0</td>
<td>15 100</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>N.S.</td>
<td>199 56.5</td>
<td>153 43.5</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>N.B.</td>
<td>0 0</td>
<td>268 100</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Quebec</td>
<td>8210 99.0</td>
<td>45 0.5</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Ontario</td>
<td>2384 95.6</td>
<td>109 4.4</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>0 0</td>
<td>24 100</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Sask.</td>
<td>0 0</td>
<td>592 99.0</td>
<td>6 1.0</td>
<td></td>
</tr>
<tr>
<td>Alberta</td>
<td>117 34.6</td>
<td>221 65.4</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>B.C.</td>
<td>0 0</td>
<td>3875 100</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>10910 66.9</td>
<td>5375 32.9</td>
<td>43 0.3</td>
<td></td>
</tr>
</tbody>
</table>

In summary, four distinct phases in federal assisted housing policies have been described: 1) a period of private production and consumption incentives from 1950 through 1963 2) the expansion of federal and provincial public housing efforts from 1964 to 1970 3) the development of alternative private, nonprofit and cooperative housing initiatives from 1970 to 1978 and 4) federal withdrawal from direct loans to private, non-profit, cooperative assisted housing producers, and homeowners, in favour of measures like interest reduction subsidies, designed to encourage private sector delivery of housing through the market and community-based non-profit and cooperative groups. The next section uses the theory of state formation presented in the previous chapter to help to explain these phases.

3.2 Explanation of Phases in Assisted Housing Policies

This section uses the theory that the main causes of state formation are class conflict and competition over necessary conditions of accumulation, consumption and social reproduction (chapter two) to help to explain the timing of postwar assisted housing policies, and their substance. It is argued that the form or substance of housing programmes during each phase was the result of struggles over the direction which necessary changes in conditions of housing production and consumption would
take. This explanation is developed in two steps. First, changes in conditions of accumulation and consumption which necessitated transformations in housing policies are identified. It is then shown how class conflict and capitalist competition helped to shape the characteristics of housing programmes during the phase in question.

3.2.1 Provision of Private Production and Consumption Incentives

It was noted above that the assisted housing programmes of the 1950s and early 1960s were characterized by incentives for the private production and consumption of housing. Direct and insured mortgages helped to ensure the availability of housing credit, despite fluctuations in private investment in the mortgage market. Insurance protected financial institutions against mortgage default, while direct loans helped to shield builders and homebuyers from credit shortages in the private mortgage market. Tax expenditures encouraged investment in rental housing and individual owner-occupation, for households able to afford it. What caused the Canadian government to rely on these private housing production and consumption incentives from 1950 to 1963?

The origins of the federal housing programmes of the 1950s and early 1960s lie in the demise of an extensive regime of accumulation in Canada, and the struggles which helped to create conditions necessary for a new intensive
regime of accumulation. In his analysis of economic crisis in the United States of the 1930s, Aglietta (1979) identifies a narrow consumer base and the immaturity or absence of institutions which might have broadened that base (collective bargaining, mass credit), as the major cause of the disruption of commodity production, circulation and consumption. Stone (1983) has explained how instability in the mortgage credit system contributed to the collapse of the American economy after 1929:

....when housing construction slackened after the mid-1920s, lenders increasingly financed housing speculation and cost inflation, which sustained the illusion of prosperity, but only for a while. The net result was that mortgage debt grew in the 1920s four times faster than the overall economy, i.e. much faster than the ability to repay it. So when the economy collapsed at the end of the decade, the mortgage system was a big part of the debacle. Millions of people lost their homes to foreclosure because they did not have the incomes to pay off their mortgages. Millions lost their savings because the banks had invested in home loans that could not be repaid.

These limits to extensive accumulation were also at the root of the Canadian housing crisis that emerged after 1929. Figures on housing completions and unemployment in construction indicate how serious industrial decline was in this sector of the economy. The number of dwellings completed fell from 64,700 in 1929 to 21,900 in 1933 (Firestone, 1951, table 22). Residential construction as a proportion of gross national expenditure fell from 5.1% in
1929 to 3.3% in 1933 (ibid, table 64). Unemployment in the building and construction trade unions rose from a monthly average of 13.2% in 1929 to 66.7% in 1933, remaining above 20% until 1941 (ibid, table 97). The rapid decline of the housing industry during the early 1930s reflected both instability in the mortgage market, and the limited capacity of Canadians for housing consumption. Mortgage investments were uninsured at this time and hence a high-risk venture for financial institutions. The massive unemployment of the depression contributed to a wave of mortgage defaults across the country, increasing the reluctance of finance companies to provide mortgage funds to builders and purchasers (Bacher, 1980; Gonick, 1975; Sussman, 1972). At the bottom of the depression, in 1933, more than 19% of the total Canadian labour force was unemployed (Wolfe, 1984, 50). Estimates of real unemployment are as high as 30% for this year (Cross and Kealey, 1984). This unprecedented unemployment was quickly translated into destitution and the inability to consume commodities for two reasons. First, a large proportion of the Canadian population had entered the depression with little or no personal savings. Horn (1980, 9) reports that 50% of Canadians ended the 1920s at or below the poverty level of approximately $1,000 per year for an urban family. This meant, he argues, that the unemployed quickly exhausted both their savings and sources of credit (e.g. with
local merchants and relatives). The second reason that unemployment was rapidly translated into the inability to consume was the absence of comprehensive income support programmes. Municipal programmes of poor relief were inadequately funded and restricted to cases judged to constitute absolute destitution. Hundreds of thousands of Canadians became dependent upon charity for their survival (Gonick, 1975; Wolfe, 1984; Horn, 1980; Morton, 1980).

The economic destitution of the depression years limited people's capacities to own their homes and capitalist profits from housing provision. The owner-occupied housing stock in Canada declined by 16,200 units in 1932, and a further 2,200 units were lost in 1933. The average net annual gain in owner-occupied housing units from 1934 through 1940 was only 10,100 units. This compares to 14,100 units from 1922 through 1930, and to 32,200 units from 1941 through 1949. Beattie (1954) argues that the depression also limited the ability of landlords to raise and collect rents, since few renters could afford increases anyway.

The economic crisis of the 1930s marked the demise of an extensive regime of accumulation as defined by Aglietta (1979) and with it, the restructuring of institutional forms of housing production and consumption. The existing high-risk mortgage system had become inadequate
for the provision of housing credit, while the minimal capacity of Canadians to consume commodities without income support created a barrier to further production.

It was under these circumstances that struggles for the establishment of the social security programmes of the modern Canadian 'welfare' state began (Phillips and Watson, 1984; Horn, 1980; Guest, 1980). Among these struggles were demands for greater government regulation of conditions of housing finance, production, and consumption. Bacher (1980) reports that organizations representing Canadian financiers (e.g. the Canadian Bankers' Association) have been involved in extensive lobbying on housing issues since the 1930s. According to Patterson (1972), financial and real estate entrepreneurs have enjoyed the most regular access to state officials on housing matters, and have therefore been more likely than less dominant fractions of capital (e.g. in building construction) to obtain favourable policy measures. In the 1930s and late 1940s, loan and trust companies demanded government guarantees against loan defaults, and opposed programmes perceived to challenge the 'assisted market' approach to government intervention in the housing sector (Bacher, 1980, 1985). By the late 1930s, financial institutions and federal officials had begun negotiations to establish a central mortgage bank, to regulate provision of housing credit. A central bank was not established in 1939, but Central Mortgage and
Housing Corporation (circa 1946) did fulfill the functions of mortgage insurance and regulation. This early consultation between financiers and the federal government on the question of mortgage funding, and on the founding of the Bank of Canada in 1935, thus helped to create institutional forms of government monetary and credit regulation necessary to an intensive regime of accumulation (Belec, 1984).

Struggles over housing policy during the 1930s were not limited to the concerns of finance capital. Builders and construction workers demanded government relief from the collapse of the construction industry, and some expressed support for direct intervention through programmes like public housing (Bacher, 1980). Professionals such as planners and members of Canada's new 'democratic left' tried to convince politicians and citizens of the need for housing assistance for the poor. Carver (1975, 51-57) has outlined how members of the League for Social Reconstruction (a group of leftwing intellectuals) and other housing activists struggled for municipal housing loans and housing subsidies for the poor during the 1930s in Toronto. From the mid-1930s, these people worked out of a 'housing centre' on the University of Toronto campus and tried to draw public attention to poor housing conditions in neighbourhoods like Cabbagetown; conditions first documented in the 1934 Bruce Report. In 1939, organizations like this one and others (such as the Canadian Federation
of Mayors and Municipalities) sponsored a national housing conference in Toronto. The meeting was attended by 200 representatives of groups based in Nova Scotia, Ontario, Manitoba and British Columbia. Included were members of the Atlantic cooperative housing movement, architects, planners and city council officials (Carver, 1975, 55).

Research on housing reform groups in Montreal and Toronto has identified representatives of social agencies, local boards of trade, local labour councils, liberal and conservative women's associations (Bacher, 1980, 168).

Housing reformers involved with the League for Social Reconstruction were also active in the Cooperative Commonwealth Federation. The Federation, founded in June 1933, was the forerunner of today's New Democratic Party (Morton, 1980). Horn (1980) credits League members like Leonard Marsh for many of the policy platforms used by the CCF in the 1930s and 1940s. For example, the 1933 handbook of the League supported the establishment of cooperative enterprises, a measure favoured by the CCF and cooperative movements (Horn, 1980, appendix 1). League members also had ties with Canada's 'radical Christian' movement, sometimes coming from families headed by radical church ministers (Horn, 1980). In 1935, the LSR published its 'blueprint' for Canadian reconstruction along socialist lines (Social Planning for Canada). Horn (1980, 92) has summarized the league's proposals and rationale for housing
and urban policy:

....the chapter on 'A Housing Programme' proposes comprehensive town planning and the establishment of a federal housing authority. Its task will be to provide adequate housing for low-income earners. This is the only way slums will be eliminated; the 'social benefits' will be worth the cost: 'If devoting some part of the budget to subsidized housing "pays" in healthier and happier living conditions for many of the country's workers, in less repressive environments for their children, in reduced burdens of infantile mortality, tuberculosis, juvenile delinquency, contagious diseases, this is "profitable" expenditure in the best sense of the word.' ....the operations of the market did not and could not provide affordable good housing to many Canadians....

The support of the League, the CCF, planners and other housing activists for government subsidized housing programmes was echoed in the 1935 report of the federal government's special committee on housing, a committee headed by the LSR leader Leonard Marsh. On the basis of its hearings, the committee claimed that there was a growing consensus on the need for the provision of subsidized housing by governments: "There will always be a large number of people who cannot afford to purchase a home, and it becomes the business of some agency, municipal, provincial or federal, to see to it that a sufficient number of suitable and sanitary dwellings are available for rent." (Special Committee on Housing, 1935, 6). The representation of groups like the LSR on the federal housing committee indicates that advocates of
subsidized housing programmes had achieved considerable political influence by the mid-1930s. Unfortunately, as Carver (1975) has noted, the role of these and other groups like the Canadian Federation of Mayors and Municipalities in the housing policy struggles of the 1930s and later remains poorly documented.

Political pressure for subsidized low-income housing also came from the cooperative and labour movements during the 1930s. Construction associations and labour unions had demanded government subsidized programmes as early as 1919, and renewed these demands whenever there was a major decline in housing construction (e.g. after 1930) (Archer, 1980, 17; Bacher, 1980, 115-146). As noted above, activists in eastern Canadian building cooperatives were also involved in the housing debates of the 1930s. However, this stream of the cooperative movement appears to have worked independently of organizers of producer and retail cooperatives in cities such as Hamilton. According to MacPherson (1983, 172-177), it was not until the 1940s that members of the cooperative movement became involved in housing policy struggles through liaison between their national organization (the Cooperative Union of Canada) and trade union activists.

Despite these struggles to win support for assisted low income housing, the programmes implemented by the federal government during the 1930s were limited to private
market assistance (mortgage insurance and direct loans to builders and purchasers) (Bacher, 1980). The fact that revisions to the Dominion Housing Act of 1938 included provisions for government-assisted low income housing indicates that these struggles influenced housing programme characteristics. However, federal negotiations with the provinces, and the government housing programme and production controls implemented during the war, delayed use of this limited dividend programme (Archer, 1980, 27; Rose, 1980, 27).

Federal intervention in housing during the war years was marked by direct provision of housing for workers in war industries, and later for war veterans, through the government's emergency housing agency: Wartime Housing Limited (Archer, 1980). The federal government also imposed rent controls during the war, a programme effectively dismantled after 1945 through the transfer of responsibility to municipalities (Beattie, 1954; Ontario Law Reform Committee, 1972). Public provision of housing and rent control helped to regulate production and consumption in ways that furthered the war effort (e.g. by providing housing for industrial workers and restricting 'profiteering'). The provision of veteran's housing, on the other hand, can be attributed to veterans' demands for increased opportunities in postwar Canada, the militancy they displayed in struggles for higher wages and increased
access to consumption goods in the immediate postwar years, and to government and industry concerns that the widespread labour unrest which followed the first world war not be repeated after the second (Roberts and Bullen, 1984; Morton, 1980). Indeed, it was the militant demands of all workers in the immediate postwar years for employment security, higher wages, and greater material affluence, which forced the federal government to adopt Keynesian economic management policies in sectors like housing. Palmer (1984, 31) credits these struggles with achieving a new 'postwar settlement' between labour, capital and state agencies: "When labour served notice in 1946-47 that it would tolerate no retreat from the gains registered during the war, with massive strikes involving almost 200,000 workers and millions of work-days lost, the stage was set for a postwar settlement among labour, capital, and the state."

The reliance on private market assistance characteristic of federal housing policies from 1950 to 1963 occurred despite struggles for subsidized low income housing during the 1940s. Local chapters of professional associations like the Community Planning Association, women electors, and housing reform groups continued to demand funding for assisted housing projects (Rose, 1980; Carver, 1975). Roddan (1946) reported that 'alarmed' citizens' committees were set up in many Canadian cities to investi-
gate the 'slum problem', and to find new ways of providing affordable housing for the poor. He argued, however, that these committees were not likely to challenge private housing provision because they were usually dominated by property owners, real estate agents, and businessmen. Still, in Toronto, Montreal and Halifax, housing reform groups succeeded in winning the support of municipal electors for public housing projects (Carver, 1975, chapter 7). The first project in Canada was Toronto's massive Regent Park, begun in 1948 (Hopwood and Rose, 1949). The 1940s also saw increased pressure from the Cooperative Union of Canada for federal assistance to housing cooperatives. In 1948, the CUC presented a brief to the federal housing minister demanding access to low interest loans under the limited dividend programme (Dennis and Fish, 1972, 251). As noted above, the CUC had begun consultation with the labour movement on housing and other matters (although the first CUC sponsored conference on cooperative housing did not occur until 1953) (Macpherson, 1983). Increased demands for government assistance reflected the expansion of cooperative housing efforts beyond Nova Scotia, with the first cooperative housing groups in Quebec and Newfoundland being established in the 1940s. Cooperative housing efforts began in Ontario in 1953 under the guidance of the Institute of Social Action at St. Patrick's College. At this time, cooperatives were
usually of the 'building' variety, in which the cost of housing was reduced through collective purchases and sweat equity but units owned on an individual basis (International Labour Office, 1972).

The 1944 federal housing subcommittee of the committee on social reconstruction (the Curtis committee) recommended a comprehensive national housing policy which met the demands of socialists, labour, church, cooperative, construction and various professional groups for more low income housing assistance, for community sponsored housing like cooperatives, and for government spending on housing as a countercyclical tool of economic stabilization. However, as Rose (1980, 18-29) points out, the preamble to the 1944 amendments to the NHA emphasized only the latter Keynesian strategy of using housing expenditures to stimulate construction starts and the economy. In 1947, the federal government made some concession to demands for low income housing assistance by introducing a new limited dividend programme for builders and community groups (Patterson, 1972, 246). Amendments to the NHA in 1949 provided assistance for public housing projects initiated at the municipal level (Rose, 1980; Patterson, 1972). However, as noted above, these programmes had produced little low income housing by the early 1960s.

The inability of housing activists to win programmes which went beyond the objectives of economic management
and stabilization of the mortgage credit system can be attributed to several factors. Perhaps the most important is that the 1940s and 1950s saw a convergence between the demands of financial and real estate entrepreneurs for programmes which assisted rather than replaced private housing provision, and public opposition to housing strategies based on government or non-profit provision (Bacher, 1980; Patterson, 1972; Rose, 1980). According to Rose (1980, chapter 3), workers who had remained employed during the devastating depression years tended to be critical of such proposals, regarding government or non-profit housing as a type of public works programme which assisted the 'unworthy' poor (e.g. those too lazy to find work). Divisions amongst members of organizations like the CCF, the Canadian Labour Congress and Trade and Labour Council over the issue of communism during the 1940s and 1950s may have contributed to this resistance, by encouraging suspicions that collective strategies of housing provision were linked to totalitarian forms of communism (Morton, 1980). The marginal status of public and non-profit housing during this period can also be attributed to the limited success of activists in creating institutional forms of housing assistance which favoured local, non-profit projects. The legislation introduced by the federal government during this phase required municipal requests for funding, as well as provincial enabling
legislation (housing being a provincial matter under the British North America Act). With the exception of Nova Scotia's programme for building cooperatives, the provinces were slow to adopt supporting legislation or develop the administrative means to deliver public or non-profit housing assistance. As a result, few public or non-profit projects were sponsored (International Labour Office, 1972; Rose, 1980). The administrative and financial form of federal-provincial housing programmes during the 1950s and early 1960s also discouraged local housing projects. For example, the programmes required an elaborate approval process with an estimated 50-80 formal steps prior to funding (Bacher, 1980; Rose, 1980; Dennis and Fish, 1972). Assistance for public housing projects also required relatively high municipal financial contributions to servicing, building and operating costs (from 7 1/2% in Ontario to 25% in Alberta, Manitoba and Nova Scotia) (Rose, 1980; Dennis and Fish, 1972). Municipal officials argued that federal and provincial transfers were too small to cover the costs of such contributions. As Table 3.8 indicates, there is some evidence to support this claim since municipal governments remained in a deficit position from 1950 to 1963.

Another contingent condition which affected the outcome of these early struggles for low income housing assistance was the performance of the Canadian economy and
### Table 3.8

**Municipal Government Deficits, 1950 to 1963**

<table>
<thead>
<tr>
<th>Year</th>
<th>Size of Deficit (millions of current dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>92</td>
</tr>
<tr>
<td>1951</td>
<td>149</td>
</tr>
<tr>
<td>1952</td>
<td>199</td>
</tr>
<tr>
<td>1953</td>
<td>175</td>
</tr>
<tr>
<td>1954</td>
<td>279</td>
</tr>
<tr>
<td>1955</td>
<td>204</td>
</tr>
<tr>
<td>1956</td>
<td>273</td>
</tr>
<tr>
<td>1957</td>
<td>293</td>
</tr>
<tr>
<td>1958</td>
<td>316</td>
</tr>
<tr>
<td>1959</td>
<td>341</td>
</tr>
<tr>
<td>1960</td>
<td>381</td>
</tr>
<tr>
<td>1961</td>
<td>128</td>
</tr>
<tr>
<td>1962</td>
<td>135</td>
</tr>
<tr>
<td>1963</td>
<td>198</td>
</tr>
</tbody>
</table>

housing industry from 1950 through 1963. Particularly in comparison to the depression, the 1950s and early 1960s were times of economic prosperity (Roberts and Bullen, 1934; Wolfe, 1934). The annual increase in gross national expenditure (the sum of all final outputs in constant 1971 dollars) exceeded 5% from 1950-53, 1955-56 and 1962-63, peaking in 1955 at 9.4% (Wolfe, 1934, table 1). In the housing sector, economic growth was manifest in an increase in annual housing starts and in the value of residential construction. Housing starts in Canada increased from 92,531 in 1950 to 148,624 in 1963, despite periodic declines after 1955 (Figure 3.6). The value of residential construction in constant 1971 dollars increased from 1,772,000 in 1950 to 2,305,000 in 1963, indicating a real growth in investment (Table 3.7). Economic growth was accompanied by high levels of employment and rising real wages in manufacturing, although Webber and Rigby (1934) indicate that wage gains were more moderate during the 1950s and early 1960s than in the mid- to late 1960s. By 1952, 95% of the Canadian labour force was employed (Firestone, 1933, ix). Unemployment had crept up to 5.5% by 1963, higher than that experienced from 1942 to 1949 but well below the massive unemployment of the depression years (see Table 3.10). Increases in employment and wages helped to make housing more affordable to Canadians than had been the case during the depression. As table 3.11 indicates,
FIGURE 3.6 Housing Starts in Canada, 1950 to 1963

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of Residential Construction (millions of constant 1971 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>1,776</td>
</tr>
<tr>
<td>1951</td>
<td>1,349</td>
</tr>
<tr>
<td>1952</td>
<td>1,502</td>
</tr>
<tr>
<td>1953</td>
<td>1,970</td>
</tr>
<tr>
<td>1954</td>
<td>2,240</td>
</tr>
<tr>
<td>1955</td>
<td>2,779</td>
</tr>
<tr>
<td>1956</td>
<td>2,797</td>
</tr>
<tr>
<td>1957</td>
<td>2,488</td>
</tr>
<tr>
<td>1958</td>
<td>3,123</td>
</tr>
<tr>
<td>1959</td>
<td>3,199</td>
</tr>
<tr>
<td>1960</td>
<td>2,639</td>
</tr>
<tr>
<td>1961</td>
<td>2,615</td>
</tr>
<tr>
<td>1962</td>
<td>2,718</td>
</tr>
<tr>
<td>1963</td>
<td>2,805</td>
</tr>
</tbody>
</table>

Table 3.10

Unemployment in Canada, 1930 to 1963

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment Rate</th>
<th>Year</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>9.1</td>
<td>1947</td>
<td>1.9</td>
</tr>
<tr>
<td>1931</td>
<td>11.6</td>
<td>1948</td>
<td>1.6</td>
</tr>
<tr>
<td>1932</td>
<td>17.6</td>
<td>1949</td>
<td>2.0</td>
</tr>
<tr>
<td>1933</td>
<td>19.3</td>
<td>1950</td>
<td>2.7</td>
</tr>
<tr>
<td>1934</td>
<td>14.2</td>
<td>1951</td>
<td>1.5</td>
</tr>
<tr>
<td>1935</td>
<td>14.5</td>
<td>1952</td>
<td>4.0</td>
</tr>
<tr>
<td>1936</td>
<td>12.8</td>
<td>1953</td>
<td>2.1</td>
</tr>
<tr>
<td>1937</td>
<td>9.1</td>
<td>1954</td>
<td>3.3</td>
</tr>
<tr>
<td>1938</td>
<td>11.4</td>
<td>1955</td>
<td>2.9</td>
</tr>
<tr>
<td>1939</td>
<td>11.4</td>
<td>1956</td>
<td>3.3</td>
</tr>
<tr>
<td>1940</td>
<td>9.2</td>
<td>1957</td>
<td>6.0</td>
</tr>
<tr>
<td>1941</td>
<td>4.6</td>
<td>1958</td>
<td>3.3</td>
</tr>
<tr>
<td>1942</td>
<td>3.0</td>
<td>1959</td>
<td>5.4</td>
</tr>
<tr>
<td>1943</td>
<td>1.7</td>
<td>1960</td>
<td>7.0</td>
</tr>
<tr>
<td>1944</td>
<td>1.4</td>
<td>1961</td>
<td>7.1</td>
</tr>
<tr>
<td>1945</td>
<td>1.6</td>
<td>1962</td>
<td>5.9</td>
</tr>
<tr>
<td>1946</td>
<td>2.6</td>
<td>1963</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Table 3.11

Average Weekly Wages in Canadian Industries versus Shelter Costs in Canada, 1950 to 1963

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Weekly Wages</th>
<th>% change</th>
<th>Shelter Component (CPI*)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>CPI index</td>
</tr>
<tr>
<td>1950</td>
<td>45.08</td>
<td>---</td>
<td>106.2</td>
</tr>
<tr>
<td>1951</td>
<td>50.04</td>
<td>11.00</td>
<td>114.4</td>
</tr>
<tr>
<td>1952</td>
<td>54.41</td>
<td>8.73</td>
<td>120.2</td>
</tr>
<tr>
<td>1953</td>
<td>57.53</td>
<td>5.73</td>
<td>123.6</td>
</tr>
<tr>
<td>1954</td>
<td>59.04</td>
<td>2.62</td>
<td>126.5</td>
</tr>
<tr>
<td>1955</td>
<td>61.05</td>
<td>3.40</td>
<td>129.4</td>
</tr>
<tr>
<td>1956</td>
<td>64.44</td>
<td>5.55</td>
<td>132.5</td>
</tr>
<tr>
<td>1957</td>
<td>67.90</td>
<td>5.37</td>
<td>134.9</td>
</tr>
<tr>
<td>1958</td>
<td>70.35</td>
<td>3.61</td>
<td>136.4</td>
</tr>
<tr>
<td>1959</td>
<td>73.40</td>
<td>4.34</td>
<td>141.4</td>
</tr>
<tr>
<td>1960</td>
<td>75.76</td>
<td>3.22</td>
<td>143.7</td>
</tr>
<tr>
<td>1961</td>
<td>78.24</td>
<td>3.27</td>
<td>100.0</td>
</tr>
<tr>
<td>1962</td>
<td>80.54</td>
<td>2.94</td>
<td>101.2</td>
</tr>
<tr>
<td>1963</td>
<td>83.27</td>
<td>3.39</td>
<td>102.3</td>
</tr>
</tbody>
</table>


*consumer price index
average weekly wages in Canadian industries increased more quickly than shelter costs from 1950 to 1963. Homeownership was relatively more affordable to Canadian households during the period from 1941 to 1961, than it had been from 1931 to 1941. Harris (1984a, table 5) estimates that whereas homeownership rates for Canadian households fell by 3.8% in the latter period, homeownership increased by 0.4% from 1951 to 1961 and by 8.9% from 1941 to 1951. This increased access to owner-occupied housing during the 1940s and 1950s may have decreased dissatisfaction with conventional, 'commodified' forms of housing provision, although the impacts of owner-occupation on conflict over state policy remains a controversial subject (Saunders, 1984). Struggles over access to rental housing were evident for, as Beattie (1954) notes, tenants were involved in numerous court battles over rent increases during the 1950s.

The case can be made, then, that the relative economic prosperity associated with an intensive regime of accumulation in the early postwar years created conditions which were favourable to mass consumption of housing in commodified form. Indeed, the production and consumption of housing and household items was one of the key pillars of postwar growth in advanced capitalist countries during this period (Badcock, 1984; Walker, 1981; Harvey, 1981; Lorimer, 1978; Rose, 1980). Castells (1979, 388) has explained how the mass consumption of housing, particularly
in its suburban form, helped to support intensive accumulation and consumption in postwar North America:

The shopping centres and the supermarkets were made possible by suburban sprawl, as were the new leisure activities (from the drive-in restaurant or cinema to the private swimming pool). But even more important was the role of the single-family house in the suburb as the perfect design for maximizing capitalist consumption. Every household had to be self-sufficient, from the refrigerator to the TV, including the garden machinery, the do-it-yourself instruments, the electro-domestic equipment, etc. At the same time the suburban model of consumption had a very clear impact on the reproduction of the dominant social relationships. At the most elementary level, this whole domestic world was built on borrowed money and the chronic indebtedness tied individuals into the job market and into society in general in a most repressive way. Any major deviation or failure of individuals to conform could immediately be countered by withdrawal of access to consumer credit. Mass consumption also meant mass dependence upon the economic and cultural rules of the financial institutions.

In the absence of studies of the effects of consumption practices on social attitudes and struggles, it is difficult to say whether the mass consumption of commodities like housing led to conscious mass agreement with assisted housing programmes for the private sector, or simply to a high degree of conformity in consumption practices. However, it is likely that the relatively favourable conditions of housing consumption experienced by Canadians after the war was an objective constraint against effective organizing for non-capitalist or relatively de commodified forms of housing provision. The convergence
between capitalist demands for an assisted market approach to housing policy, and public resistance to government intervention in the housing market after the war, suggests that renewed economic growth allowed a political alliance between capitalist and consumer groups in favour of policies supporting commodified housing production and consumption.

3.2.2 The Expansion of Public Housing

The second phase of postwar housing policies was distinguished by the rapid expansion of public housing for low income Canadians. Assistance to private producers and consumers of housing continued, but the state also embarked upon an unprecedented increase in the public housing stock. What caused this direct intervention in housing provision during these years? It will be argued that emerging contradictions within an intensive regime of accumulation necessitated a reorientation in state housing and urban development policies, and that struggles over policy directions contributed to the adoption of a public housing strategy.

Two key changes in conditions of accumulation and consumption in the Canadian housing sector created new opportunities for struggles to increase government assistance for the provision of low income housing. These were:

1) an intensification of housing affordability problems
through changes in dominant institutional forms of housing provision (the development corporation, credit system, and construction industry) and 2) contradictions in urban development arising from intensive production and consumption of suburban housing, particularly deterioration in some inner city housing stock and related opportunities for public and private redevelopment efforts. These two transformations necessitated change in state housing policies. However, the precise characteristics of the housing programmes of 1964 to 1970 were the outcome of contingent struggles over the direction those changes would take.

The period from 1964 to 1970 saw increasing instability in conditions of housing production and consumption. During the recession of the late 1950s, builders complained of a shortage of mortgage credit, despite government investment incentives like the mortgage insurance programme (Carver, 1975; Patterson, 1972). Housing starts declined from 138,276 in 1955 to 122,340 in 1957. Starts increased to 164,632 units in 1958, following the 1957 expansion of CMHC's direct lending programme by the Diefenbaker government in response to building industry demands for assistance, and fell again to 108,858 units in 1960 (Leacy ed., 1983, series S181-189). Thus even with direct lending programmes, the state experienced difficulty in smoothing fluctuations in mortgage availability and thus housing
production. The progressive relaxation of government restrictions on profits from mortgage lending during the 1960s (e.g. through permitting increased interest rates and special service charges) contributed to an increase in mortgage availability (Patterson, 1972). Levels of mortgage debt increased dramatically, from an annual average of $4,150 million in outstanding mortgage loans during the 1950s, to an annual average of $17,454 million in loans during the 1960s (author’s calculations based on CMHC, 1976, table 78). As Table 3.12 indicates, housing starts also increased, from 165,658 units in 1964 to 190,528 units in 1970. These increases in housing production reflected both the greater availability of mortgage funds for private builders and consumers, and the expansion of public housing efforts after 1964.

Although government measures thus helped to improve financial conditions for housing production during the 1960s, they did not resolve problems of housing consumption for low income Canadians. The housing component of the CPI (consumer price index) rose from 103.9 in 1964 to 130.9 in 1970, or by 26% (Dominion Bureau of Statistics, Jan. 1970, table 8). The shelter component of the CPI rose from 106 in 1964 to 141.8 in 1970, or by 33.8% (author’s calculations based on Dennis and Fish, 1972, table 1). Average weekly wages in Canadian industries increased in real terms from 86.51 (constant 1971) dollars in 1964 to 126.82
Table 3.12  
Housing Starts in Canada, 1964 to 1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Housing Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>165,658</td>
</tr>
<tr>
<td>1965</td>
<td>166,565</td>
</tr>
<tr>
<td>1966</td>
<td>134,474</td>
</tr>
<tr>
<td>1967</td>
<td>164,123</td>
</tr>
<tr>
<td>1968</td>
<td>196,878</td>
</tr>
<tr>
<td>1969</td>
<td>210,415</td>
</tr>
<tr>
<td>1970</td>
<td>190,528</td>
</tr>
</tbody>
</table>

(constant 1971) dollars in 1970, or by 46.6% (author's calculations based on Leacy, 1983, series E86-103). Thus the average industrial wage in Canada outpaced increases in housing costs, indicating that housing was relatively more affordable to those employed. However, research also shows that low income Canadians were hard hit by rising housing costs, the dominant component of which was mortgage charges. Monthly gross debt service on NHA single family homes increased from an index value of 107 in 1964 to 230.6 in 1970, or by 115.5% (author's calculations based on Dennis and Fish, 1972, table 2). These rising costs meant that fewer low-income households could afford homeownership. The percentage of Canadian households owning their homes decreased from 66% in 1961 to 60.3% in 1971 (Harris, 1984, 17). The capacity of low income Canadians to consume rental housing also declined. From 1964 to 1969, the proportion of household income spent on shelter in Canadian cities remained relatively stable for all but the lowest income quintile. Households in the top income quintile spent 12% of income on shelter throughout this period, while the proportion of income spent on shelter by households in the lowest income quintile increased from 29% in 1964 to 34% in 1969 (Dennis and Fish, 1972, 123). Thus low income Canadians bore the brunt of increases in shelter costs during the 1960s.

The increasing cost of housing and mortgage credit
during the 1960s was the outcome of competition between capitalists for profits from the intensive consumption of housing, and conflicts between capital and labour in the construction industry. Financial institutions increased mortgage premiums to offset perceived increases in risk on long-term investments as a result of inflation (the inflation rate increased from 1.2% in 1960 to 4.4% in 1969; Rigby, 1983, table 4.1). Barker et al. (1973, 110) explain why finance capitalists were increasingly reluctant to invest in mortgages during the 1960s and early 1970s:

Inflation coupled with the high demand for capital has resulted in the tendency of lending institutions to generally hold back on mortgage investments since mortgages as fixed, long-term investments do not provide a hedge against future inflation. Therefore, in conditions of perpetual inflation the investor’s profit is continually eaten away. When mortgages are in this condition of disadvantage relative to other types of investment, at the same time as there is a high demand for capital, these funds flow out of mortgages and into stocks and bonds which are more responsive to changing interest rates and do not tie up capital for so long.

Increases in mortgage charges made it more costly for real estate developers and builders to acquire funds for land assembly and building construction. Aubin (1977) argues that this is one reason why giant multinational development corporations became dominant in property development in cities like Montreal during this period. It was only these firms, with linkages to foreign capital,
which could raise the investment dollars needed to finance property assembly. The acceleration in the entry of large national and multinational corporations into the Canadian property industry during the 1960s lends support to this argument. From 1960 to 1969, 57 of the 100 largest public corporations in Canada entered the development industry, more than twice the number entering the industry during the 1950s (Barker, et al., 1973, 17). Studies indicate that this concentration of capital in the real estate industry allowed major development corporations like Trizec and Cadillac Fairview to dominate land assembly in most major Canadian cities (Barker et al., 1973; Spurr, 1976; Lorimer, 1978). Spurr (1976, 195), for example, estimates that there were 120 to 140 large development firms active in metropolitan Canada by the 1970s. These firms comprised about 30% of all metropolitan land producers, but accounted for over three-quarters of total land production. This control over land supplies in urban areas meant that developers were better able to pass on higher financing costs to consumers through land price and rent increases (Spurr, 1976; Lorimer, 1978; Caulfield, 1974), although disagreement continues on the importance of other factors like the rate of family formation in raising land prices during late 1960s and early 1970s (Task Force on the Supply and Price of Residential Land, 1978). Spurr (1976, 193) has explained how state assistance for housing
production, consumption and planning efforts supported this concentration of capital in the development industry:

The introduction of government-insured mortgages removed considerable risk from housing production, with the intended effect of attracting investment capital during the post-war period when many young families needed houses. However, as large scale and organized investment usually locates with experienced management and bigger, more inclusive projects, this government initiative facilitated the capitalization of the larger firms. During the 1950s, governments assembled unprecedented large tracts of land for future development in several centres, providing an example which the private sector quickly followed. The pressure on municipal finances caused by rapid suburbanization during the 1950s led municipalities to shift responsibility for subdivision services forward to developers, creating a formidable financial obstacle for the small producer. At the same, the economics of production were working for the bigger firms, as they incurred lower unit costs through volume production, and began structural integration to further reduce their expenses. The strengthening of local and regional planning and the requirement for better services, and commercial and industrial facilities in new developments have accelerated this process as only larger firms have been able to hold substantial land inventories which can mesh with advance growth planning.

Construction firms also increased in size during the 1960s. The percentage of all housing units built in Canadian cities with NHA loans by small building firms declined from 54% in 1961 to 33% in 1970. The percentage of all housing units built under this programme by large builders increased from 12% in 1961 to 32% in 1970 (Spurr, 1976, table 4.4). While this concentration of capital in the construction industry helped to reduce the costs of
material inputs to the production of housing (e.g. through investment in labour-saving techniques like prefabrication; see Lorimer, 1978; Barker et al., 1973), research indicates that it did not allow building firms to resist rapid increases in labour costs. In a major study of labour relations in the Canadian construction industry, Rose (1990) reports severe labour disputes and rapid wage gains in the 1960s; despite provincial government efforts to promote association-wide collective bargaining. Conflict between capitalists and labourers in the construction sector resulted in relatively rapid wage gains. From the mid- to late 1960s, hourly earnings in construction rose 11% per year (Rose, 1980, 103). The magnitude of these wage gains is indicated by the fact that from 1960 to 1977 construction wages rose 800%, while the average wage in manufacturing industries rose by 500% (Rose, 1990, 5). Construction work stoppages accounted for 25% of all production halts in Canada during the 1960s (Rose, 1980, 103). This instability in capital-labour relations within the construction industry contributed to increased housing costs during the 1960s. Wage gains in construction outpaced increases in the price of residential and non-residential building materials, and in land costs (see Dennis and Fish, 1972). Construction wage rates rose from an index value of 100.0 in 1961 to 188.7 in 1970 (Dennis and Fish, 1972, 76).
The worsening housing affordability problems experienced by low income Canadians during the 1960s as a result of these changes in necessary conditions of housing production and consumption, did not directly cause the state to increase the public housing stock. Rather, these problems seemed to make the long-standing arguments for public housing more widely accepted by Canadians. According to Carver (1975, 160-161), struggles for more public housing during the 1950s and early 1960s were ineffective because they lacked a large social base. CMHC officials, municipal politicians, and various professionals in favour of public housing remained scattered and isolated; unable to create an organized lobby like those in the financial and building industries:

....unlike the United States and Britain we have not had a strong national organization to speak for those in serious housing need. There have been lobbies for house-builders and developers, for money-lenders and for upholding the sanctity of home-ownership. But there has not been a lobby for overcoming the social inequities of housing.... Looking across the country in the sixties, one could see the few isolated figures of those who would always stand up and speak for public housing. Perhaps first amongst these was Dr. Albert Rose, now head of the Toronto School of Social Work, who, like his predecessors in that position... was an intelligent and well-informed national spokesman for public housing.... In Montreal was the grandfather of the cause, George Mooney, manager of the Federation of Mayors and Municipalities.... Out on the west coast was... Peter Stratton.... In counting the faithful I must also include Frank Dearlove, the embattled manager of Regent Park North; Paul Ringer who knew the rough and tumble of
life in public housing... Peter Burns who left CMHC to become the director of community renewal for the city of Ottawa.... And from within the family of CMHC, none spoke with more strength and effectiveness than Fred Coll and Homer Borland, two very articulate public servants. But, however dedicated these isolated spokesmen might be, they were at a disadvantage without some kind of organized force around them.

Housing debates in the federal parliament indicate that, by 1964, federal and provincial politicians, municipal officials, representatives of the construction industry, and professionals had succeeded in broadening political support for public housing. On May 28, 1964, the postmaster general (J.R. Nicholson) argued that the government's proposed public housing programme was required to serve those whose needs were not being met by the private housing industry: "In the view of the government, public housing offers a device by which additional housing can be made available directly at subsidized rents to those most in need, without requiring any diversion of the housing requirements of others." (Canada: House of Commons Debates, 1964, vol. 4, 3716). According to Nicholson, the objective of the new legislation was decent housing for all Canadians, a redistributive aim foreign to existing programmes of assistance to the private sector (Bacher, 1980; Rose, 1980; Fallis, 1980; Dennis and Fish, 1972). Members of parliament from across Canada (Vancouver, the Yukon, Manitoba, Toronto, Peterborough, Montreal and
Halifax) voiced support for increased public housing; arguing that measures to house the poor and homeless were overdue and that public housing was an important component of comprehensive urban renewal strategies (Canada: House of Commons Debates, 1964, vol. 4, 3713-4047). Little direct opposition to public housing was evident in parliamentary debates, although M.P.s speaking on behalf of the construction industry sometimes argued for more government assistance for private housing production, and less regulation of building standards (Canada: House of Commons Debates, 1964, vol. 4, 3824-3826).

The available evidence thus suggests that federal expansion of the public housing programme after 1964 was the outcome of more effective struggles for redistributive low income housing programmes and urban renewal assistance. As housing affordability problems increased during the 1960s, it became clearer that the private sector was unable to meet the housing needs of low and moderate income people. Indeed, government officials argued that public housing was a useful emergency measure for dealing with the decline in peoples' access to the owner-occupied housing market. It was not until the late 1960s that it was generally recognized that more Canadians had become permanently excluded from the owner-occupied housing market (Dennis and Fish, 1972; Black, 1977).

Debates in the federal parliament over the 1964
amendments to the NHA indicate that political support for public housing was linked to demands for comprehensive urban renewal assistance. Until 1956, urban renewal in Canada had been 'old style' slum clearance and redevelopment. Existing residents were not offered assistance for housing rehabilitation, nor were funds available to municipalities for commercial redevelopment of central city areas. The urban renewal programme established in 1956 included these forms of assistance and met municipal demands for non-residential redevelopment in cities like Halifax, St. John, and Hamilton (Pickett, 1972, 209). The 1964 amendments to the NHA broadened urban renewal assistance, offering federal financial contributions for site planning, servicing, staffing for information or relocation centres, loans to provinces or municipalities for the implementation of renewal, and loan insurance for affected homeowners wishing to rehabilitate their houses (Pickett, 1972, 208). M.P.s from cities like Vancouver and Hamilton praised the extension of federal urban renewal assistance to commercial redevelopment projects and noted how such revitalization, together with public housing efforts, would help to reduce problems such as poorly maintained rooming houses in downtown areas. A Peterborough M.P. argued that municipalities needed more assistance for government housing projects, for land assembly, and for service provision (Canada: House of Commons
A Winnipeg M.P. noted that cities like Winnipeg and Toronto had relied upon voluntary groups such as the Canadian Legion to provide most low income housing, and that these groups had lacked the resources to meet housing needs. He also observed that urban redevelopment and public housing efforts in Canadian cities lagged behind those in the U.S., Great Britain and Europe in terms of both funding and results (Canada: House of Commons Debates, 1964, vol. 4, 3818-3819). Struggles for increased public housing provision during the 1960s were more effective than earlier efforts because of this widespread concern to develop more comprehensive redevelopment strategies for central cities, and over related problems like a limited municipal tax base. To the extent that the suburban growth of the 1950s and 1960s limited investment in Canadian central cities, advocates of public housing and urban renewal were responding to one of the consequences of a suburban form of intensive accumulation and consumption in the housing sector (Dennis and Fish, 1972; Lorimer, 1970, 1972; Sewell, 1977; Goldrick, 1982). For, as Pickett (1972, 208) puts it: "Under the conditions of the immediate post-war years there was little incentive for private companies to divert energies and capital from the buoyant suburban housing boom to the high risks of replacing pockets of substandard housing set in a dubious environment." The gradual broadening of federal urban
renewal assistance after 1956 can thus be seen as a response to contradictions in urban development associated with intensive housing production and consumption.

Another contingent condition which made demands for public housing more effective during the 1960s, was pressure from the provinces (beginning with Ontario). The Ontario government indicated its eagerness to get involved in federal-provincial public housing by establishing Ontario Housing Corporation in the same month that the 1964 NHA amendments were announced (Dennis and Fish, 1972; Rose, 1980; Black, 1977). It is impossible to offer a complete explanation for increased provincial interest in public housing during the 1960s, without a detailed analysis of the political situation in each province. For it is likely that there was variation in the composition of particular lobby groups within each province and in their capacity to influence government officials. However, existing research on the public housing programme indicates some contingent factors which contributed to provincial demands. Black (1977) notes that provincial revenues were expanding during the 1960s and that this increased the funds available for social programmes like assisted housing. This is a plausible argument in view of the improved economic position of Canadian provincial governments during the 1960s (Gonick, 1975; Stevenson, 1977; Calvert, 1984). Stevenson (1977) argues that the provinces gained political
influence within the federal system, as a result of the 'boom' in resource industries like oil, gas and mining. The rapid development of these sectors allowed regional groupings of capital to exert more effective political pressure on the federal government, allowing them to win concessions on the control of programmes like public housing. These social programmes could then be used to achieve provincial aims such as increasing construction jobs, providing an alternative form of housing for households excluded from the owner-occupied market, and facilitating urban clearance and renewal (Barker et al., 1973; Lorimer, 1978; Dennis and Fish, 1972).

Efforts to obtain more government assistance for community-based non-profit housing also continued in the 1960s. Dennis and Fish (1972, 251) argue that these struggles resulted in cooperatives becoming eligible for assistance under the existing limited dividend programme, but did not achieve the objective of increasing federal funding and assistance to housing cooperatives:

In 1962, the Cooperative Union again raised the issue when it recommended that the preferential interest rates provided for people of low income, university students, and elderly persons be made available to cooperatives whose members fall within those broad classes. The government failed to respond and the feeling within CMHC was that any follow up steps were entirely a question for the cooperative movement itself. The government position did begin to shift slightly, however. Cooperatives were now considered eligible to borrow under section 15.
It was not until 1970 that the Cooperative Union of Canada, in conjunction with trade union and student activists (who had joined forces through the Cooperative Housing Foundation), succeeded in getting a formal CMHC commitment to finance cooperative housing projects on an experimental basis through the $200 million innovative programme (Dennis and Fish, 1972; Macpherson, 1983; Canadian Labour Congress, 1969; Kehoe, 1977).

The 1960s were also years of increased political conflict within Canadian society, over conditions in the workplace and urban communities. Labour militancy and organizing efforts increased in the private sector and emerged for the first time in the public sector (Webber and Rigby, 1984; Gandall, 1984). It was an era which saw student protest and rebellion over issues like American intervention in Vietnam and the organization of universities (Moffatt, no date; Langdon, 1972). Youth dissatisfaction with labour leaders and efforts to reform the institutions of Canadian society was reflected in the so-called 'counter-culture' of the hippy movement, and the development of 'new left' coalitions amongst labour and student activists, within the NDP, and amongst professionals involved in the provision of state services like public housing or neighbourhood planning (Harris, 1984b; Westhues, 1974; Gonick, 1969, 1984; Laxer, 1969; Gray, 1965a, 1965b). These years saw the development of a
national public and private tenants movement, the expansion of the peace movement to university campuses and, from the mid-1960s, attempts to organize low and moderate income people in urban neighbourhoods by students and other urban activists (e.g. to resist rent increases, improve conditions in public housing, fight displacement through public or private redevelopment) (Harris, 1984b; Lorimer, 1970, 1972; Lorimer and Ross, 1976, 1977; Sewell, 1972; Hunnius ed., 1971; Buchbinder, 1979). Wharf (1979, 11) notes that federal and provincial assistance for community work (for example through the Company of Young Canadians) helped to sustain community organizing efforts: "...the relative affluence of the sixties permitted considerable experimentation in full-time community work by many community groups and associations. However, with the budget cuts of the past five years, community projects have literally been removed from the Canadian scene. What has emerged... is a merging of community practice with service....". However, it was not until the late 1960s that activists in the labour, church, cooperative, student and peace movements established a national coalition to press for alternative forms of housing assistance. At this time, the first national organization for Cooperative Housing (the Cooperative Housing Foundation of Canada (CHF)) was established, as well as the first national offices for private and public housing tenants (Bradshaw, 1973; "National Tenant
Office Established", 1971; CHF, 1982, 1983c). And it was only after these struggles attained a national base that activists in the cooperative and private tenant movements were able to create effective pressure for policy changes like permanent funding for cooperative housing and rent control, and that public housing tenants won concessions in the design and management of projects (Dennis and Fish, 1972).

The expansion of federal-provincial public housing efforts during the 1964 to 1970 period can therefore be explained as the outcome of struggles over policy responses to emerging contradictions in an intensive regime of accumulation and consumption. The rising mortgage costs associated with mass production and consumption of housing and worsening capital-labour relations in the construction industry, created barriers to intensive accumulation and consumption of housing in the dominant suburban, owner-occupied form which necessitated a change in state housing policy. Public housing advocates used this opportunity to press for expansion of the public housing programme. At the same time, disinvestment in central city housing stock (e.g. rooming houses) led to demands for more comprehensive, government assisted housing, land assembly and redevelopment programmes. Lorimer (1978) notes that public clearance and housing projects in cities like Toronto during the 1960s provided the first models of high-rise
residential redevelopment for private development corporations.

3.2.3 Non-Profit and Cooperative Housing Programmes

The federal assisted housing programmes used from 1970 to 1978 were the outcome of struggles over how the state should respond to worsening conditions of housing production and consumption. Housing affordability problems increased during the 1970s as finance institutions and development corporations passed on the costs of 'galloping' inflation to consumers (through increased credit, land and rent charges). Difficulties in the profitable production of housing curtailed residential construction as early as 1973 in Ontario, and from 1973-74 and 1976-78 across Canada (see figure 3.7). Labour unrest remained intense within the construction industry, although the breakdown in collective bargaining as a form of regulation in the workplace became generalized throughout Canadian industries (Rigby, 1983; Webber and Rigby, 1984; Rose, 1980; Roberts and Bullen, 1984).

It will be argued that this emerging crisis in the reproduction of necessary conditions for intensive accumulation and consumption in the housing sector, and in the Canadian economy in general, necessitated a reorientation in state housing policies. Then some of the key ways in which struggles shaped the housing programmes of this era
FIGURE 3.7 Housing Starts in Ontario and Canada, 1970 to 1978

and CMHC (1982) Canadian Housing Statistics, tables 4 and 10
Conditions of housing production and consumption deteriorated in Canada from 1970 to 1978. Housing costs increased rapidly. The consumer price index for mortgage interest charges increased by 127.9 points and for housing costs by 102 points (Statistics Canada, Jan. 1973, table 9; CMHC, 1982, table 87). Housing costs had only increased by 27 points between 1964 and 1970 (ibid). As Table 3.13 indicates, the rate of increase in industrial wages lagged behind that for shelter costs by 1976. Canadian homeownership rates did not return to the 1961 high of 66.0%, although there was a small increase from 60.3% in 1971 to 62.1% in 1981 (Harris, 1984a, table 5).

The causes of spiralling housing costs relative to industrial wages lay in the breakdown of institutional forms of regulation in the workplace and market necessary to an intensive regime of accumulation. On the one hand, finance institutions continued to increase the price of mortgage credit to compensate for perceived risks to returns on investment, under conditions of inflation, rising unemployment and decline in industrial activity. The inflation rate increased from 4.4% in 1969 to 9.8% in 1974 and by 1981 had reached the record rate of 11.1% (Rigby, 1983, table 4.1). By 1978, mortgage interest rates on conventional loans had reached 10.6% (CMHC, 1982, table 75). The mortgage interest component of the consumer price
Table 3.13

Average Weekly Wages in Canadian Industries versus Shelter Costs 1970 to 1978

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages</th>
<th>% change</th>
<th>Shelter Costs (CPI)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>126.82</td>
<td>----</td>
<td>141.8</td>
<td>----</td>
</tr>
<tr>
<td>1971</td>
<td>137.64</td>
<td>8.53</td>
<td>149.7</td>
<td>5.57</td>
</tr>
<tr>
<td>1972</td>
<td>149.22</td>
<td>8.41</td>
<td>157.9</td>
<td>5.48</td>
</tr>
<tr>
<td></td>
<td>(1971 = 100)</td>
<td></td>
<td>(1971 = 100)</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>160.46</td>
<td>7.53</td>
<td>118.8</td>
<td>----</td>
</tr>
<tr>
<td>1974</td>
<td>178.09</td>
<td>10.99</td>
<td>130.3</td>
<td>9.68</td>
</tr>
<tr>
<td>1975</td>
<td>203.34</td>
<td>14.18</td>
<td>143.6</td>
<td>10.21</td>
</tr>
<tr>
<td>1976</td>
<td>228.03</td>
<td>12.14</td>
<td>163.4</td>
<td>13.79</td>
</tr>
<tr>
<td>1977</td>
<td>249.95</td>
<td>9.61</td>
<td>181.2</td>
<td>10.89</td>
</tr>
<tr>
<td>1978</td>
<td>265.37</td>
<td>6.17</td>
<td>196.1</td>
<td>8.22</td>
</tr>
</tbody>
</table>

index increased by 115 points between 1971 and 1978 (CMHC, 1982, table 39; Statistics Canada, Jan. 1973, table 9). The economic dominance of real estate development corporations meant that this fraction of corporate capital was able to pass on the increased credit costs through higher land and rent charges. By 1978, 12 of the top 15 firms in Canada in terms of assets were real estate development corporations. These were (in order of rank): Cadillac-Fairview, Trizec, Oxford Development Group, Nu-West Development, Marathon Realty, Bramalea Ltd., S.B. McLaughlin Associates, Marborough Properties, Carma Developers, Block Bros., Qualico Developments, and Richard Costain (Hughes and Hughes, 1978, 60-82). This growth was part of a transnational flow of capital into the Canadian finance, insurance and real estate sectors during the 1970s, a phenomenon which has been attributed to a 'switching' of circuits and locations of accumulation during an international crisis in capitalism (Harvey, 1981; Aubin, 1977). Net fixed capital formation in these sectors of the economy increased from 625.5 to 1,036.4 million constant (1971) dollars between 1972 and 1978, or by 410.9 million constant dollars (Statistics Canada, 1981, 43). In contrast, net capital investment in the construction industry increased by only 52.9 million constant (1971) dollars during the same period (Statistics Canada, 1981, table 29). The economic position of finance and property
capital therefore improved relative to industrial capital in the building industry, and within the economy as a whole.

Capitalists in the construction industry, on the other hand, were unable to resist escalating production costs because continued instability in collective bargaining allowed severe labour unrest and rapid wage increases. Average hourly earnings in the construction industry increased at an annual rate of 12.8% during the 1970s, although the differential between construction and manufacturing wage gains narrowed (Rose, 1980, 103). Construction disputes accounted for 10% of all work stoppages in Canada during the 1970s, a decrease from the 25% of the 1960s which reflected general labour unrest (Rose, 1980, 103). As in the 1960s, then, opportunities for profitable accumulation were limited by instability in collective bargaining relations between capital and labour in the construction industry. What was different about the 1970s was that the collapse in the dominant institutional form of workplace regulation had spread throughout Canadian industries and to public sector services like the post office (Morton, 1980; Rigby, 1983; Webber and Rigby, 1984; Wolfe, 1984; Roberts and Bullen, 1984). Strikes and lockouts in Canada increased from under 600 in 1970 to over 1200 in 1975, before declining to approximately 1100 in 1978 (Rigby, 1983, figure 4.10). By the mid-1970s, the
imposition of wage controls by the federal 'anti-inflation' board and the disciplining effect of rapid increases in unemployment levels began to slow wage gains in Canadian industries (Wolfe, 1984). This helps to explain why industrial wages were lagging behind housing cost increases after 1976. As the costs of consuming commodities rose, this breakdown in relations in the workplace increasingly threatened mass consumption based on the wage-relation and credit.

The emerging crisis in intensive accumulation, consumption and housing affordability created new opportunities for struggles to promote relatively 'decommodified' housing (housing provided by the state or on a non-profit basis by community groups). It also encouraged demands from capitalists and consumers for state subsidies to offset the costs of credit and other inputs to housing production and consumption. The characteristics of federal assisted housing programmes from 1970-78 were the outcome of contemporary struggles for and against commodified housing provision and of previous struggles for community-based housing and redevelopment during the late 1960s. Class conflict thus came to focus on how to redirect state subsidies away from public housing, in favour of either private sector subsidies or community-based non-profit housing alternatives.

Pressure for major revisions to federal assisted
housing policies intensified during the late 1960s, as developers, builders and consumers clamoured for relief from housing costs and as the struggle for more decommodified assisted housing attained national proportions. In the House of Commons, M.P.s argued for measures to increase housing starts, reduce costs for developers, builders, and consumers, and provide more affordable housing for low income Canadians. In the 1969 speech from the throne, the federal government announced its commitment to promoting housing starts, and meeting low income housing needs: "...the objective is to construct 1 million new housing units in five years. The Government will play its part in achieving that objective while emphasizing measures to satisfy the needs of low income families...." (Canada: House of Commons Debates, 1969, vol. 1, 3). M.P.s from across Canada called for government action to reduce the costs of producing and consuming housing. A Toronto M.P. reported that builders were experiencing grave difficulties in producing affordable housing. Municipal restrictions on building materials, lot sizes and servicing, and related delays in rezoning were increasing builders' payments on interest charges and preventing rapid recovery of high land costs. Uncertainty regarding the type and amount of federal mortgage loans which might be available was also disrupting production plans (Canada: House of Commons Debates, 1969, vol. 1, 447-449). Builders in Quebec and
British Columbia demanded measures to reduce interest rates, the termination of federal sales taxes on building materials, and public land assembly (Canada: House of Commons Debates, 1970, vol. 7, 8072-8075). Organizations like the Association of Mayors and Municipalities called for measures to increase housing production and relieve unemployment in the construction trades (Canada: House of Commons Debates, 1970, vol. 6, 6106-6107).

Demands for government relief from the high costs of producing and consuming commodified housing coincided with struggles for alternatives to public housing for low and moderate income Canadians. The 1968 Hellyer and 1972 low income housing task forces criticized public housing projects for their large scale, marginal locations, and poor tenant-management relations (Rose, 1980; Dennis and Fish, 1972). They recommended support for non-profit and cooperative housing projects as an alternative to public housing. By 1970, public housing tenants had established a national organization and were demanding greater participation in management decisions (Black, 1977; Dennis and Fish, 1972; Ottawa Tenants Council, 1976; Ontario, 1981). Organizations like social planning councils, church groups and non-profit housing groups, and represented on a national basis by the Canadian Council for Social Development, lobbied for community-based non-profit housing on the grounds that it would be more sensitive to local needs than
existing programmes (Baker, 1974). Pressure for tenant participation in public housing management and better local services, together with community opposition to public housing projects, encouraged municipal officials to resist public housing projects as troublesome concentrations of the 'needy' and 'demanding', despite a progressive decline in the actual size of projects (Dennis and Fish, 1972; Canadian Council on Social Development, 1977).

Community activists involved in the student and 'new left' movements helped to organize groups dissatisfied with existing housing conditions and programmes during the 1960s and 1970s. Harris (1984b) reports that students were involved in tenant struggles over issues like rent increases in Kingston during the mid-1960s. Policy proposals on housing put forward by Canada's 'new left' during the 1960s supported measures to control the costs of consuming housing and to increase community control over housing and planning policies. Unfortunately, written accounts in sources like Canadian Dimension (the official 'voice' of the new left) do not indicate the type or extent of organizing efforts by new left activists around housing issues (Gonick, 1984; "A Political Program for Canada in 1965", 1965; Gray, 1965; Fisher, 1966; Gonick, 1966; "For an Independent Socialist Canada", 1969; McLeod, 1974). In March 1968, labour, student and cooperative activists came together to establish the Cooperative Housing Foundation of
Canada (through the National Labour Cooperative Committee). The CHF was sponsored by the Cooperative Union of Canada, the Canadian Union of Students and the Canadian Labour Congress, and gained the support of the United Church of Canada during the 1970s (CHF, 1978; letter to author from Research Program Coordinator, CHF, 1984). The Canadian Union of Students (CUS) was the successor to SUPA (Student Union for Peace Action) and included 'grass roots' organizers of early cooperatives like Toronto's Forward 9. SUPA and the CUS have been linked to the 'new left' wing of Canada's student movement, although cooperative housing activists point out that their supporters are drawn from a variety of political positions (Gonick, 1984; Laxer, 1969; Langdon, 1970; Wernick, 1975). Public archive records indicate that community organizing around housing and related issues was funded in part through federal 'participatory' programmes like Opportunities for Youth and the Company of Young Canadians (Loney, 1977; report on public archive files prepared for author, October 1993). Members of Canada's peace movement were also involved in organizing the 'poor' during the 1960s in Canadian cities like Halifax and Toronto (Moffatt, no date). Once again, however, it is difficult to gauge the significance of these efforts for the transformation of assisted housing policies during the 1970s without detailed accounts of these struggles.

Public criticism of the federal-provincial public
housing programme was echoed within the government during the late 1960s and early 1970s for economic as well as political reasons. Not only was public housing proving to be a controversial form of low income housing, but governments faced increasing subsidy expenditures as inflation accelerated. Federal budgetary expenditures to meet 50% of operating costs increased from $2.1 million in 1966 to $17.1 million in 1971, and by 1976 had reached $148.1 million, a real increase of 81.7 million (constant 1971) dollars from 1971-76 (author’s calculations based on Leacy, 1993, series K8-18 and Labour Law Reporter, 1986, 2015-2016). Despite a reduction in public housing production after 1970, subsidy costs continued to climb as the gap between operating costs and tenant incomes widened. From 1966 to 1974, expenses per person in Canadian public housing projects doubled, while revenue increased by only 18%. As a result, subsidies per capita increased 3.5 times, from $118 in 1966 to $414 in 1974 (CMHC, 1979, 30). These subsidies were non-discretionary because they were made under long-term agreements signed with the provinces (CMHC, 1979; Rose, 1980). The capital costs of public housing projects also escalated as conditions for intensive accumulation and consumption deteriorated. The capital cost per completed unit rose by 248% between 1951 and 1974 (Black, 1977, 15). The growing contradiction between the escalating costs of public housing and the use
fiscal restraint to 'fight' inflation (Wolfe, 1984) made
officials more receptive to demands for alternative
forms of low income housing like non-profit and cooperative
projects.

The 'experimental' 200 million dollar innovative
fund, announced by the federal government in 1970, had the
primary purpose of encouraging the private sector to
produce low and moderate income housing. However, a series
of memos between the Minister Responsible for CMHC, the
CMHC president and officials at the national and branch
levels indicate that officials were searching for alterna­
tive forms of assisted housing which could serve people
eligible for public housing, provide shelter for moderate
income households that could no longer afford owner-occu­
pied housing, and help to control state expenditures (memo
from CMHC president to branch managers, Feb. 17, 1970;
April 1970 press release; memo to Low Income Housing
Group from Assistant Chief Appraiser CMHC (national office)
March 31, 1970; CMHC file no. 143-1/70, folder #1).
Non-profit and cooperative housing projects had several
attractions under these circumstances. Day-to-day costs of
developing and administering the projects could be devolved
from the state to the non-profit or cooperative board of
directors. Non-profit and cooperative housing also offered
possible reductions in operating costs through volunteer
labour or 'sweat equity' since rent levels directly reflect
operating expenses (Fincher and Ruddick, 1983). Public housing projects lacked this incentive for voluntary cost control since rent levels are set according to rent-to-income scales developed by CMHC and provincial state agencies (Ontario, 1981; CCSD, 1977). Perhaps the most convincing evidence that federal officials were more receptive to demands for relatively 'decommodified' forms of assisted housing because of increased concern with control of state expenditures on housing assistance is that a major project evaluation criteria used by head office staff in the administration of the experimental programme was that projects reduced costs through volunteer labour (CMHC file 112-1-2, vol. 9).

The search for an alternative to public housing made struggles for experimental and permanent federal funding of housing cooperatives more effective than in the 1960s. In April 1970, the Cooperative Housing Foundation entered negotiations with CMHC for experimental funding of 5 continuing cooperative housing projects in Vancouver, Calgary, Winnipeg, Toronto and London (CHF, 1978; draft paper for Minister Andras, Oct. 1970, CMHC file 143-1/70; Kehoe, 1977). To the extent that these projects enabled more frequent and regular access to federal housing officials, this marked a major political breakthrough for the cooperative housing movement; the establishment of the first effective terrain of struggle within the Canadian
state (CHF, 1983c, 1978). However, it must recalled that the majority of the 'innovative' funds were allocated to private development corporations and builders (draft statement for Minister Andras, Oct. 1970, CMHC file 143-1/70; Berger, 1972).

In the January 1973 throne speech the federal government announced that it would deal with the 'housing' crisis through a wide range of incentives to private developers and builders, and a programme of community-based nonprofit and cooperative housing. In conjunction with the provinces, assistance would be given for low income seniors housing, for cooperative and non-profit housing, for home purchases by low and moderate income households, and for investment in new and existing housing and infrastructure (Canada: House of Commons Debates, 1973, vol. 1, 5). New measures to promote mortgage investment were also promised. The Minister of State for Urban Affairs (Ron Basford) noted that a top priority was to meet provincial demands to increase housing production, as a stimulus for economic growth and employment (Canada: House of Commons Debates, 1973, vol. 1, 83-84). The new programmes were also intended to meet municipal demands for more housing and urban rehabilitation assistance, and low and moderate income assisted housing programmes; demands voiced in the 1972 tri-level government conference on housing and urban development policies (Canada: House of Commons Debates, 1973, vol. 1, 5).
Debates, '1973, vol. 1, 185). These municipal priorities were a response to the growth of the citizen 'reform' movement during the late 1960s and early 1970s; struggles against old style renewal, clearance, private redevelopment of central cities, and business-dominated local councils and for greater community control over low income housing provision and the redevelopment of existing neighbourhoods (Wharf ed., 1979; Draper ed., 1972; Laxer, 1979; Magnusson and Sancton eds., 1983; Baker, 1974; Repo, 1977). In the case of Toronto, reform efforts resulted in the establishment of a municipal non-profit housing corporation (Cityhome) by a majority 'reform' council, and official support for community-based housing projects as well (Goldrick, 1973; Sewell, 1972; Lorimer, 1973; Roussopoulos ed., 1982; Magnusson ed., 1984).

The eclectic range of the housing and urban development assistance programmes introduced in 1973 indicates the divergent social interests to which federal officials were trying to respond. Both proponents of decommodified housing and the private sector were to be subsidized through the new programmes. Another indication of the increased effectiveness of class struggle over assisted housing policies was the explicit acknowledgement that housing programmes were social policies. The Minister of State for Urban Affairs summarized this new view of the functions of CMHC:
...it can no longer be simply a banking institution or a lending institution for the building industry. It has moved from concentrating on supporting the building of middle class housing in recent years, it has moved from having to treat housing as an economic commodity and housing policy as a economic stimulus to be turned up or down according to the prevailing economic winds in the country. (Canada: House of Commons Debates, 1973, vol. 1, 186).

Noting that CMHC had been reorganized to facilitate new social functions (e.g. by replacing senior officials) the minister announced that the cornerstone of federal housing policies would be that all Canadians have a right to adequate shelter at reasonable cost (ibid).

The new private and non-profit assisted housing programmes announced in 1973 received support from both the private and community housing lobbies. When Bill C-135 (to amend the National Housing Act) was introduced to the House, the organizations supporting the bill included: the Canadian Council on Social Development (representing housing activists in Canadian cities), HUDAC (representing builders and developers), the Cooperative Housing Foundation and Ontario Habitat Foundation (representing national and provincial levels of the cooperative housing movement), and the British Columbia Central Credit Union (which was heavily involved in the housing field) (Canada: House of Commons Debates, 1973, vol. 2, 2259).

Despite this support, class conflict over the
allocation of federal funding between commodified and
decommodified assisted housing producers, between fractions
of capital, and thus over the form of housing assistance
was evident in parliamentary debates. Toronto politicians
and tenants joined with the Cooperative Housing Foundation
and Ontario Habitat Foundation in arguing that insufficient
funds were being allocated for development of non-profit
housing proposals, for conversion of existing housing to
higher density use, and for housing for single persons
(Canada: House of Commons Debates, 1973, vol. 2, 2365-
-2366). NDP leader (Ed Broadbent) argued that more funds
for non-profit housing were needed to offset spiralling
production costs. The 2 million dollars allocated to
cooperative housing, for example, fell short of CHF
estimates that 30 million in mortgage funds were needed in
1973 (Canada: House of Commons Debates, 1973, vol. 3,
3043). The Urban Development Institute (representing real
estate development corporations) claimed that insufficient
assistance was being provided to middle income families
experiencing difficulties in purchasing homes. A conserva-
tive M.P. (Scarborough) argued that the federal govern-
ment’s non-profit initiatives would squander funds on
"projects of limited social value" when all available
housing assistance should have been allocated to ensure
greater homeownership and thereby a "responsible citizenry"
(Canada: House of Commons Debates, 1973, vol. 2, 2473-
The Montreal Construction Association criticized the housing package for failing to deal with spiralling mortgage rates, and the need to fight inflation in credit costs by limiting government spending (Canada: House of Commons Debates, 1973, vol. 2, 2477). Criticisms of non-profit housing were often accompanied by calls for deregulation of the development and/or building industries. A Winnipeg M.P. argued that bill C-135 failed to remove the major obstacle to affordable housing in Canadian cities, namely excessive government regulation of the development process: "Many developers feel that single family housing could be provided in many urban areas at half the present price, if only they were given the cooperation of the various governments in place of the many current restrictions they encounter." (Canada: House of Commons Debates, 1973, vol. 2, 2478). Another Conservative M.P. criticized inconsistencies in municipal implementation of the National Building Code and argued that expenditures on non-profit social housing simply added constraints on 'free enterprise' in the building industry: "unless CMHC withdraws from activities which can be properly performed by private enterprise, such as mortgage insurance, direct mortgage lending etc., we face the danger of turning CMHC into an uncontrollable, bureaucratic colossus." (Canada: House of Commons Debates, 1973, vol. 3, 2515).

Federal officials assured spokespersons for the
development and construction industries that the new programmes would supplement, not replace, the private housing industry: "As the minister said, the bill is designed to meet the housing needs of the other income groups who would otherwise not be able to compete for housing on the open market." (Canada: House of Commons Debates, 1973, vol. 2, 2368). Yet struggles for and against privatization of assisted housing delivery continued long after the passage of the 1973 housing bill.

3.2.4 Privatization and Disentanglement

The major characteristics of post-1978 federal assisted housing programmes (increased reliance on private sector housing delivery and disentanglement of programme administration) were the outcome of struggles over how state agencies should respond to a deepening crisis in intensive production and consumption. At issue was whether the assistance programmes of the welfare state should be 'recommodified' by directing more subsidies to capital and individual commodity consumption, at the expense of 'decommodified' alternatives like non-profit housing (Harloe, 1981; Wolfe, 1984; Fincher and Ruddick, 1983; Fincher, 1984b).

Deepening crisis in the reproduction of necessary conditions for an intensive regime of accumulation after
1974 enhanced the possibilities for effective struggles for programmes that helped to return housing provision and consumption to the private sector. By 1974, the Canadian economy had entered what Marxist analysts regard as a crisis in the reproduction of profitable conditions for continued accumulation. Strikes and lockouts in Canadian industries had escalated from less than 600 per year throughout the 1950s, 1960s and early 1970s (with the single exception of 1966) to 1218 in 1974 and remained above 800 per year until 1982 (Leacy ed., 1983, series E190-197; Rigby, 1983, figure 4.10). The collective bargaining and management relations established in the workplace since World War Two were no longer capable of stabilizing the extraction of absolute surplus value (Aglietta, 1979; Roberts and Bullen, 1984). Webber and Rigby (1984) report that, by 1974, the mass of profits in Canadian manufacturing industries had begun to fall. This meant that firms faced zero or negative returns to additional capital invested. The possibility of negative returns made the accumulation process more vulnerable to 'exogenous' shocks like the rapid oil price increases of the late 1960s and 1974 (Webber and Rigby, 1984; Gonick, 1975). Under these circumstances, capacity utilisation rates fell, output stagnated and unemployment rose. The official unemployment rate in all Canadian industries increased from 5.3% in 1974 to 11.0% in 1982 (Wolfe,
1984, table 1); the highest levels of exclusion from the labour force since the 1930s. This meant that an increasing proportion of Canadians had become excluded from the wage relation, and were dependent on income support and social assistance programmes for access to consumption goods. Burgeoning state expenditures (particularly on business incentives; see Calvert, 1984) and decreased revenues were translated into an escalating federal deficit. Net federal revenues fluctuated within the plus or minus 1 billion dollar range throughout the 1950s, 1960s and early 1970s. Between 1974 and 1978, however, the federal deficit plummeted to over 10 billion dollars and was over 20 billion by 1982 (figure 3.8). Public and private competition for credit allowed finance institutions to escalate interest rates (Gonick, 1979; Calvert, 1984). Increased credit charges and commodity prices in turn exacerbated inflation. The consumer price index increased by over 10% annually in 1974, 1975 and 1980 to 1982 and by an average of 8.4% annually between 1976 and 1979 (author's calculations based on Wolfe, 1984, table 1). A general destabilization in necessary conditions for the mass or intensive consumption of commodities in Canada became evident after 1976, as the rate of increase in real personal expenditures on consumption goods and services slowed and total expenditures finally declined in absolute terms between 1981 and 1982 (see figure 3.9). The Canadian
FIGURE 3.8 Federal Government Surpluses and Deficits 1950 to 1982

FIGURE 3.9 Total Personal Expenditure on Consumer Goods and Services 1961-1983 (millions of constant 1971 dollars)

evidence thus indicates that a general crisis in the reproduction of conditions necessary to an intensive regime of accumulation emerged after 1974.

Limits to the mass consumption of commodified housing intensified along with the crisis. Finance institutions built 'inflation premiums' into credit charges to compensate for perceived increases in risk of loan default with high unemployment and inflation (Wolfe, 1984; Gonick, 1975, 1978). Development corporations tried to maintain profit levels through increasing charges for land purchase or rent, and investing in commercial and luxury residential property development (Spurr, 1976; Lorimer, 1979; Barker et al., 1972; Aubin, 1977). Housing and especially mortgage costs continued to climb from 1978 to 1982. The shelter component of the CPI rose from 208.3 in 1978 (1971 = 100) to 286.8 in 1982, or by 78.5 points. Increases in shelter costs outpaced increases in average weekly earnings in Canadian industries during 1978, 1981 and 1982 (table 3.14). The mortgage interest component of the CPI index rose almost twice as fast as shelter costs; from 215.0 in 1978 to 364.7 in 1982, or by 149.7 points. Increased housing costs and the 'exogeneous shock' of a dramatic decline in the rate of household formation in the 15-24 and 25-34 age categories after 1976 (CMHC, 1982, table 95), contributed to decreased levels of housing production. Housing starts in Canada decreased from
Table 3.14

Average Weekly Wages in Canadian Industries versus Shelter Costs 1978 to 1982

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages</th>
<th>% increase</th>
<th>Shelter Costs (CPI)</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>265.37</td>
<td>6.17</td>
<td>196.1</td>
<td>7.60</td>
</tr>
<tr>
<td>1979</td>
<td>288.25</td>
<td>8.62</td>
<td>208.3</td>
<td>6.22</td>
</tr>
<tr>
<td>1980</td>
<td>317.33</td>
<td>10.09</td>
<td>223.9</td>
<td>7.49</td>
</tr>
<tr>
<td>1981</td>
<td>355.23</td>
<td>11.94</td>
<td>252.5</td>
<td>12.77</td>
</tr>
<tr>
<td>1982</td>
<td>390.73</td>
<td>9.99</td>
<td>286.8</td>
<td>13.58</td>
</tr>
</tbody>
</table>

227,667 dwelling units in 1978 to 125,860 units in 1982, the lowest level of annual housing starts since 1961 (CMHC, 1992, table 1).

The national slump in housing production after 1978 also reflected competitive actions taken by property capital to increase opportunities for profitable investment. In 1977, the Conservative housing critic, in consultation with builders and developers represented by HUDAC, reported that rising costs of housing production and consumption were encouraging investors to transfer capital out of the Canadian property sector and into U.S. real estate (Canada: House of Commons Debates, 1977, vol. 2, 1505-1509). Research indicates that this international 'switching' of capital is a competitive strategy often used to deal with national building cycles (Harvey, 1978; Short, 1981). One indicator of disinvestment and 'capital flight' (Bluestone, Harrison and Baker, 1981) is the fact that the assets of development corporations declined in relative terms after 1978. By 1982, several of the major real estate development corporations of the 1970s had disappeared entirely from the top 500 corporations in Canada in terms of assets (Block Bros., Richard Costain, and Oxford Development Group). Cadillac-Fairview had gone from first in rank in 1978 to 98th in rank in 1982. Bramalea Ltd. had slipped from 8th in rank in 1978 to 250th in 1982 ("Top 500 from A to Z", July 1982, 99-128). Decreased
investment in property development was translated into a slump in construction activity. Net fixed capital formation in the construction sector declined from 129.0 million (constant 1971) dollars in 1978 to 58.7 million (constant 1971) dollars in 1982. In the absence of further government action to reduce credit and other production costs (e.g. municipal servicing requirements), the property industry curtailed investment in new housing production across Canada after 1978. Growth in the Canadian housing sector now took the 'fictitious' form of accumulation through the circulation of commodified housing (Harvey, 1982). Fixed capital formation in the finance, insurance and real estate sectors rose from 1,036.4 million (constant 1971) dollars in 1978 to 1,344.3 million (constant 1971) dollars in 1982 (Statistics Canada, 1981, 1984, 29, 43).

Continued deterioration in conditions of housing production and consumption also created opportunities for intense struggles over state formation in the housing sector. The use of housing subsidies to counter decreased production and employment came under increasing attack, as it became obvious that high levels of housing production could not be sustained and affordability problems continued for low and moderate income Canadians. As early as December 1977, M.P.s in the federal parliament were criticizing the government for failing to reduce credit, land, and building costs. Some M.P.s spoke on behalf of
housing consumers, arguing that government housing programs had subsidized finance institutions and/or real estate developers at the expense of owners and tenants (Canada: House of Commons Debates, 1977, vol. 2, 1512-1526). A spokesperson for the NDP, for example, argued that existing federal housing programmes had failed to resolve the basic problem of housing affordability because the government refused to challenge capitalist control of housing provision: "The housing policies of the Minister of State for Urban Affairs are the result of bowing and begging and giving land speculators, developers, builders and finance institutions almost complete control over the number and types of housing, the interest rates, the land costs and the financing of housing in Canada, with the result that 80% of Canadians cannot afford housing today." (House of Commons Debates, 1977, vol. 2, 1512).

Builders were divided in their demands for changes in federal housing policies during the late 1970s and early 1980s. Speaking on behalf of HUDAC, the Conservative housing critic demanded measures to reduce land costs for builders (Canada: House of Commons Debates, 1977, vol. 2, 1505-1508). The Minister of State for Urban Affairs noted that developers and large builders expressed support for government proposals to privatize housing delivery, in part because of a perceived need to reduce the federal deficit quickly in order to combat inflation (Canada: House of
HUDAC has also promoted shelter allowances as an alternative to assisted non-profit housing (Canadian Homebuilders Association, 1984, 1985). So, some builders have sided with development corporations in favouring more state subsidies to the private housing industry, and the withdrawal of assistance from the non-profit housing sector. On the other hand, members of the cooperative housing movement have reported support for continued non-profit housing assistance from small builders in provinces like Quebec, at least some of whom are also represented by HUDAC (Housing seminar sponsored by the St. George NDP, 1994, Toronto). It seems likely, therefore, that smaller building firms, not owned by development corporations, have acted as 'swing voters' in recent conflicts between fractions of capital, and between capital and labour, over how to reform federal assisted housing policies.

The vulnerability of the federal government to demands for privatization of assisted housing delivery was increased by evidence that programmes like AHOP were encountering serious difficulties increasing access to commodified housing consumption. Under conditions of escalating housing and credit costs, assisted ownership and rental housing programmes had little impact on affordability problems. Between 1976 and December 1979, CMHC acquired almost 7,000 mortgage loans through defaults
under its insured and subsidized AHOP programme (CMHC, 1980, 6). Developers and builders reported that federal interest and loan subsidies for owner-occupied and rental housing had contributed to a high default rate by 'over-heating' local housing markets (i.e. increasing labour costs and the supply of particular types of housing units). Builders had been either left with unsold inventory or had sold condominiums and houses to high risk clients (Toronto Apartment Builders' Association, interview with president conducted by author; CMHC, 1980). There was also evidence of financial instability in the federal Mortgage Insurance Fund as a result of defaults on mortgage payments under existing housing assistance programmes. In 1979, the federal Task Force on CMHC (1979, 81) reported that the MIF was likely to experience a 'liquidity' crisis if present default rates continued:

... the various asset components in the MIF have changed considerably in the last few years. Prior to 1979, securities were the overwhelmingly largest single asset item. However, in 1969, as a consequence of insuring inappropriate loans (and charging too low an insurance fee for these loans, if they were to be insured), a large volume of defaults arose, primarily associated with subsidized forms of housing loans. These defaults led to a rapid increase in real estate holdings and in mortgages taken back on properties sold. The overall effect has been to substantially reduce the liquidity of the MIF, and to significantly increase its vulnerability to future claims. If the rate of liquidity loss of the past year were to continue, the very real possibility exists that the MIF will not have sufficient liquidity to
meet claims upon it by early 1980.

Research sponsored by the Canadian Council on Social Development and the Ontario Economic Council indicates that direct federal assistance for private housing production and consumption was ineffective in increasing access to the housing market. The AHOP programme delivered owner-occupied housing to progressively higher income households despite its stated aim of making homeownership more accessible to lower income Canadians (Fallis, 1980; Canadian Council on Social Development, 1977).

From 1971 to 1975, the average family incomes of AHOP borrowers increased by 85%, while per capita disposable income increased by only 65% (CCSD, 1977, 96). Generous federal tax and direct incentives to producers of rental housing under the ARP programme and related tax allowances also seemed unable to deliver housing at reduced rents. In 1977, rents in ARP units were substantially higher than market rents for housing in Montreal, Saint John, Toronto and Vancouver. Rents for new ARP units were 96% higher than market rents in Montreal, 64% higher than rents in Saint John, 32% higher than Toronto rents, and 13% higher than average market rents in Vancouver (Hulchanski, 1982b, table 6).

The federal government responded to demands for 'recommodified' housing programmes and for action to reduce credit charges, the deficit and inflation, by introducing a
new housing package in 1973. The federal government would leave the provision of mortgage loans to the private sector, provide mortgage insurance and other incentives to finance institutions, and offer interest reduction subsidies to builders and consumers. The Minister of State for Urban Affairs Ouellet announced that the federal government's aim was to increase the 'efficiency' of assisted housing policies (Canada: House of Commons Debates, 1978, vol. 2, 1145). In 1979, Minister Ouellet defended the new federal housing measures by arguing that they met demands from both the housing industry and community groups. By replacing direct loans with subsidies for private housing credit, the post-1973 programme addressed the demands of builders and banking institutions for reductions in federal expenditures and the deficit as an 'inflation-fighting' strategy. The graduated payment mortgage was to provide an alternative way of increasing consumer access to homeownership under inflationary conditions. At the same time, demands from the cooperative housing movement for increased assistance and more flexibility in regulation would be met through subsidized mortgage interest rates, a promise of $500 million in mortgage investments by financial institutions over the next few years, and less restrictive implementation procedures (Canada: House of Commons Debates, 1979, vol. 4, 3546-3549). The government also claimed that the decen-
ralization of non-profit programmes to the provinces was a response to provincial demands for greater autonomy in the housing field, although Conservative critics argued it was simply a cost-cutting measure (Canada: House of Commons Debates, 1979, vol. 4, 3554-3557).

Struggles for and against this recommodification of assisted housing policies continued to 1982 and the time of writing. The Canadian Bankers' Association has criticized the graduated payment mortgage scheme for contradicting the government's general objective of inflation reduction, on the grounds that escalating payments are premised on continued increases in household incomes and house prices (Canada: House of Commons Debates, 1979, vol. 4). M.P.s speaking on behalf of cooperative and non-profit housing groups have argued that reliance on private mortgage loans constitutes an effective withdrawal of government support for alternative forms of housing provision (Canada: House of Commons Debates, 1979, vol. 4, 3743). NDP M.P. (B. Rae), for example, has pointed out that the new measures not only privatize assisted housing delivery, but also increase uncertainty regarding future funding of non-profit and cooperative housing (Canada: House of Commons Debates, 1979, vol. 4, 3867):

The basic thrust of the new policy has to be seen in light of the announced cutbacks of over $300 million in the CMHC budget in August and September. The government is determined to get out of a number
of areas and leave them to the banks, to the private sector and to trust companies. We have no guarantee that the private sector and the trust companies are interested in supporting co-ops or are interested in supporting non-profit corporations.

M.P.'s have also challenged the government's claim that CMHC implementation procedures have increased the ability of community-based groups to produce and manage cooperative housing projects. According to a Quebec M.P., representatives of Quebec's cooperative housing movement feel that:

"the CMHC's new housing programs go directly against the basic principles of the present movement of housing cooperatives. If the minister had wanted to kill Quebec Housing cooperatives, he could not have done any better. . . . for several months the Quebec housing cooperative representatives have been trying in vain to meet with Mr. Ouellet. But the minister delays rendezvous for weeks and weeks. According to that spokesman, the autonomy of cooperatives is not respected when it comes to selecting members and criteria to determine an equitable rent structure."

Moreover, by restricting housing credit to private finance institutions and using an escalating mortgage payment plan, the new 56.1 programme has reinjected "cooperative housing into the main stream of the inflationary market" basing "the development of cooperative housing on the incomes of certain groups of people." (Canada: House of Commons Debates, 1979, vol. 4, 3833-3835).
The non-profit and cooperative housing programmes introduced after 1978 have also been criticized by developers, builders, and policy analysts within CMHC. HUDAC and CMHC have claimed that non-profit and cooperative housing subsidies under the 56.1 programme have been ineffective in delivering housing to those most in need, and have suggested alternative measures like housing allowances (Canadian Homebuilders Association, 1984,1985; Steele, 1985; CMHC, 1983b). Research sponsored by cooperative housing groups contradicts this claim, indicating that non-profit housing is consumed by low and moderate income households in Ontario and Quebec. A 1982 study of Montreal cooperatives found that 56.4% of households had total incomes of less than $15,000 in 1981 (Myra Schiff Consultants Ltd., June 1983). In Ottawa, 50.1% of households in cooperative housing projects had incomes under $20,000 in 1981 (Myra Schiff Consultants Ltd., December 1982). In Metropolitan Toronto, 57.6% of households in cooperative housing had incomes under $20,000 in 1981 (Myra Schiff Consultants Ltd., September 1982). In Peel and Halton Counties (Ontario) 47.2% of households in cooperative housing projects had incomes under $20,000 in 1981 (Homestarts Incorporated, October 1982). Hulchanski and Patterson (1984) have pointed out that CMHC data exaggerates income levels in non-profit housing relative to private by basing the incomes of private consumers only on renter popula-
Thus recent years have seen increasing conflict between capital and labour over whether and how federal assisted housing policies should be 'recommodified'. Fractions of capital have also clashed over these questions. This intensification of class conflict in the development of assisted housing policies is one element in continuing controversy over how the capitalist state should assist in restructuring conditions of accumulation and consumption during a crisis in an intensive regime of accumulation.

3.3 Conclusions

This chapter has shown how the proposed theory of state formation can be used to help to explain four phases in postwar federal assisted housing policies. The results indicate that this is a promising alternative to conventional 'institutional' explanations of policy change. For it has been possible to identify an economic and political logic behind the timing and substance of housing initiatives, whereas institutional approaches have encountered difficulty in identifying any rational sequence of bureaucratic decisions which might be regarded as the major cause of policy changes (Rose, 1980; Carver, 1975; CCSD, 1977; Archer, 1980).

Problems encountered in developing this explana-
tion indicate the need for more research on the social history of housing policy change. Books and theses have paid little attention to how social struggles have shaped housing programmes, concentrating instead on changes in housing legislation and bureaucratic practices (Dennis and Fish, 1972; Rose, 1980; Patterson, 1972; Archer, 1980).

The author's search through journals concerned with social policy (Canadian Forum, Canadian Dimension, Housing and People) revealed little about the organizations involved in housing struggles or the location and extent of organizing efforts. Indeed, as today's housing activists were quick to tell this author, the history of postwar housing struggles remains largely unwritten. This means that it has been written as if the actions of ordinary people didn't matter (cf. Thompson, 1969; Cross and Kealey, 1976).

This chapter has only been able to sketch in a few of the major connections between those struggles and policy change. A definitive analysis will require examination of sources like court records, organization files, private papers of government and community leaders, and interviews with housing activists.

Many tantalizing questions about how class conflict and competition transformed assisted policies remain. Why were cooperative and non-profit groups unwilling or unable to resist privatization of assisted housing delivery? What convinced state officials to bow to demands for withdrawal
from direct spending programmes? Have demands for policy changes varied between regions, and why? How have class struggle and competition influenced policy implementation and outcomes in different regions? The next chapter explores some of these questions through an analysis of the impacts of class struggle on the characteristics of federal cooperative housing programmes.
CHAPTER FOUR
Class Conflict and Cooperative Housing Policy

If assisted housing policies in postwar Canada were the outcome of class struggle and competition over necessary changes in state intervention (chapter three), then how did these struggles shape characteristics of policy implementation and thus experience of state formation? This is an important question in light of recent arguments that most conflicts in capitalist societies have contradictory effects on marginalization of the working class in production and reproduction (Fincher, 1984a, 1984b; Chouinard and Fincher, 1986). For some forms of policy implementation may increase class capacities more than others, and thus influence the possibilities for policy outcomes that are non-reproductive of fundamental class relations within particular social formations. Continuing cooperative housing can be seen as the most decommodified form of assisted housing yet produced in Canada, since it is based on collective ownership, management and removes a portion of the housing stock from commodity circulation. Thus it seems likely that policies supporting cooperative housing will increase class capacities to develop non-capitalist social relations and practices. But
it seems equally likely that the manner of housing delivery and regulation will influence capacities to reproduce decommodified forms of housing consumption. Government ceilings on project costs, for example, may make it impossible to deliver cooperative housing in areas with high land prices.

This chapter looks at how struggles between housing activists and federal officials influenced the implementation of cooperative housing policies. The chapter consists of two parts. The first section describes major postwar changes in cooperative housing policy implementation. Section two explains how class conflict over the delivery and use of federal assistance shaped these implementation procedures.

4.1 Cooperative Housing Policy Implementation Procedures

Three major phases in cooperative housing policy implementation can be identified in the postwar period. First, a pre-1970 era characterized by procedures discouraging cooperative housing provision. Next, a period from 1970 to 1978 when procedures favoured increased provision of cooperative housing, but reproduced the marginal position of the cooperative housing sector relative to non-profit and private housing producers. And a post-1978 era characterized by forms of policy implementation that encouraged more commodified forms of cooperative housing.
4.1.1 Pre-1970 Implementation Procedures

Prior to 1970, building and continuing cooperatives competed with non-profit and private groups for federal assistance under limited dividend rental programmes, in effect from 1944-64 and revived in 1969. A separate non-profit housing programme existed from 1964 to 1968, but funding levels remained low in comparison to public housing (Fallis, 1980, table 2).

Policy implementation procedures during this period discouraged provision of cooperative housing in its most decommodified form (continued collective ownership and management). Repeated requests for access to low interest loans for continuing cooperatives by the CUC and supporters in the labour, church and student movements were rejected by CMHC officials on several grounds (Dennis and Fish, 1972; Akpan et al., no date; Cooperative Housing Foundation, 1978). One was that existing limited dividend and non-profit programmes were intended to support rental not owner-occupied housing. CMHC and housing ministry officials argued that continuing cooperative housing was inconsistent with the intent of existing legislation because it provided a form of ownership. So projects which reproduced the landlord-tenant relationship in the consumption of housing were to be favoured over those that
competed directly with individual ownership. A second reason given by federal officials for refusing to fund continuing cooperative housing was that state interest subsidies would destabilize the credit system, and thus disrupt the economy in general (Dennis and Fish, 1972, 251). Concern was also expressed that the collective home ownership would encourage negative attitudes toward conventional private housing provision and consumption (Dennis and Fish, 1972, 250).

Federal refusal to fund projects resulted in extremely low levels of continuing cooperative housing production. By 1973 there were less than 20 continuing cooperative housing projects in existence outside the province of Quebec (Cooperative Housing Foundation, 1978). Analysts attribute this to the fact that community-based housing groups lacked funds and technical support (Dennis and Fish, 1972; Akpan et al., no date; Cooperative Housing Foundation, 1978; MacPherson, 1983). However, Laidlaw (1977, chapter 4), an authority on cooperative housing in Canada, has noted substantial variations between early continuing cooperatives in the degree of financial and technical difficulties. Detailed studies of these cooperatives would be needed to assess the relative importance of the lack of government assistance as a deterrent to housing production. Still, Laidlaw's (1977, 43-44) account of Canada's first continuing cooperative (Willow
Park), developed from 1960 to 1964, indicates that lack of government support could be a formidable barrier to successful project completion:

Almost nobody, especially in the housing establishment, understood what they were about; most sources of financing would not touch anything so unconventional; housing officials were skeptical because it was outside their ken and experience. The antipathy towards cooperative action for housing can be judged from the fact that only one Winnipeg alderman out of eighteen voted for a co-op proposal presented to city council. After months of dogged effort on the part of organizers, city officials finally consented to lease land in an area that could hardly be considered prime location, and with misgivings Central Mortgage and Housing Corporation made a loan commitment, with certain strings attached, at the regular interest rate. Though Willow Park Cooperative was incorporated in 1961, they had to wait until 1963 before the land was serviced. Construction started in 1964 and the first residents took possession in August 1965 ... The project encountered a soft housing market and was handicapped by vacancies for about a year, but the Cooperative Credit Society Manitoba, with the backing of Federated Cooperatives and other Western cooperative groups, carried Willow Park through a difficult financial beginning....

4.1.2 1970-78 Implementation Procedures

By the late 1960s, CMHC had begun to fund continuing cooperative housing projects on an experimental basis, through its part five research programme. Pressure for community-based projects had encouraged the federal government to extend assistance to community-based groups involved in housing and redevelopment issues (Happy, 1973).
Happy's (1973) study of 56 community-based housing and development projects found that CMHC assistance was implemented in ways which frustrated and sometimes angered groups. Some difficulties can be attributed to lack of official guidelines and experience in the administration of community-oriented funding. The community groups surveyed reported 'almost universally' that they felt 'manipulated' by CMHC officials and staff because the criteria governing the use of funds was not made explicit at the outset, but altered as projects progressed. This limited local control of the projects and contributed to resentment of CMHC (Happy, 1973, 33-34). Community groups were uncertain about how assistance would be allocated or regulated; a situation which made it difficult to initiate and proceed with projects (Happy, 1973, 24-31). Almost all groups reported feeling alienated from CMHC because of these ambiguities in funding and regulation (Happy, 1973, 35).

Although uncertainty about implementation procedures resulted from government inexperience in funding community groups, there is also evidence that officials and staff in some ways actively resisted community-based housing and research projects. Almost all community groups examined by Happy (1973) agreed that CMHC head office staff were neither responsive nor informative when approached for assistance. At the same time, regional offices lacked authority over experimental funding procedures and thus
were unable to provide effective information or other assistance (Happy, 1973, 35). Resistance to these projects within CMHC head office was evident in a reluctance to fund and evaluate them (Happy, 1973, 22). Problems in gaining access to information and assistance were not limited to interactions between community groups and CMHC. Groups reported that their relationships with all levels of government were generally unsupportive and had at times reached the point of open hostility (Happy, 1973, 31). These difficult relations with CMHC and other state agencies, in conjunction with federal programme characteristics like low project budgets and lack of funding for technical assistance, impeded the development and completion of experimental housing and research projects (Happy, 1973, 31-47).

Resistance to community-based housing was also evident in negotiations between representatives of the cooperative housing movement, the federal housing ministry, and CMHC head office during the late 1960s and early 1970s. In 1969, the president of CMHC informed the housing minister that the corporation was reluctant to fund continuing cooperative housing, despite growing requests for assistance by local groups. The president explained that this resulted from a long-standing concern that the ownership offered by continuing cooperative housing conflicted with the conventional practice of providing
rental housing through limited dividend programmes:

The co-ops... while relying on the technicality that the occupant is a tenant promote entirely the concept of ownership rather than tenancy and then have indeed proposed that the tenants provide the equities required to finance their units. We feel this to be inconsistent to the basic concept of the legislation as it is presently written. (memo from the President, CMHC to the federal Housing Minister, Sept. 26, 1969, CMHC file 112-1-2, no. 8)

In March 1972, the CMHC president (Hignett) disputed the legitimacy of funding cooperative housing. In a letter to the Minister of State for Urban Affairs, disputing a Cooperative Housing Foundation charge that inadequacies in legislation and a negative 'attitude' toward cooperative housing by CMHC officials were frustrating housing provision, the president noted that CMHC grants to organizations like the Cooperative Housing Foundation indicated support for cooperative housing. He then questioned whether public demand was strong enough to justify such financial assistance (Memo to MSUA from CMHC president, March 21, 1972, CMHC file 112-1-2, vol. 9).

There is also some evidence that early co-operative housing groups experienced difficulties in
project development as a result of the way national policy guidelines were implemented by local CMHC officials. The manager of a B.C. cooperative building society reported that lack of practical support from city council and local CMHC officials was making the provision of experimental cooperative housing a 'freak occurrence' in Vancouver. Local CMHC officials were insisting on adherence to the national office guideline that 80% of a projects' housing units be presold prior to a funding commitment. This requirement made it difficult to initiate projects since potential residents were reluctant to purchase a non-existent housing unit. According to this spokesperson, Vancouver groups were also frustrated by a lack of understanding of the special problems of cooperative housing within CMHC and all levels of government (of the need for increased financial and technical assistance to compensate for inexperience in housing provision, for example) (Report for CMHC on Capital Financing for Cooperative Housing, Westminster County Cooperative Building Society, 1972, CMHC file 112-1-2, vol. 9).

By June 1973 (when the NHA was amended), the
Ministry of State for Urban Affairs had begun to intervene in the procedures used within CMHC to administer cooperative housing policy. Senior officials were directed to relax the rule that 80% of project units be presold prior to mortgage loan authorization (memo to Vice-President from Executive Director, CMHC, May 7, 1973, CMHC file 112-1-2, vol. 9). The ministry also informed the executive director of plans to make housing cooperatives eligible for rent supplements through the federal-provincial public housing programme. The president of CMHC objected to these changes in implementation procedures and federal policy. He argued that unless the corporation enforced the presale rule it would be difficult to ensure that a housing project would in fact operate as a 'cooperative'. He also pointed out that the inclusion of housing cooperatives in the 44.1 rent supplement programme would be likely to increase spending on public housing when the goal was to develop alternatives to this form of assisted housing (memo to the Minister of State for Urban Affairs from the President, CMHC, Feb. 27, 1973, CMHC file 112-1-41, vol. 1).

The president's reluctance to reconsider the presale procedure reflected legitimate concern that funds were allocated to cooperative rather than entrepreneurial housing groups. However, the president's implicit refusal to consider alternative forms of regulation more consistent with
cooperative needs, and his objection to rent subsidies for cooperative housing projects, indicated fundamental conflicts between the MSUA's professed new 'social policy' orientation in housing assistance, and the administrative practices and expenditure reduction goals of CMHC directors.

Cooperative housing groups continued to report serious difficulties with CMHC's policy implementation procedures following the 1973 amendments. A study of 12 cooperative and non-profit community housing groups found that they were uncertain about the controls that CMHC head and local staff would place on their projects. This contributed to misunderstanding between community groups and CMHC social housing teams (Clarke, 1975, 29). All groups also reported dissatisfaction with the level of support provided by CMHC for project development. A ceiling of $10,000 on start-up assistance, and legislative ambiguities which allowed CMHC officials to use informal criteria to decide what portion of assistance would be loan, contributed to financial insecurity amongst the housing groups (Clarke, 1975, 1-29). A lack of technical assistance from local CMHC staff for services like housing rehabilitation cost estimates and inspections was also reported (Clarke, 1975). Difficulties in project development did not stem exclusively from the implementation of policy by CMHC. For example, the lack of programmes to
support non-housing services like daycare or cooperative stores limited the ability of housing groups to attract members by providing a range of desired services (Clarke, 1975, 47). The housing groups also reported difficulty in establishing political and technical support networks within provincial and municipal governments (Clarke, 1975).

Research indicates that these problems in policy implementation resulted from expectations that non-profit housing projects ought to be competitive with housing produced by private entrepreneurs, despite inexperience and disparities in expertise and technical resources. In a study of 55 non-profit housing groups, Haire (1975) concluded that CMHC and other government agencies underestimated the need of third sector groups for special financial and technical assistance to compensate for inexperience in housing delivery. Project sponsors were expected to provide housing at lower-than-market rates despite difficulties in securing affordable land and in using cost-saving measures available to the private sector (such as tax expenditures). This expectation was evident in the application of conventional project evaluation criteria to non-profit and cooperative housing projects by CMHC officials and staff. For example, the president and executive director of CMHC informed an Ontario cooperative housing resource group that the performance of cooperative housing projects would be evaluated according to criteria
like 'cost minimization' and 'maximization of housing starts'. In other words, CMHC would use the same criteria to evaluate assisted cooperative and private housing projects. The executive director of CMHC argued that the corporation could only fulfill its responsibility to ensure the wise use of public funds if the third sector succeeded in delivering housing competitive with private, commodified housing:

.... co-operative and non-profit organizations must be able to compete with the private market sector and produce a product comparable both as to quality and price. If this is achieved only then can the special assistance provided to these groups in developing housing flow through to the users of that housing.

(letter from Executive Director, CMHC, to Ontario Habitat Foundation, Sept. 27, 1973, CMHC file 112-1-2, vol. 9).

CMHC insistence on third sector competition with the private sector for assisted housing delivery was reflected in other aspects of policy implementation. A major condition of technical resource group funding through CMHC's Community Resource Organization Program (begun in 1974) has been that groups secure funds through fees for service. This means that resource groups must operate like private consultants; maintaining and increasing their cash flow through expansion in project development activities (Haire, 1975; Cooperative Housing Federation, annual reports, 1975-1982). CMHC has also refused to make special allowances for groups which encounter difficulties in
developing projects that fall below cost guidelines set by the corporation. For example, the cost of land must be included in total project costs at its market value, rather than at its actual cost which may reflect special conditions like site acquisition at below-market rates through a government land bank (Haire, 1975). There is also evidence that informal restrictions on the design of 'family housing' limited the funding of cooperative housing projects. According to MSUA records and the minutes of a 1974 conference of British Columbia housing cooperatives, CMHC officials and staff at the national and local offices refused to provide start-up funding to projects that deviated from lifestyles associated with commodified housing consumption (CMHC file 112-1-41, vol. 2). Projects with characteristics like the following were denied funds:

.... housing co-ops who do not live in nuclear families, tenant-controlled non-profit housing associations, and housing co-ops which because of architectural necessity or philosophical preference live in a cooperative communal fashion rather than in self-contained units.

(minutes of the British Columbia Housing Cooperatives Conference, Aug. 10, 1974, sent to CMHC national and local offices, CMHC file 112-1-41, vol. 2).

The policy implementation procedures described above reflected resistance within state agencies to special concessions for cooperative housing groups in matters of performance, forms of housing delivery and conditions of consumption. From the corporation's point of view, this
resistance presumably helped to ensure that all assisted housing producers received similar treatment. From the point of view of third sector groups, however, the corporation's refusal to meet special needs of project sponsors and members limited their ability to deliver alternative forms of housing.

Another characteristic of policy implementation evident by the mid-1970s was use of regulations that placed special restrictions on rent and income levels in cooperative and non-profit projects. Rent charges required in cooperative and non-profit housing projects were set by CMHC at 30% of resident income. This compared to 25% of income for public housing tenants, and only 22% of income for homeowners assisted through the AHOP programme (Haire, 1975, 24-26). Thus even if third sector groups succeeded in producing housing comparable in quality and cost, they would have difficulty competing in price with public or assisted owner-occupied housing. Advertising campaigns sponsored by the MSUA and CMHC favoured the AHOP programme over assisted third sector housing. By 1975, CMHC's senior advisor on cooperative housing policy (Laidlaw) had left the corporation in frustration over the lack of support for expansion of third sector housing initiatives within the MSUA and CMHC. Laidlaw conveyed this frustration in a letter to the Minister of State for Urban Affairs and the president of CMHC:
I have seen the large display advertisements which CMHC... has been carrying in the daily newspapers. This is further evidence that government policy seems to favour AHOP above other forms of housing assistance, and that non-profit projects continue to be regarded as something inferior and second-rate. On several occasions when I was with the Corporation, I tried to urge that non-profit housing, especially cooperatives, be given publicity on a par with AHOP, so that the public and people in need of housing would become aware of the alternatives besides traditional home ownership. But you continue to give AHOP the preferred position, and spend a great deal of money pushing it while remaining relatively non-committed about Third Sector housing.

(letter from A.F. Laidlaw to Minister of State for Urban Affairs and President, CMHC, Sept. 26, 1975, CMHC file 112-1-41, vol. 3)

The Minister of State for Urban Affairs replied that while there was no intention of providing a large scale publicity campaign for third sector housing programmes, groups were receiving promotional assistance through programmes like CROP (Letter from Minister of State for Urban Affairs to A.F. Laidlaw, Nov. 17, 1975, CMHC file 112-1-41, vol. 3).

Conflict also emerged between the cooperative housing movement and CMHC over the waiver of established procedures for housing projects involving private development corporations. In December of 1975, CMHC relaxed its 'best-buy' stipulation for non-profit housing in the case of a deal between Campeau corporation and the Ottawa Non-Profit Housing Corporation. This procedure required
that sponsors demonstrate that they had found the least cost method of housing provision. The non-profit corporation had simply accepted the sale price stated by Campeau for the purchase of a 180-unit housing project, instead of following the usual procedure of comparing this purchase with alternative properties. The Cooperative Housing Foundation of Canada objected to this change in the 'rules of the game' on the grounds that it discriminated against other non-profit housing proposals:

What has happened to the tendering process?.... We have experience of you personally, in the past, insisting that a housing cooperative go through the tendering process to prove they have the best possible price for a project....

(letter to President, CMHC, from the Cooperative Housing Foundation of Canada, Dec. 9, 1975, CMHC file 112-1-41, vol. 5)

The use of new cost reduction measures was an important characteristic cooperative housing policy implementation after 1975. From 1975 through 1977, the Cooperative Housing Foundation of Canada was under pressure from CMHC to find alternative funding to replace federal assistance through the NHA research programme. From 1970 to 1975, CMHC provided a total of $270,000 in sustaining grants to the national resource organization (CMHC file 112-1-41, vol. 2). In 1977, CMHC announced that it would only provide funding for the CHF for that year on the condition that the organization acquire matching funds from
other sources: "The Cooperative Housing Foundation has been aware, for 18 months or more, that it must seek other sources of funding to supplement and replace the support from Part V. The current grant does not imply any commitment to continued assistance beyond 1977." (memo to MSUA from CMHC, Feb. 1977, CMHC file 112-1-41, vol. 2).

By 1977, CMHC had also begun to propose changes in the income levels served by cooperative housing projects; in particular increased allocation of units to low income residents. CMHC suggested that projects only be allowed to allocate 10% of units to non-low-income members and that higher income residents be subject to an automatic surcharge scheme. Prior to this time, income levels had been negotiated on a project by project basis. CMHC also requested compliance with its surcharge formula but had difficulty establishing whether or not it was actually implemented (CMHC file 112-1-41, vol. 11). Records indicate that the use of more restrictive cost and income controls at the local office level led to concerns that cooperative housing was becoming less attractive than other forms of assisted housing provision. In 1977, Manitoba's deputy Minister of the Department of Cooperative Development reported that CMHC regulation of project cost and incomes was reducing the quality of the cooperative housing produced in that province:

In Manitoba, we have reached a point
where, for co-operative projects to meet CMHC cost and income guidelines required for loan approval, their costs and quality must be reduced to the point where they no longer compare favourably with the public housing units now being developed in our province. Surely it was never our intent to equate co-operative housing with marginal quality housing--yet this is what we see happening.

(memo, CMHC, July 27, 1977, CMHC file 112-1-41, vol. 9)

Another major transformation in cooperative housing policy implementation, and the development of housing policy generally, was the decreasing importance of the Ministry of State for Urban Affairs in policy development within the federal government. The MSUA had been established in 1971, at the height of the housing and real estate 'boom', to help to define the federal government's new social policy emphasis in housing and urban policy, and to coordinate negotiations on these matters between federal, provincial, and local governments (Rose, 1980; Barker et al., 1973; Higgins, 1977). With the federal shift towards monetary and fiscal restraint after 1975, and the move toward disentanglement after 1978, these functions became less central to and consistent with the government's general economic management and housing strategies. The Ministry was therefore gradually absorbed by CMHC (Higgins, 1977). The marginalization of the MSUA and its social policy emphasis in the housing field directly affected the implementation of cooperative housing policy. In 1977, the
Ministry proposed an increase in cooperative housing funding through an "Urban Cooperation Programme". However, this MSUA request for increased funding of cooperative housing was turned down by the Treasury Board (memo from MSUA secretary to President CMHC, 1977 (no month or day), CMHC file 112-1-41, vol. 9).

4.1.3 Post-1978 Policy Implementation Procedures

It was noted in chapter three that federal cooperative housing policy changed significantly after 1978, with the introduction of the 56.1 non-profit and cooperative housing programme. Under the 56.1 cooperative housing provisions, which came into effect January 1, 1979, the federal government withdrew from direct mortgage loans in favour of interest subsidies on private mortgage loans. CMHC plans in 1977 were to also 'disentangle' the administration of both non-profit and cooperative housing assistance to provincial governments. However, following negotiations with the Cooperative Housing Foundation during

The federal government's concession on the disentanglement issue was part of a larger set of 'rules' on the implementation of cooperative housing policy which were negotiated between the cooperative housing sector and CMHC. Several of the implementation procedures announced by CMHC in 1978 threatened to reduce the possibilities for the delivery of cooperative housing in decommmodified form. For example, under the programme housing charges were no longer based on 'break even' operating costs (including general federal capital grants and lower than market interest rates of 8%). Instead, housing charges would reflect the incomes of individual households. Residents of cooperative housing projects would be required to pay 25% of gross income up to low end of market rates set by CMHC. Assuming that some household incomes increased over time, CMHC would reduce its general operating subsidy (the interest reduction payments) in favour of increased rent subsidies for low income residents. As indicated by the case study of a post-1978 cooperative housing project in Toronto (chapter 5), this withdrawal was achieved through escalating mortgage payments by project members. It was this 'built
in' subsidy provision that permitted CMHC to withdraw from the 1973-1978 federal-provincial rent subsidy system. From the Corporation's point of view, the new system of housing charges was more efficient because a larger proportion of federal assistance could be directed to low income households in projects with moderate income households and especially households with rising incomes. It also eliminated the time and cost of negotiations on a project-by-project basis with provincial governments for joint rent subsidies. For the cooperative housing sector, however, the new system of housing charges decreased the attractiveness of cooperative housing to higher income households relative to home ownership. This in turn made it less likely that new projects would be able to attract households with a broad range of income levels and social skills. Leaders in the cooperative housing movement therefore feared that cooperative housing would become a marginalized form of low income housing, similar to public housing in that residents lacked incentives to find collective ways of reducing operating costs, as well as the technical and political skills needed for collective project management. Comparing the old 34.18 and new 56.1 programmes in 1978, one long-time cooperative housing activist explained how the new income and market-based housing charge system favoured individual forms of housing consumption and management over the collective management
practices favoured by the cooperative housing movement:

Presently, any residents for whom the breakeven rent is more than 25 per cent of their adjusted household income have access to a rent supplement to reduce their rent if they live in a province which has a shared cost program with the federal government. In a co-op project, the member residents can affect reductions in the operating costs and enjoy them directly in lower housing charges. The economic well-being of the whole project is directly tied to the housing charges the individual members pay.... The new program completely undermines this, since it ties housing charges (rent) to income, thereby eliminating self-interest in what it costs to operate the project.... Thus we have the arrival of the public housing psychology to the non-profit housing sector with the built in incentives to lie when reporting household income and to disregard the economic well-being of one's place of residence. (Goldblatt, 1978, 14)

Some changes in policy implementation under the 56.1 programme were reported to have increased difficulties in developing new continuing cooperative housing projects. For example, CMHC introduced a new criterion for mortgage loan approval that required groups to get firm tender prices from builders prior to loan commitment (CMHC file 112-1-41, vol. 10). From CMHC's point of view, such a measure was a safeguard against unanticipated increases in project costs. However, as the president of a new cooperative housing project in Toronto explained, the new loan committment procedure made it difficult for groups to develop low cost rehabilitation projects:

Tendering before mortgage commitment
would jeopardize almost any conditional offer with less than a 30-40 days conditional clause.... Most vendors offering a low price for their properties would not take their property off the market for four to five weeks by signing such a conditional clause.

(CMHC file 112-1-41, vol. 10)

Political lobbying by cooperative housing groups resulted in MSUA intervention in CMHC policy implementation, so that loan commitments on rehabilitation projects could proceed without firm construction prices (letter from A. Ouellet, MSUA, April 20, 1978, to Innstead Cooperative, CMHC file 112-1-41, vol. 10).

There is evidence conflicts over procedures contributed to a deterioration in relations between the cooperative housing movement and CMHC head office after 1978. The Cooperative Housing Foundation complained of ineffective communications with CMHC on issues of policy implementation (CHF letters to CMHC head office, Nov. and Dec. 1978, CMHC file 112-1-41, vol. 11). CHF leaders expressed frustration at CMHC charges of cost overruns in cooperative housing projects, when the available statistics did not seem to substantiate these claims. The director of the CHF conveyed this frustration to the president of CMHC in November 1978: "Several times we have asked the Corporation for statistics, rather than accusations. Finally at a meeting with the Minister, which you did not attend, we were presented with these statistics and they confirmed what we already knew -- that even though there
were loan increases, the total per unit costs were still within the guidelines." (letter from G. Haddrell, CHF, to President Hession, CMHC, Nov. 10, 1978; CMHC file 112-1-41, vol. 10).

Despite these conflicts, the cooperative housing movement was able to win some concessions in policy implementation procedures under the 56.1 programme, through negotiations between CHF and CMHC. These included: 1) a delay in implementing the 56.1 programme for cooperatives and negotiations with CHF on programme details 2) a 3 year freeze on mortgage payment increases in cooperative housing projects, to be followed by the withdrawal of CMHC from general operating subsidies at a rate of 5% of mortgage payments annually 3) the agreement not to disentangle the administration of cooperative housing assistance to provincial governments and 4) permission to stack provincial and municipal assistance onto CMHC assistance provided that total project costs still fell within CMHC-set Maximum Unit Prices (MUPs) (CMHC file 8745-0, vol. 2).

4.2 Explanation of Policy Implementation Procedures

The cooperative housing policy implementation procedures described above can be explained as outcomes of concrete class conflicts over the extent to which assisted housing would be provided in a 'decommodified' form. For not only did continuing cooperative housing provide an
alternative to conventional, capitalist rental and ownership housing, but it also offered possibilities for the development of socialist social relations of and in housing provision. Unlike dominant patterns of housing consumption in Canada, where individuals consume the housing provided by private financial institutions, builders or landlords, continuing cooperatives offer collective ownership, management and housing charges based on non-market criteria such as housing need. While the relations of production involved in cooperative housing provision remain at least partially enmeshed in dominant capitalist social relations (through use of private builders and financial institutions), the continuing cooperative thus offers an alternative to capitalist relations of exchange and consumption. Residents do not engage in the usual practice of exchanging personal wages for a private unit of commodified housing, but pay housing charges in exchange for a collective share in the ownership and management of a project. Unlike housing produced and exchanged by private entrepreneurs and consumers, continuing cooperative housing functions primarily as a use-value. It does not have the main function of a commodity bearing exchange-value and thus is relatively non-reproductive of conditions necessary to the realization and accumulation of surplus value. These 'decommodified' relations of housing exchange and consumption imply, in turn, increased possibilities for socialist
relations in housing provision. Housing cooperatives in Montreal, for example, have had some success in replacing dominant hierarchial relations of authority in government-assisted housing provision with collective, community-based decision-making (Fincher and Ruddick, 1983). To the extent that this alternative political practice decreases individual dependence on state agencies, it presumably also increases the capacity of local groups to mobilize people in support of collective control over assisted housing provision. In other words, such alternative daily practices are likely to decrease the political marginalization of people in struggles over assisted housing policy. Similarly, the promotion of a collective interest in maintaining a cooperative housing project through reductions in housing charges is a practice that is non-reproductive of dominant relations in housing provision. For housing charges reflect collective maintenance efforts and common experience of consumption conditions, rather than the individual consumer's contract with a private entrepreneur involved in housing provision for profit.

These conflicting social relations of and in housing provision were the material terrain of everyday life which was contested during struggles over the implementation of cooperative housing policy. This can be seen both in the late 1960s, when cooperative housing advocates
had finally become a national political force, and in subsequent years when the finer administrative details of policy implementation provided an ongoing source of controversy. Unfortunately, it is not yet possible to trace all the local forms of housing struggle which contributed to these changes in cooperative housing policy and implementation procedures (see chapter 3). However, CMHC records do illustrate some concrete features of this class conflict through negotiations between the national arm of the cooperative housing movement (the CHF), the MSUA and CMHC. The remainder of this chapter uses these records to reconstruct this national dimension of class struggle over housing policy, and has left the task of documenting the local mobilization behind these national conflicts to future research.

4.2.1 Effects of Class Conflict on Pre-1970 Implementation

Negotiations between the CHF and CMHC in the late 1960s indicate that class conflict took the form of disputes over the extent to which federal government agencies would recognize and support continuing cooperative housing as an alternative to assisted public or private housing. In an October 1969 brief to the Minister of State for Urban Affairs, the CHF argued for changes in federal policies which met the specific needs of cooperative housing groups. These were: 1) that the different
nature of co-op housing from conventional ownership and rental units be explicitly recognized 2) that direct reduced interest loans be granted to continuing cooperatives, and that the conditions of such loans allowed equity contributions, collective ownership and control 3) that cooperatives be eligible for rent subsidies to low income members like those available for public housing 4) that the government assist cooperative groups in obtaining funding from approved lenders and 5) that the government support the cooperative movement in its efforts to obtain a federal cooperative act. The CHF noted that its requests for these changes in policy and implementation were based, for the first time, on nation-wide political support. Cooperative housing committees now existed in 25 communities across Canada (CHF submission to the Honourable R.K. Andras, "On Policies Needed for Co-operative Housing", Oct. 27, 1969, CMHC file 112-1-2, vol. 8).

Despite this evidence of public support for continuing cooperative housing, exchanges between CMHC directors and the Ministry of State for Urban Affairs in September and October of 1969 indicate continued resistance to recognition and support of this form of assisted housing on the part of directors of the crown corporation. In an October memo to the MSUA, the Executive Director of CMHC indicated that funding for cooperative housing continued to be experimental because of the unusual ownership associated
with this form of housing provision, and the directors’ doubts about the non-profit or community nature of the housing projects. He claimed that experimental projects to date were speculative, profit-oriented ventures not community housing (memo to MSUA from Executive Director, CMHC, Oct. 24, 1969, CMHC file 112-1-2, vol. 8). This charge conflicts with reports on early continuing cooperative housing projects, established through labour, church and other community groups (Laidlaw, 1977; and see chapter 3). The president of CMHC also challenged the CHF’s assumption that cooperative housing should be a major alternative to public or private assisted housing in a memo to the Minister: “The brief supports the premise that because of the Task Force’s attitude toward public housing some vehicle other than public agencies would have to be created to provide subsidies for housing for low income families and the brief presupposes that the co-operative should be one of the main instruments toward subsidized homeownership. . . . The performance in Canada of co-operatives to date falls far short of demonstrating that this form of instrument warrants promotion. . . .” (memo to R.K. Andras from President, CMHC, Sept. 24, 1969, CMHC file 112-1-2, vol. 8).

CMHC records on cooperative housing policy from the late 1960s do not provide conclusive evidence on why executives remained resistant to cooperative housing after
the government's decision to fund experimental alternatives to public housing. Certainly part of the explanation lies in the strong emphasis on assisted market housing characteristic of federal housing policy throughout the postwar era and evident in government statements on the experimental 200 million dollar programme. As indicated in chapter three, this emphasis was an outcome of long-term capitalist lobbying for favourable housing programmes. Regular contacts were established between CMHC, financial institutions, private builders and developers through private assistance programmes. These contacts made the government and corporation's policy development process more accessible to these fractions of capital, than to the community groups which became involved directly with CMHC only in the late 1960s. And it was not until this time that the cooperative housing movement succeeded in establishing a national organization to represent its concerns to federal government and CMHC officials. In contrast, finance institutions and builders had been involved in extensive negotiations with the national government as early as the 1930s (chapter 3). Until the cooperative housing movement could establish an effective national terrain of struggle over housing policy, it was possible for government officials to justify limited support on the grounds of a weak public mandate for assistance to decommodified housing. The CHF's success in 1970 in winning inclusion
for continuing cooperative housing under the experimental housing programme marks the initial establishment of such a terrain of conflict. But it was only in 1973 that labour, church, cooperative and other concerned groups were able to win permanent funding for cooperative housing through amendments to the NHA. And it was only then that the dominant form of class conflict over the implementation of cooperative housing policy could shift from basic questions about the legitimacy of government support for decommmodified housing, to precise details of funding and evaluation.

4.2.2 Effects of Class Conflict on 1970-78 Implementation

As noted above, direct conflict over the legitimacy of continuing cooperative housing as an alternative to public or private assisted housing continued up until the 1973 NHA amendments. In the absence of demonstrated government support for continuing cooperative housing (in particular the establishment of a permanent funding programme), senior CMHC executives assumed that the private housing sector would be the principal source of assisted housing and that public or community support for less conventional forms of housing delivery was minimal. This emphasis on private sector housing delivery can be seen, for example, in the administration of the experimental 200 million dollar programme. Although the president of CMHC
instructed regional and loan offices of the corporation to approach the new programme with a "free mind uninhibited by present policy, standards or regulations" (Memo to Managers branch and loan offices from CMHC president, Feb. 17, 1970, CMHC file 143-1/70, folder #1), records indicate that public relations efforts were directed primarily toward the private sector. The MSUA and the CMHC committee monitoring the experimental programme were involved in promotional contacts with private housing entrepreneurs from the initial stages of implementation. In early 1970, a CMHC committee representative addressed the annual convention of the Ontario Association of Real Estate Boards and reported back to head office that realtors and builders were interested in the programme in view of the shortage of mortgage funds for unassisted home ownership (minutes of Low Cost Housing Program Review and Motivating Group, week ending March 20, 1970, CMHC file 143-1/70, folder #1). The Minister of State for Urban Affairs spoke in February 1970 to the National Home Builders Association. He reassured builders that the government remained committed to a goal of 1 million housing starts per year from 1970-74, as well as to meeting the problem of housing the poor (remarks by Minister Andras at annual convention of National House Builders Association, CMHC file 143-1/70, folder #1). These efforts to promote assisted low income housing amongst private entrepreneurs resulted in a positive
response from the private building and land development industries. In June of 1970, the president of CMHC reported to the MSUA that the strongest response to the experimental assisted housing programme was coming from private builders and land developers (memo from CMHC president to MSUA, June 22, 1970, CMHC file 143-1/70).

The Minister of State for Urban Affairs also noted with approval that the experimental programme had encouraged at least two trust companies to promise funds for low income housing (draft statement of remarks by Minister Andras to the House of Commons, October 1970, CMHC file 143-1/70, vol. 2).

There is evidence that senior directors within CMHC were not entirely satisfied with this emphasis on private sector participation in the experimental programme. In June 1970, the director of the Mortgage and Property Division at CMHC head office wrote to the president to inform him that the goal of increased housing starts was conflicting with the government's stated objective of encouraging new types of housing sponsors. The director noted that if the CMHC programme was to result in innovations in sponsorship, then there was a "need to open new dialogues with organizations outside the industry or normal sponsors" (memo to CMHC president from Director, Mortgage and Property Division, CMHC file 143-1/70, vol. 2). The CMHC committee monitoring the experimental programme
acknowledged this conflict in objectives when it concluded that future innovative programmes "should not be tied to housing starts" (notes from meeting of Low Cost Housing Review and Motivating Group, CMHC, Aug. 20, 1970, CMHC file 143-1/70, vol. 2). This evidence indicates that the government's public statements of a new commitment to social innovations in housing provision were at odds with the actual implementation of the experimental programme. And it shows how the close ties established between private entrepreneurs and the federal government continued to dominate the early years of the search for an alternative to public housing. Under these circumstances, groups interested in sponsoring relatively decommodified housing experienced marginalization in housing policy administration in such forms as disinterest in project proposals on the part of CMHC officials (Happy, 1973) and skepticism about their potential contribution to low income housing provision. In May 1972, for example, the Minister of State for Urban Affairs was criticized by a B.C. cooperative housing building society for stating publicly "...that cooperative housing is only good for 10% of our population and that the biggest problem is to get developers to build housing at a cost of $14,000 to $18,000" (letter to Minister Basford from Westminster County Cooperative Building Society, CMHC file 112-1-2, vol. 9).

Another characteristic of pre-1973 policy implement-
tation noted above was uncertainty about the rules governing projects on the part of community groups. This uncertainty, and the associated ad hoc adjustment of criteria by CMHC officials, can be attributed to the preliminary stage of negotiations for funding and regulation of decommmodified housing within the state apparatus prior to 1973. In August 1970, the head of CMHC's project appraisal division informed the executive director that negotiations for the funding of continuing cooperative housing projects under the 200 million dollar programme had come to an abrupt halt. This was the result of disagreements between CHF and CMHC over the duration of a reduced interest rate (7 7/8%) on CMHC loans to cooperatives, and over the proportion of low income residents in a cooperative project required by CMHC (letter to executive director from Chief Appraiser, Appraisal Division, August 21, 1970, CMHC file 143-1/70, vol. 2). By October, these matters had been resolved, and the Minister of State for Urban Affairs announced that 5 cooperative projects would be funded under the innovative programme (draft of remarks by Minister Andras in the House of Commons, October 1970, CMHC file 143-1/70, vol. 2).

After the introduction of permanent cooperative housing funding in 1973, class conflict over policy implementation shifted away from direct struggles over whether or not the state should assist in the provision of
decommodified housing. Instead, the precise rules and regulations governing cooperative housing projects became the main focus of conflict between government officials and the cooperative housing sector during the first years of the new programme. Records indicate that as early as May, 1973, demands by the CHF for a revision of cooperative housing regulations were beginning to alter the implementation of policy by CMHC. The Minister instructed CMHC officials to relax the requirement that at least 50% of project units be presold prior to loan commitment; a requirement which made it difficult for community groups to sponsor housing projects. On May 8, 1973, the president of CMHC informed the Minister that the regulation of 51% of members being signed up prior to loan commitment had been discontinued (memo to CMHC vice president from A.D. Wilson executive director, May 7, 1973; memo to Minister Basford from president CMHC, May 8, 1973, CMHC file 112-1-41, vol. 1).

The expectations that continuing cooperative housing projects ought to be competitive with private housing in cost and price, and conform with conventional norms of family life, were also subjects of dispute between CMHC and the cooperative housing movement after 1973.
However, cooperative housing groups were unsuccessful in altering these implementation criteria. In a letter to the Ontario Habitat Foundation, the president of CMHC justified this form of evaluation by arguing that only "competitive prices and a good housing result" could ensure the wise expenditure of public funds by CMHC (letter from President Teron to David Peters, Ontario Habitat Foundation, CMHC file 112-1-2, vol. 10). The MSUA and CMHC also defended the government's refusal to fund unconventional cooperative housing projects in B.C. on the grounds that these proposed housing projects did not meet the federal priority for assisted family housing (reply to representative of Ad Hoc Committee of Housing Cooperatives from MSUA, Oct. 16, 1974, CMHC file 112-1-41, vol. 2). The limited success of the cooperative housing movement in winning concessions on these matters of policy implementation can be explained at least in part by problems in mobilizing local support on national policy issues. The 1975 annual report of the Cooperative Housing Foundation noted that levels of housing production remained lower than hoped as a result of limited collective political action on policy questions. The movement's national goal of reaching 10% of annual housing starts would "...be aided greatly however, by the present and future members of housing cooperatives widening their horizons to regard themselves as members of their regional and national organizations,
and not merely to confine their interests to their own local cooperative or, as is too often the case, to their own housing unit." (Cooperative Housing Foundation Annual Report for 1975, CMHC file 112-1-41, vol. 5).

Government insistence on third sector competition with the private housing industry was also reflected in CMHC's refusal to make special concessions on matters like project cost evaluation; concessions that might have allowed more effective competition with established land development and building firms. For example, CMHC continued to assess the land component of project costs at market value, despite protests by the CHF that this procedure was undermining the viability of cooperative housing projects. This was a major item of contention in a 1977 meeting between CMHC head office officials and the CHF. The CHF charged that CMHC's continued insistence on full market value assessment of land was jeopardizing a Toronto cooperative housing project being built at the corporation's request by the Labour Council Development Foundation: "Insistence on market value will destroy the viability of the project." (Discussion points, meeting with CHF, Nov. 23, 1977, CMHC file 112-1-41, vol. 9). Records do not show how the question of land value assessment was resolved in this particular case, however groups involved in the development of cooperative housing projects during the late 1970s and early 1980s report that land
value assessment continued to be a contentious issue between CMHC and cooperative housing groups (interviews with Cooperative Housing Federation staff conducted by author; interviews with President, Church-Isabella Housing Cooperative, Toronto, 1985).

Government insistence that cooperative housing groups compete on equal terms with the private sector was evident as well in CMHC pressure upon CHF and technical resource (CROP) groups to rely increasingly on fees for service, instead of on government financial assistance. From the government's point of view, this policy helped to ensure that officials were not vulnerable to charges of financing particular political interest groups. Just as private consulting firms contribute to political lobbying on housing issues, so too are technical resource groups and the Cooperative Housing Foundation active in political representation of member and client interests. Long-term funding of such groups would therefore make the government open to charges of financing a particular political faction in housing policy struggles; namely those opposed to exclusive reliance on the commodified housing produced by private entrepreneurs. This policy also meant, however, that cooperative housing groups were forced to adopt some of the same competitive strategies used by private sector groups in struggles over housing policy. Since the maintenance of annual cash flows depends upon service fees
and therefore cooperative housing starts, support organizations have an immediate interest in increasing cooperative housing starts. In the case of technical (CROP) groups, fees for professional services like site planning and membership orientation are acquired primarily through contracts with new cooperative housing projects. Thus if starts decline due to decreased government unit allocations, as they did in 1984 in Metropolitan Toronto, the financial health of the third sector technical support network is jeopardized (interviews with staff members, Labour Council Development Foundation and Cooperative Housing Federation, Toronto, conducted by author 1983 and 1984). In the case of the national foundation (CHF), which relies on membership fees and government assistance, government reductions in financial support in the absence of rapid expansion of the membership base have been quickly translated into restraint measures in areas like hiring (letter to author from research director, CHF, 1985). This vulnerability to fluctuations in housing production has, in turn, forced organizations like the CHF to concentrate on immediate issues in its political relations with CMHC (like the continuation of government funding in a given year). And there is evidence to suggest that broader political issues of relations in housing provision, such as what the relationship between government and the third sector should be and whether this should differ from
relations with the building industry, have been neglected in contests over housing policy implementation. This emphasis on short-term objectives can be seen, for example, in the struggle that occurred between CHF and the federal government over the question of reducing public assistance to the national foundation.

CMHC provided annual sustaining grants to the CHF from 1970 through 1975 which totalled $270,000 (CMHC statistics, CMHC file 112-1-41, vol. 2). From 1975, however, the corporation pressed CHF to seek alternative funding sources. It seems likely that a major reason for the timing of this pressure was the general policy of government restraint in effect after 1975. Unfortunately, however, CMHC records do not indicate the extent to which spending restraint may have been influential in this aspect of the implementation of the cooperative housing programme. In 1977, CMHC announced that it was only prepared to provide further grants on the condition that CHF matched CMHC contributions with other funds (memo to the MSUA from CMHC, Feb. 1977, CMHC file 112-141, vol. 2). In October, 1977, the CHF submitted its own proposal for conditions of government funding. CHF agreed with CMHC's stand that member support should replace government funding, but suggested that the government reduce its financial support gradually so as to allow CHF time to expand its membership base (CHF submission on CMHC funding,
Oct. 3, 1977, CMHC file 112-141, vol. 9). CHF’s concession on the issue of whether government funding should be withdrawn was echoed by the Cooperative Union of Canada. In a 1977 letter to the MSUA, the CUC argued not against the eventual termination of government funding, but rather over the timing of that halt:

The state of the Nation being what it is—unemployment and inflation, animosity between two cultures, shortages of affordable housing and the decline in government popularity—now is not the time for CMHC to discontinue its funding to the Cooperative Housing Foundation of Canada. This Foundation works for the benefit of the ordinary citizen who may be inclined to think your government is as much the cause as it is the solution of his/her funding problem. Erroneous as such thinking may be, it is less than politically astute to withdraw funding to an organization which publicizes your government’s positive role in housing across Canada.

(telex from Cooperative Union of Canada to MSUA, Feb. 3, 1977, CMHC file 112-1-41, vol. 8)

This is not to imply that the CHF has not struggled to retain CMHC financing. In November of 1977, the executive director of the national organization challenged CMHC chairperson Teron’s view that the CHF could be financially self-sufficient. He reported that representatives to a national conference of housing cooperatives had agreed that the number of cooperative housing units in Canada would have to at least double before it would be feasible to expect the CHF to exist on membership fees. And he
suggested that CMHC officials were either misinformed about
the financial resources of the cooperative housing sector,
or intent on diminishing the ability of the third sector to
deliver an alternative to commodified housing:

In our view it is premature in the extreme
to replace the Federal government grants to CHF
for several years. Grass roots support for the
CHF is growing, as indicated by the self-financed
special membership meeting and policy conference
held last month in Toronto with representatives
from across the country.... to conclude that
the essential services provided by CHF could be
financed by the small number of existing housing
col-operatives must be based on either a mis-read-
ing of those meagre resources, or a decision to
bring about the demise of this form of housing
before it can gain a foothold as a source of
competition for conventional developers of
housing.

(letter to W. Teron, Chairman, CMHC from
G. Haddrell, executive director, CHF,
Nov. 17, 1977, CMHC file 112-1-41, vol. 9)

This opposition helped to retain some government funding,
although the CHF reported major reductions in financing
levels in 1985 (letter to author from research director,
CHF, 1985).

CMHC files on cooperative housing policy do not
indicate why the government used different income criteria
for project rents in cooperative, as opposed to public or
AHOP housing units. However, the relatively aggressive
advertising of the AHOP programme noted above suggests that
one reason for this discrepancy was a concern to make
private assisted housing more attractive than alternatives
like public and non-profit housing. The relaxation of
established policy procedures in the case of the housing project involving an Ottawa development corporation, on the other hand, reflected government reaction to deteriorating economic conditions of housing production in Canada by the mid-1970s (chapter three). When the CHF challenged CMHC's relaxation of the tendering process in the Campeau deal, the president of the corporation replied that such departures were sometimes required under the 'abnormal' conditions of rising shelter costs. However, no explanation was provided of the 'cost saving' achieved through this change in procedure in the Campeau case (letter from president, CMHC, to Cooperative Housing Foundation of Canada, Jan. 15, 1976, CMHC file 112-1-41, vol. 5).

Evidence indicates that some changes in cooperative housing policy procedures occurred in response to demands for participation in third sector housing programmes from financial and property entrepreneurs. By late 1976, CMHC had begun to receive enquiries at the national office from finance institutions and development corporations interested in producing 'turn-key' non-profit housing projects. These housing projects are produced by the private sector and then turned over to non-profit and cooperative housing groups willing to manage them. CMHC's social housing division director indicated that there were no objections to considering such proposals assuming they met 'program criteria' (letter to CMHC, Kitchener, from Social Housing
Division, CMHC, Dec. 24, 1976, CMHC file 112-1-41, vol. 7). Consideration of non-profit and cooperative housing projects sponsored by the private housing industry marked a departure from the established practice of regarding community groups as the sole sponsors of decommodified assisted housing. While CMHC records do not indicate the number of turn-key projects produced since 1976, direct competition from the private sector in cooperative housing provision has been a matter of concern to technical resource groups like the Cooperative Housing Federation of Toronto to the time of writing (interviews with staff by author, 1984, 1985). In December 1984, for example, three Toronto cooperative housing groups lost promised funding for 44 new units to turn-key projects sponsored by a private developer (Chouinard and Fincher, 1986). According to the CHF, these units were transferred to turnkey projects sponsored by a private development corporation after lobbying by a corporate representative at CMHC head office. The Toronto Cooperative Housing Federation challenged this reallocation of funding to non-community groups in a letter to federal M.P. Crombie:

How is it that Roger Davidson can get 862 units in a year when the co-op sector has been severely cutback? The Cooperative Housing Federation, for example, received 145 units this year. We usually get 350. Why did CMHC give 5 projects at the end of the year to one builder without tender calls when there are many other builders who need work, not to mention co-ops that need units?
Why did CMHC give in to Mr. Davidson on December 31 (the day the units were transferred) after giving his projects a lower ranking than co-op projects that in the end didn’t get units? Rumour has it that Mr. Davidson cut short a Caribbean holiday when he heard he didn’t get any year end units. He flew to Ottawa on December 31 and refused to leave the CMHC office until he had a letter from the President giving him units.... Has it reached the point where groups like this [i.e. of ordinary citizens] have to concede that they aren’t powerful enough to compete for units in a community-sponsored housing programme?.... things at CMHC seem to be badly off course.

(letter to M.P. Crombie from Cooperative Housing Federation, January, 1985)

The shift toward restraint in government spending evident after 1975 (see chapter 3) was reflected in changes in the implementation of cooperative housing policy designed to decrease government expenditures. The treasury board’s refusal to fund an expanded cooperative housing programme proposed by the MSUA was one such change. Another was efforts by CMHC to alter the operating agreements signed with cooperative housing projects, so that 90% of all project residents would be low income. Subsequent assessments of cooperative and non-profit housing programmes by CMHC (CMHC, 1983a; CMHC, 1983b) indicate that such proposals were an early attempt to direct as large a proportion of total government housing subsidies to low income households as possible under conditions of fiscal restraint. National opposition to these efforts began in 1976 and allowed the CHF to win a temporary halt in the
implementation of the revised operating agreement from CMHC in December of 1977. The chairperson of CMHC agreed to halt implementation of the revised policy until the CHF had an opportunity to present a formal counterproposal to the corporation (letter to G. Haddrell, executive director, CHF, from W. Teron, CMHC, Dec. 12, 1977, CMHC file 112-1-41, vol. 9; Cooperative Housing Federation of Toronto, 1977). The CHF was also successful in winning negotiations over the implementation of cooperative housing policy under the 56.1 non-profit programme introduced in 1978. Project operating agreements were one of several items that the cooperative housing movement contested during the months leading up to the implementation of a revised cooperative housing programme in January 1979.

These are some examples, then, of how class conflict over cooperative housing policy shaped implementation procedures from 1970 to 1978. In general, the cooperative housing movement was more successful in winning concessions on aspects of policy implementation that affected the immediate delivery of cooperative housing, than in altering the form of state support for decommo- fied housing delivery. For example, the cooperative housing movement was able to win concessions on such matters as the presale of cooperative housing units. It was not, however, successful in altering general criteria by which state officials evaluated the cooperative housing
programme. Cooperative housing delivery continued to be judged by criteria dominant in capitalist housing markets (cost, price), rather than by objectives specific to decommodified housing like success in promoting collective forms of housing consumption and management or in meeting peoples' needs for participation in housing design. In other words, forms of class struggle over cooperative housing policy implementation helped to limit the marginalization of housing producers within the capitalist housing market and state, rather than transforming the concrete terrain of struggle over assisted housing delivery. Thus cooperative housing groups continued to compete for housing assistance with private entrepreneurs, even within the third sector housing programme itself. As the next section indicates, the outcomes of struggles between the cooperative housing sector and CMHC over the development of the post-1978 56.1 programme helped in some respects to reproduce this marginal status of decommodified social relations of housing production and consumption within the capitalist state apparatus.

4.2.3 Effects of Class Conflict on Post-1978 Policy Implementation

By late 1977, CHF and CMHC had become embroiled in disputes over proposed changes to the implementation of cooperative housing policy, and the manner in which the
corporation was making decisions about the nature of those changes. In December 1977, CMHC agreed to delay the introduction of a revised operating agreement for cooperative housing projects following CHF opposition to proposed changes and to lack of consultation with the cooperative housing sector. Changes to operating agreements favoured by the corporation included the requirement that 90% of residents have low incomes (defined as less than 4 times rent payments) and that cooperatives implement an income surcharge formula designed by CMHC. According to the Cooperative Housing Federation, CMHC had begun to use such revised operating agreements in 1976 and without prior public consultation (Cooperative Housing Federation, 1977, 1978, 1979). Another revised regulation in place by 1977 was the requirement that cooperatives have firm construction contracts prior to mortgage commitment. These measures were designed to control the costs of government-assisted cooperative housing and to target a greater proportion of government assistance to low income households. From the cooperative housing movement’s point of view, however, strict regulation of incomes restricted opportunities to promote cooperative housing amongst relatively high income households. In response to protest from cooperative housing groups, staff at the Toronto and Ontario offices of the corporation suggested to the Social Housing Division and CMHC Executive Director that "the
90% rule (on initial occupancy only 10% of occupants may have incomes exceeding 4 times rent) and the surcharge formula will not be enforced pending a mutually satisfactory resolution of these two matters." (memos to CMHC head office from Toronto and Ontario region offices, CMHC file 112-1-41, vol. 10). This delay in revised implementation procedures was intended to give the Foundation a chance to formulate its own proposals on matters like income mix (letter from W. Teron, CMHC to G. Haddrell, CHF, CMHC file 112-1-41, vol. 9). The CHF's opposition to CMHC's proposed regulations reflected the fact that they conflicted with the movement's objective of promoting decommodified relations in housing provision and consumption. For example, the restriction of cooperative housing to low income households was inconsistent with the cooperative housing movement's goal of increasing general access to cooperative housing, and of thereby having a mix of income groups and social skills in housing projects. CMHC was also anxious to have a formal agreement on the housing surcharges that would be levied on higher income residents to ensure cost efficient delivery of assisted housing to low income people, while the cooperative housing movement at its 1977 annual convention had taken the position that individual projects must be free to set their own surcharge formulas as part of the democratic, collective management of housing intrinsic to decommodified housing provision (memo from
Assistant Director, Social Housing Division, to Executive Director, CMHC, Jan. 24, 1978, CMHC file 112-1-41, vol. 10. Thus the conflict which arose between CMHC and the CHF over revisions to the cooperative housing programme focussed on the relations in housing provision that would be used to deliver cooperative housing. While the cooperative housing movement was anxious to increase the capacity of third sector groups to deliver decommodified housing to a wide range of consumers, CMHC wanted to ensure that government subsidies were directed primarily to low income consumers without access to affordable commodified forms of housing. This reflects the federal government’s commitment to using non-profit and cooperative housing as an alternative to controversial public housing schemes which house those who can not compete for housing in the private market (chapter three). This federal agenda also conflicts with the changes in social relations of housing provision favoured by the cooperative housing sector. For the latter’s agenda includes cooperative, community-based management of resources like housing (as opposed to individual competition in the market for consumption goods), and the production of goods for use rather than profit as a way of fighting inflation in consumption costs and promoting cooperative social relations (Laidlaw, 1977). The Cooperative Housing Foundation summed up the social goals of the cooperative housing movement in this way:
Housing cooperatives... request that the responsibility be put where it belongs, with the residents. The closer the people are to the decision-making processes which affect their daily lives, the more responsible they are. When they are the ultimate decision-makers they assume the ultimate responsibility. Housing cooperatives have become "city-villages" in many instances.... Not only do they respond positively to responsibility, but they become more aware of the benefits of co-operation. People who never before had any exposure to co-operatives gradually come to realize that co-operation is a good idea, even if only for the economic benefits. This leads them to further ventures in economic co-operation, such as joining credit unions, food co-ops, day-care co-ops, and others. From their relatively small co-operative community, they can begin to visualize a much larger community of co-operatives, perhaps even getting to know the co-operative sector of the Canadian economy.

(Cooperative Housing Foundation, 1978, 2)

By early 1978, conflict over revisions to the cooperative housing programme had intensified and the CHF was expressing fears about the termination of government assistance. In March 1978, the director of CHF wrote an open letter to a "few influential friends" indicating why cooperative housing groups feared that the government might terminate assistance for cooperative housing, and asking them to contact one or more cabinet ministers to object to such a move:

"... we know that CMHC is doing an evaluation of their social housing programs, but their deliberations seem to be very secretive. There has been absolutely no consultation with the cooperative housing sector on the evaluation and there has been no hint of the contents of the evaluation.... Local CMHC offices are refusing to give start-up funds or mortgage com-
mitments, postponing decisions on anything and everything until 'after the evaluation'."

CHF protests over CMHC proposals to tighten formal regulation of project costs and incomes, through measures like firm tender contracts prior to mortgage commitment and a general clause on income levels for all cooperative housing projects, led to a meeting in April 1978 with the Minister of State for Urban Affairs (A. Ouellet). Following that meeting, the Minister instructed CMHC officials and staff to allow more flexibility in project development for cooperative housing projects. Loan commitments prior to firm tender prices were to be allowed for rehabilitation projects and the authority to determine appropriate procurement techniques was decentralized to local office managers (letter from A. Ouellet, MSUA to Innstead Cooperative, April 20, 1979, CMHC file 112-1-41, vol. 10).

Despite these concessions, the CHF continued to press CMHC for more favourable implementation procedures. These demands included a relaxation of the firm construction price requirement on new as well as rehabilitation projects and more generous start-up assistance to develop project proposals to the point of loan commitment. The CHF claimed that without such concessions, cooperative housing groups would experience increased difficulty in developing projects due to diminished capacity to compete in the
property market (letter from CHF to president, CMHC, April 12, 1978, CMHC file 112-1-41, vol. 10). The CHF noted that Minister Ouellet had been sympathetic to these concerns and had indicated that the government would take steps to deal with them. The president of CMHC responded by saying that the corporation would take these proposals into account in developing a revised cooperative housing programme (letter from president, CMHC to CHF, April 25, 1978, CMHC file 112-1-41, vol. 10).

The ability of CHF to win consideration of its policy proposals reflected nation-wide mobilization of cooperative housing groups over the issue of how the new 56.1 programme should be designed. It is not yet possible to reconstruct all the local details of that mobilization, but the records of the Cooperative Housing Federation of Toronto indicate some of the local efforts that contributed to negotiations over 56.1 between the CHF, CMHC and the MSUA. In June 1977, the CHF and an Ottawa non-profit consulting agency organized a weekend policy conference in Ottawa for cooperative housing groups. A major goal that emerged from that meeting was the development of "a national co-op position on the manner in which Central Mortgage and Housing Corporation was providing resources for non-profit co-op housing." (Cooperative Housing Federation, 1977, 58). The CHF worked with local cooperative housing groups (including the Federation and Communi-
tas in Edmonton) to organize a national meeting of cooperatives in Toronto for November (ibid, 58). The meeting was attended by 93 representatives of cooperative housing groups from across Canada (from Halifax to Victoria) (ibid, 59). The conference focussed on five major aspects of CMHC's cooperative housing programme: 1) operating agreements 2) provincial tripartite agreements 3) management requirements 4) financing of cooperatives and 5) resource groups (ibid, 58).

Agreement from federal agencies to consider the concerns of cooperatives in formulating the new 56.1 programme was short-lived. By May of 1978, it was reported that CMHC intended to implement new regulations on matters like operating agreements, without public consultation. The Cooperative Housing Federation of Toronto described the reaction of the cooperative housing sector to this situation:

On May 5, 1978 the federal government, with absolutely no consultation with the cooperative housing sector, terminated the June, 1973 financing programme for co-op housing. The 'old programme' under which over 200 housing co-ops had been developed, was replaced with a new financing system scheduled to commence on July 1, 1978. A rapid analysis by the Federation showed that the new programme, if implemented, would destroy the social and economic basis for co-operative housing. Working through the Co-operative Housing Foundation of Canada the Federation joined with co-op groups and their supporters across the country in pushing for the old programme to be extended and for the federal government to enter negotiations with us on
the new programme. The Federation played a key role in organizing a spirited rally on June 13, 1978 against the programme changes, attended by over 350 members of Toronto housing co-ops. The lobbying was successful and the old financing programme was extended to December 31, 1978 and the Minister of State for Urban Affairs, Andre Ouellet, initiated negotiations. Through the summer and the fall, until December 5, 1978 when negotiations concluded with an agreement on a new acceptable financing system for cooperative housing, the Federation maintained a high level of activity.... The success of these negotiations cannot be overstated as they are the basis for further growth of the co-op housing sector. Active support from the Co-operative Union of Canada, the Canadian Labour Congress, the United Church of Canada and many other supporters was critical in making this achievement possible.

(Cooperative Housing Federation, 1978, 24-25)

By January 1979, negotiations between the cooperative housing movement and the Minister of State for Urban Affairs had resulted in a revised 56.1 assistance programme for cooperative housing. In a press release, Minister Ouellet announced that the new terms of the programme "should guarantee the continued expansion of the cooperative housing movement in Canada." (MSUA press release, January 1979, CMHC file 8745-0, vol. 1). The federal government agreed to place fewer controls on project development by CMHC than had initially been proposed. For example, groups were to be allowed to use a wider range of procurement techniques without CMHC approval. And income-testing would be limited to residents unable to pay lower end of market rates (set by CMHC) instead of being
required for all residents. CMHC guidelines for the new 56.1 programme indicate that the corporation was to continue using cooperative housing as an alternative to public housing by giving priority to projects that would house people unable to afford local housing at market rates. Cooperative housing projects would be expected to provide a minimum of 15% of housing units in each project to low income families, provided that sufficient funds for rent subsidy were available in the subsidy pool. The revised programme also placed top priority on rehabilitation projects; projects which the cooperative housing movement argued had been jeopardized by new cost control measures like firm tender contracts (Social Housing: Cooperative Program Section 56.1 Assistance Guidelines, CMHC file 8745-0, vol. 1; CHF, no date). These limitations on government regulation of incomes and increased flexibility in rules affecting project development were a response to the concerns of the cooperative housing movement that projects be allowed to maintain collective control of relations in housing delivery. The federal government's agreement not to disentangle the administration of cooperative housing assistance to the provinces was a response to concerns that the future of funding would be more uncertain if left to provincial governments (interviews with Cooperative Housing Federation staff, 1984, 1985).

As noted in chapter three, other features of the
revised 56.1 programme increased the marginalization of cooperative housing in assisted housing delivery. For example, total project cost was to be determined by CMHC-set Maximum Unit Prices rather than through on-going negotiations between the corporation and housing groups as under the 1973-78 programme. This decreased opportunities for cooperative housing groups to negotiate increases in funding levels which might enhance the quality of housing projects relative to alternatives like owner-occupied or rental housing. Another restriction was that additional equity could not be used to increase the quality of accommodation above MUP ceilings (ibid). Thus cooperative housing projects were likely to be less attractive to those higher income households that could afford low end of market rents and still have savings to invest in housing, than rental or owner-occupied housing. The federal government also reduced the possible uses of savings from collective management efforts by stipulating that any excess equity (sweat, land, sales tax rebates) be applied to decrease the total loan amount, meet cost overruns, and lower the project’s economic rent. Collective savings would therefore help to decrease the cost to government of housing assistance and further the general goal of fiscal restraint. However, this stipulation also reduced the possibility for collective decisions by cooperative members on how the benefits of cost reduction efforts would
be used. Under these restrictions, savings on shelter costs could not, for example, be transferred to other services like subsidized daycare; services that might be used to enhance the attractiveness of cooperative housing to a broad range of households. Moreover, the facts that housing charges were explicitly tied to market rents, and would escalate with income levels over time, limited the possibilities for promoting 'de-commodified' relations in housing provision since collective efforts to reduce production or operating costs (e.g. through acquisition of public land at below market rates) would not be reflected directly in housing charges. Finally, the disentanglement of federal and provincial assistance to non-profit and cooperative housing groups under the 56.1 programme increased the risk that the total financial and technical resources available for the provision of cooperative housing would decline. Cooperative housing groups in Ontario report that the total government assistance available declined after the introduction of the 56.1 programme in 1979, as a result of the elimination of provincial rent reduction grants and subsidy payments (Cooperative Housing Federation, 1979, 31). The Conservative provincial government (in power until 1985) did not establish a complementary programme of cooperative housing assistance. As the Cooperative Housing Federation of Toronto has explained, this was the outcome of unsuccessful
negotiations between the government and cooperative housing sector:

The Province has set in place a complementary programme for municipal non-profit corporations. Accordingly, the co-op representatives on the Provincial Advisory Committee formed a sub-committee to try to negotiate a new provincial co-op programme which could be added to the new federal programme. The Federation chaired this Committee. The Committee addressed two fundamental concerns. One was to increase the number of low income households which could be housed under the new programme. The second was to ensure that new provincial guidelines would be compatible with the newly won federal guidelines. The Committee received some indications from the Province that it was willing to consider a programme to allow co-ops to house low income members. Unfortunately, no agreement was reached.... the federal programme fixes a subsidy pool which each co-op can spread over its low-income members as far as possible. The Province, however, insisted that under no circumstances would a family project ever be allowed to stretch subsidies over greater than 25% of the households. Furthermore, the Province was insisting on imposing its increasingly stricter regulations on occupancy, income and rent calculations on all low-income residents. The Province also insisted that if municipalities did not contribute to the programme, then the Province would withdraw all of its subsidies. The Committee finally concluded that there was no clear indication that the Province was really committed to supporting a new co-operative programme.

(Cooperative Housing Federation, 1979, 31)

It is clear, then, that political struggles over the form of the 56.1 programme had important impacts on the delivery of federal assistance to cooperative housing groups after 1978. Cooperative housing groups were not
forced to provide housing almost exclusively to low income households, although there was a 'built-in' incentive to house as many low income people as could be subsidized through the federal rent subsidy pool. The government had also shown a willingness to eliminate immediate procedural barriers to housing production, such as strict regulation of the tendering process. Such measures served to increase the capacity of the cooperative housing sector to deliver housing to consumers. However, the implementation procedures associated with the 36.1 programme were not an unambiguous gain for the cooperative housing movement. In particular, some regulations promised to decrease the capacity of cooperative housing groups to promote decommodified relations in and of housing provision. For example, regulations on the possible uses of equity within projects, and the stipulation that housing charges for higher income households reflect market rates rather than operating costs, promised to limit the advantages of cooperative housing to higher income consumers relative to commodified alternatives. Moreover, to the extent that disentanglement allowed provincial governments to withdraw from assistance to cooperative housing (as was the case in Ontario), the cooperative housing movement faced the possibility of diminished financial capacity to produce decommodified housing.
4.3 Conclusions

This chapter has examined some of the ways in which class struggle has shaped cooperative housing policies and procedures within the Canadian state since the first tentative steps towards developing a funding programme for 'decommodified' housing were taken during the late 1960s. It has been found that forms of class struggle have changed over time, from contests over the political legitimacy of cooperative housing in the late 1960s and early 1970s, to clashes over issues in the regulation of project delivery and consumption within the new market-based assistance programme. This shift towards disputes over details of programmes and implementation procedures during the 1970s allowed the state to channel struggles for decommodified relations of and in housing provision toward relatively more 'commodified' ends. As seen in the case of the CHF, a focus on immediate objectives like maintaining government funding has left less time and energy for struggles to resist policy changes that 'recommodify' cooperative housing provision, like resistance to competition from private entrepreneurs within the 56.1 programme, or national opposition to the use of market-based housing charges. So while cooperative housing activists may have won the 'battle' to retain funding and autonomy in housing
delivery, they have in some respects lost the class 'war' to resist the privatization and recommodification of assisted housing policies that occurred within the state apparatus after 1978.

Many questions remained unanswered by this analysis of class struggle over national changes in policy and procedure. A pressing one is why cooperative housing activists were unable to resist recommodification of housing delivery. Was this the result of a weak political base for national organizing, or did it reflect particular ideologies of housing provision within the cooperative housing movement and on the part of supporters? How did peoples' experiences of policy implementation influence their perception of policy changes and their response to them? How did experiences vary between localities, and why? A definitive answer to the first question will require detailed study of the social history and philosophy of the Canadian cooperative housing movement. However, insight on the causes of particular practices of housing provision and policy struggle, and peoples' experience of class conflict within the state, can be gained through case studies of cooperative housing projects. In the next chapter, this local dimension of class conflict within and against the capitalist state is examined through case studies of two Toronto cooperative housing projects. The first project was developed during the existence of the
1973–1978 cooperative housing programme. Thus it was produced during an era of policy implementation which saw increased cost control measures, but before privatization, disentanglement, and the 'recommodification' of some aspects of cooperative housing policy. The second cooperative was developed after the introduction of the negotiated 56.1 programme. In fact, it was the first housing cooperative in Canada to be developed under the new programme revisions. Thus the experience of this cooperative promises useful insights on how transformations in cooperative housing policy and policy implementation after 1978 affected local efforts to reproduce decommodified relations of and in housing provision in Toronto.
CHAPTER FIVE

Local Experience of the State:  
the DACHI and Church-Isabella Cooperatives

Previous chapters have explained how class conflict and competition helped to shape the characteristics of assisted housing programmes in postwar Canada. This chapter examines local experience of these transformations in the Canadian state, through an analysis of struggles over the provision of cooperative housing in two Toronto neighbourhoods. The chapter begins with a discussion of the potential contribution of case studies to explanations of state formation. Next, the characteristics and history of the two Toronto housing cooperatives chosen for study are described (section two). The rest of the chapter examines how and why local social relations in consumption and reproduction influenced peoples’ experiences of cooperative housing policies in these two cases.

5.1 Case Study Objectives and Method

It has been argued that the capitalist state develops unevenly over time and space as a result of variations in contingent conditions between places (chapter two). The evidence presented in previous chapters supports this claim. Not only has the manner of state intervention
in housing provision changed over the years, but there has also been spatial variation in response to state housing policies. For example, efforts to provide continuing cooperative housing have been concentrated in Canadian cities (CHF, 1983b). The major objective of the case studies discussed in this chapter was to examine how local social relations and conditions influenced peoples' experience of the cooperative housing programmes of the Canadian state. Thus they helped to explain why geographic variations in experiences of the state apparatus arose despite the fact that urban neighbourhoods were caught up in the same general trends in the development of the capitalist economy and state (e.g. the emergence of crisis in intensive accumulation and consumption and the introduction of new private and non-profit assisted housing programmes during the 1970s). Examination of specific cases thus allowed explanation of how local experience of the state was produced in particular localities. The case studies helped to show how peoples' actions created different local forms of the capitalist state and civil institutions concerned with housing and development issues (i.e. particular patterns of policy implementation and types of citizen groups). The present analysis thus builds on recent geographic studies of the local state which have shown how characteristics of the state apparatus like the degree of community control over policy implementation vary
such contingencies as authority relations in service delivery (Fincher and Ruddick, 1983; Fincher, 1984; Chouinard and Fincher, 1986; Goodwin and Duncan, 1986). And it therefore accepts the argument that explanations of state formation must show how local social relations help to determine the outcome of conflicts over state policies (Cooke, 1983, 186-192). This concrete conception of local forms of the state as the outcome of causal processes of class conflict and competition in particular contingent circumstances is summarized in Figure 5.1. Here the state is defined as a concrete terrain of conflict which is limited by causal tendencies in capitalist development (e.g. toward crises in an intensive regime of accumulation), but shaped in its precise characteristics by contingent conditions in places (e.g. types and levels of political organization).

The problem remains of specifying which local social conditions and relations will be considered in such a 'conjunctural' analysis of local experience of the capitalist state (Chouinard and Fincher, 1986). The approach adopted here was to focus on contingent conditions and relations affecting the circulation/consumption and reproduction of specific forms of housing, and thus the experience of class conflict in the housing sphere beyond the point of production. These contingencies included: the type of redevelopment pressures experienced in the study
NECESSARY TENDENCIES IN CAPITALIST DEVELOPMENT

- Inflationary crises in intensive accumulation through mass consumption
- Long-term Reproduction or Transformation of the capitalist state
- Structural limits on possible policies implementation procedures

LOCAL FORMS OF THE STATE OVER TIME AND SPACE

Reproduce or Transform

CONTINGENT MATERIAL CONSTRAINTS ON POLITICAL ORGANIZATION, CAPACITIES FOR STRUGGLE

CONTINGENT POLITICAL RELATIONS EXPERIENCE AND PRACTICES WITHIN CAPITALISM

Figure 5.1 A Conception of the State as a Concrete Terrain of Conflict.
neighbourhoods, housing exchange and consumption relations and practices, forms of political struggle over housing and neighbourhood change, and relations in state policy implementation. This strategy seems justified since the actual production of continuing cooperative housing has remained partially 'commodified' (relying on private contractors and finance capital), and by the need to limit the scope of explanation.

This method of case study analysis differed from conventional approaches. Its function was to provide a logical, causal analysis of the process of state development at the local level; to show how broad forces in the development of Canadian capitalism and the state combined with contingent conditions in two Toronto neighbourhoods to produce a particular local terrain of conflict over cooperative housing policy (i.e. certain political experiences, practices and forms of organization). This logical analysis of local outcomes differs from studies which derive empirical generalizations from a sample of cases believed to be representative of a larger group (e.g. a region or nation) (Dunleavy, 1981, 198-204). The latter, positivist approach treats laws as empirical regularities and tests hypotheses about those laws in a predictive fashion (Chouinard, Fincher and Webber, 1984; Keat and Urry, 1975). In contrast, the logical analysis of cases is consistent with the realist view that laws are tendencies
not empirical outcomes, and that the testing of hypotheses through case study must therefore be explanatory or 'corroborative' rather than predictive or 'replicable' (Chouinard, Fincher and Webber, 1984; Sayer, 1984, 219-228). The results of the present case studies were thus used to corroborate hypotheses about the causal process that produced specific local forms of cooperative housing policy implementation and experience, and not as a basis for generalization.

Several sources were used to obtain information about the development of the two housing cooperatives. Project files were used to document the history of the two projects, and in particular, social relations and conditions that influenced the production and operation of the project (within the project itself, and in dealings between project representatives, other neighbourhood residents, outside groups and state agencies). Interviews with project leaders, consultants and staff were used to supplement these records. Community newspapers provided information on such aspects of project history as neighbourhood reaction to cooperative housing. Directories of community groups provided data on types and levels of organizing around housing and related issues. Information on project development, conflict over policies, and conditions within the two neighbourhoods (e.g. on income levels, housing repair, zoning) was obtained from council
minutes and planning documents. Government and voluntary agencies such as the Toronto Housing Department, Metropolitan Toronto Social Planning Council, Cooperative Housing Federation, and Labour Council Development Foundation provided invaluable information on the role of municipal organizations in assisted housing provision, changes in policies, and experiences of these changes within the Metropolitan Toronto area.

5.2 Case Studies: the DACHI and Church-Isabella Cooperatives

The two housing cooperatives chosen for study shared characteristics of location and organization, as well as a comparable role in the process of accumulation in the urban built-environment (despite differences in forms of property redevelopment). Both projects are located in the central city of metropolitan Toronto. Both are continuing cooperative housing projects (i.e. collectively owned and managed by members). The two projects are also located in neighbourhoods which experienced intense redevelopment pressures, beginning in the 1960s when it became profitable to replace low income working class housing with commercial and residential properties catering to the needs of corporate capital and more affluent professionals employed in the growing service sector. As indicated in figure 5.2, Don Area Cooperative Housing
FIGURE 5.2 Cooperative Housing Sites in Toronto.
Incorporated (DACHI) is located a few blocks east of Yonge St. in a residential neighbourhood known as Don Vale. The Church-Isabella cooperative is located in a neighbourhood known as North Jarvis and situated immediately east of the northern downtown core.

There were also important differences between the two housing projects. DACHI experienced intense local conflict over its establishment and operation from its beginning in 1973, while Church-Isabella encountered virtually no opposition during the study period (1974-82). DACHI was developed during the first phase of the federal cooperative housing programme, while Church-Isabella was the first project to be developed under the privatized and partially 'recommodified' post-1978 cooperative housing programme. Local social relations and activities in housing consumption and reproduction also differed between the two neighbourhoods and influenced the possibilities for effective struggles to deliver assisted housing in decommodified form. As argued below, these local circumstances of project development helped to shape class capacities to oppose dominant relations in housing provision. Before presenting the results of this analysis (section three), the remainder of this section describes the history of the DACHI and Church-Isabella cooperatives.
5.2.1. The History of DACHI

In June of 1973, DACHI was established at the request of the Federation of Don Area Residents' Associations as one of several organizations promoting non-profit and cooperative housing. The Federation favoured decommmodified housing provision as an alternative to gentrification, and opposed displacement of low income people from the Don district. In an early position paper, DACHI board members agreed that cooperative housing should be used to provide housing for low income people and thus preserve mixed income residential areas:

Because of the Don District's proximity to Toronto's Central business district, and because general economic conditions in society are inflationary, low-income housing is rapidly disappearing from the Don District. Don Area Cooperative Homes, Inc. has formed to deal with this problem.... land speculation, excessive rents, overdevelopment of retail, hotel, office and institutional use are combining to drive out city core families, the elderly, modest and low wage earners.... Most of the houses in this area, built in the late 19th and early 20th century have proven suitable for families, families supplementing income by renting out floors or rooms, for couples, single parent families and singles.... People who occupy this type of housing have been systematically forced out of the area as developers have replaced this flexible resource with middle and upper middle class apartments and renovated houses not available to low income groups. A heavy infusion of specialized and subsidized housing is required to restore some balance to this area.

(DACHI position paper #2, Sept. 27, 1973)

In October 1973, DACHI received an above average start up grant from CMHC of slightly over $9,000.00 (DACHI
files; Haire, 1975). At this time the group was planning to purchase and renovate 10 houses in Don Vale, and preparing a bulk mortgage loan application for CMHC. In December 1973, however, DACHI arranged an option to purchase 36 Don Vale houses on a site known as the 'Cowley Assembly' and prepared new plans for a cooperative housing project. By January 1974, the executive committee of Toronto city council and CMHC were reviewing DACHI's proposal for an 86 unit, 56 room project that would provide housing for households with incomes in the $4,752.00 to $12,000.00 range (City of Toronto Executive Committee, 1974, 292-323; DACHI files). Figure 5.3 shows the project site. CMHC agreed to fund the project conditional on notice from city council that: 1) it favoured the housing project and 2) that no major planning difficulties would prevent approval of the project (City of Toronto Executive Committee, 1974, 292-323; DACHI files). City council granted preliminary approval to DACHI on January 24, 1974. CMHC approved mortgage funding for the project on February 25, 1974, following lobbying by local representatives and assurances that efforts would be made to reduce project costs and rent levels (DACHI board minutes, February 1974). A $2,582,897 direct mortgage loan at a below market interest rate of 8% was granted to the cooperative by CMHC in March 1974 (CMHC, Sept. 21, 1977, letter to DACHI president). This was increased to
FIGURE 5.3 The Dachi Site.
$3,055,965 in September 1977 to help DACHI meet escalating project costs (ibid).

Demands from neighbourhood residents for design changes, and pressure from CMHC and DACHI members to reduce project costs, resulted in a scaling down of the proposed housing project. In October 1974 DACHI proposed a project with 58 renovated and 18 new housing units. However, opposition to infill construction by local property owners and cabinet members of the provincial government meant that only 67 units were finally developed during the 1973-82 period (DACHI files; Ward 7 News, 1973-82). By October 1975, 20 out of the 33 houses scheduled for renovation were completed and it was hoped that the remaining 13 would be complete by early 1976 (DACHI project management report, Oct. 1975, DACHI files). However, a lengthy legal dispute over subcontractor claims under a terminated construction contract delayed CMHC funding for this work until 1977. By 1978, the cooperative had reached its current total of 67 housing units. It was not until 1985 that work began on 8 infill housing units.

5.2.2. The History of Church-Isabella

Tenants in a small 19th century apartment building and 7 townhouses, located at the corner of Church and Isabella streets in North Jarvis, began to develop plans for a continuing housing cooperative in early 1975. In
1974, the tenants learned of plans to redevelop the site (shown in figure 5.4) into a large, luxury hotel-condominium project. Omnia Realty had been assembling the site for 15 years, letting the existing housing deteriorate, and in 1974 applied to the city for the necessary commercial rezoning and exemption from height and density restrictions in the official core area plan. In June 1975, the tenants established the Church-Isabella Tenants’ Association. In October 1975, with the help of their local aldermen (Sparrow and Heap), the North Jarvis Community Association (NJCA), municipal planning staff, the Toronto Historical board, and the Cooperative Housing Federation of Toronto, the tenants' association launched negotiations for the development of a cooperative housing project on the southern portion of the site. These negotiations involved the tenants' association, the property owner (Omnia Realty Holdings Ltd.), CMHC, the City of Toronto, the Toronto Historical Board and the North Jarvis Community Association.

By May 1976, the basis of an agreement between Omnia Realty and the tenants' association for the purchase of the apartment and 5 of the townhouses had been developed (Church-Isabella historical files). Omnia agreed to sell the apartment and townhouses to the tenants' association at below market rates in exchange for planning concessions needed for a high density commercial-residential complex on
FIGURE 5.4 The Church-Isabella Site.
the northern portion of the site (Church-Isabella files; City of Toronto Executive Committee, Jan. 1974). Disputes over project design and cost between CMHC and the cooperative delayed closing of the deal until December 1978 and meant that mortgage funding was not approved until late 1979. Renovation of the apartment building began in November 1979, making Church-Isabella the first housing cooperative in Canada to be financed under the post-1978 federal 56.1 cooperative housing programme (Church-Isabella historical and correspondence files). By December 1980 CMHC had agreed to provide mortgage insurance, rent subsidies, and rehabilitation (RRAP) grants for work on the townhouses. This part of the project was occupied by the end of 1981 (Church-Isabella files, members' handbook).

Today the 30-unit cooperative sits literally surrounded by highrise residential and commercial towers to the north, south, east and west. Work on a third phase of the project (the Paul Kane House) began in the spring of 1985.

5.3 Local Experience of the State: DACHI

It was claimed that local experience of the capitalist state can be explained by the combination of broad trends in state development and local circumstances (section 5.1). This section and the next corroborates this claim by examining how local social relations and practices influenced experiences of the cooperative housing policies
of the Canadian state. Three analytic links between the development of concrete terrains of conflict over state policy and local contingencies are examined: 1) the impact of local social relations in consumption and reproduction on forms of struggle over policy implementation 2) the role of policy implementation procedures in channeling local struggles toward more or less 'commodified' forms of housing provision and 3) the implications of these local experiences of cooperative housing policy for the development of class capacities to oppose dominant trends in state intervention in the housing sector.

Three hypotheses were assessed in this analysis. First, that local social relations in housing consumption and political practices (an aspect of reproduction) would vary with the specific forms of built environment change associated with intensive accumulation in the property circuit in the two study neighbourhoods. A second hypothesis followed from this, namely that the manner of cooperative housing policy implementation would vary not only with phases in state formation (chapters three and four), but also with locationally specific characteristics of struggles over housing and neighbourhood redevelopment (e.g. with forms of community organizing on housing policy questions). This leads to a third hypothesis: that the possibilities for 'decommodifying' assisted housing provision in different localities depends in part on local
relations between community residents and state agencies, and within the civil institutions of the residence community (e.g. in practices of housing consumption and of contesting housing policies). The analysis of each case was concluded by considering the implications of local experiences of cooperative housing policy implementation for class capacities to oppose marginalization of decommodied housing alternatives within the state apparatus. The remainder of this section presents the results of this analysis of the DACHI case.

5.3.1 Local Social Relations and Forms of Struggle

Of the two cases chosen for study, it was the DACHI cooperative that experienced the most protracted and intense conflict over its establishment and expansion. This can be explained by the political practices and social relations in housing consumption and reproduction characteristic of daily life in Don Vale, and thus of class formation (cf. Katzenelson, 1981). These were: conflict over whether neighbourhood redevelopment, housing provision and consumption should be private or also public, and the fragmentation of citizens according to 'subclass' consumption characteristics (Markusen, 1984) like housing tenure and income. This fragmentation of residents along subclass lines reflected struggles over neighbourhood change during the 1960s and 1970s which focussed on issues of consumption
in the residence community, and that therefore defined political interests in terms of the individualized relations in housing provision and consumption dominant in commodity exchange (e.g. homeowner versus tenant). As indicated below, political practices based on an alternative definition of interests in terms of collectivities like the residence community, workplace or class were not evident in recent conflicts over neighbourhood change.

In Don Vale, the crisis in the reproduction of conditions for intensive housing production and consumption which emerged during the late 1960s and early 1970s (chapter three) took the form of private upgrading of the existing housing stock (gentrification) and the displacement of lower income households. The 1960s were years of disinvestment in the low income housing stock. Municipal surveys found that properties in Don Vale and the Don Planning district had deteriorated since the early 1960s, in some cases so much that it was no longer economically feasible to rehabilitate (City of Toronto Planning Board, Oct. 1967). A 1968 report on building conditions concluded: "... it is clear that the areas have changed since the completion of the Don Planning District Appraisal, 1963. Field surveys have shown a marked deterioration in the condition of many dwellings since the 1961 date surveys." (City of Toronto Planning Board, 1968, 1).

In Don Vale, the Don District and other Toronto neighbour-
hoods, disinvestment in existing housing was associated with the assembly of properties by development corporations (Dineen, 1974, 33; Sewell, 1972; Caulfield, 1976). The properties eventually developed by the DACHI cooperative (the Cowley site) were one of many assemblies in Don Vale held by absentee owners during the late 1960s (Dineen, 1974, 33). The designation of Don Vale as a 'high priority' urban renewal area in the mid-1960s also contributed to property decline, by discouraging owners from investment in the housing stock (Dineen, 1974; Hoosen, 1980; City of Toronto Planning Board, July 1965). Thus like other central neighbourhoods in Canadian cities, Don Vale experienced property decline during the 1960s, while the mass production and consumption of housing boomed in the suburbs (Rose, 1980; Spurr, 1976; Sewell, 1977; Lorimer, 1978).

Local conditions of housing production and consumption changed in Don Vale during the 1970s. Opposition to public clearance and redevelopment efforts led to a federal freeze on urban renewal funds in 1969 (Rose, 1980; Carver, 1975; Dennis and Fish, 1972). In Toronto, municipal government officials responded by lifting the urban renewal designation for Don Vale and other central city neighbourhoods (Lorimer, 1970). With the threat of public expropriation removed, it became attractive for developers and professional households to invest in upgrading existing
housing stock in central city neighbourhoods like Don Vale. Previous disinvestment kept the purchase price for existing housing low, while demand for central housing by office workers in the expanding service sector raised private sector expectations of returns from residential and commercial redevelopment (Caulfield, 1974; Edel, 1976; Gordon, 1978; Lorimer, 1978; Smith, 1979; Fincher, 1981).

With gentrification, property values in Don Vale began to increase. In 1969, an unrenovated house in Don Vale sold for $20,000 to $30,000 (Dineen, 1974; Hoosen, 1980). By 1974, the average market price for an unrenovated house in the same neighbourhood was $60,113.33 (author's calculations based on "Houses for Sale" survey, DACHI files). This was higher than the average house price of $46,760 reported for the City of Toronto in 1974 (City of Toronto Housing Department, 1974, 14). Improvements in existing housing, rising house prices and increased rents contributed to the displacement of low income people from Don Vale. In 1961, 50% of the Don Vale population earned less than $3,000 per year while only 29% of Toronto's population fell into this income category. By 1971, however, only 24% of Don Vale residents earned less than $3,000 annually as compared to 26% in the city as a whole (Hoosen, 1980, 33). Thus in Don Vale, the contingent outcome of crisis in the reproduction of necessary conditions for the intensive housing production and consumption was the displacement of
low income people through gentrification of existing housing. Private speculation and public renewal schemes encouraged disinvestment in the housing stock, and therefore created opportunities for subsequent reinvestment that captured the ground rent of central city properties (Smith, 1979; Lorimer, 1978).

Local experience of redevelopment pressures during the 1960s and 1970s influenced political life in Don Vale, helping to create the relations in housing consumption and reproduction that would shape struggles over the implementation of cooperative housing policy. Opportunities for profitable accumulation by corporate capital through private upgrading of the housing stock, and for capital gains by existing homeowners and new 'whitepainters', created conditions of potential conflict between residents who differed in consumption characteristics and thus over the desirability of private redevelopment of the neighbourhood. Political fragmentation based on relations in the housing market in turn limited the possibility for collective responses to the role of capital and the state in the redevelopment process. Homeowners who had been troubled by property decline during the 1960s welcomed gentrification as a sign of greater economic and social stability in Don Vale. They had opposed public renewal in the 1960s, fearing they would lose their homes to high density public and private redevelopment. These home-
owners greeted proposals for non-profit assisted housing in Don Vale during the 1970s with distrust, associating these ventures with the redevelopment threats of the previous decade. They were represented through the Don Vale Property Owners' Association (DVPOA). A vocal minority of new professional households (represented through the Don Vale Neighbourhood Action Committee) endorsed this resistance to assisted housing efforts, defending the private housing market and their housing investments (City of Toronto Executive Committee Report No. 3, 1974, 293-329; interview with D. Wood, 1986; Dineen, 1974). As indicated below, these people regarded gentrification and the displacement of 'less desirable' and 'troublesome' low income neighbours as signs of economic and social improvement in the neighbourhood. Housing activists from both within and outside the neighbourhood favoured non-profit housing efforts in order to preserve its mixed-income character. The Don Vale Tenants' Association also supported non-profit housing as a way of meeting the housing needs of renters ("Housing Standards to be Enforced in Don Vale", Aug. 12, 1970, Ward 7 News). And finally there were homeowners and tenants who were uncertain about their stand on the housing question and open to persuasion from other groups. These political factions within the residence community were evident during local meetings, such as those held by the Don Vale Homeowners' and Residents' Association
(Ward 7 News, 1970-82). The association became a focus for local development controversies since it was this group that developed a citizen-designed public renewal scheme during the 1960s, and was looked to by government officials to represent citizen opinion in Don Vale on redevelopment issues during the 1970s (Dineen, 1974; SPCMT, 1970; interview with D. Wood, former DACHI board member, 1986).

These divisions over issues of housing consumption and neighbourhood change reflected previous community struggles. Political activism over conditions of housing consumption in the residence community dates back over 100 years, to the establishment of the first active residents' association. The current homeowners' and residents' and property owners' associations were established during the urban renewal struggles of the 1960s (Howard, Sept. 1973, Ward 7 News, 3). Most political activities in the neighbourhood continued to be organized through residential groups based on consumption characteristics during the 1970s as well. In 1974, Don Vale had a homeowners' and residents' association, a property owners' association, a tenants' association, a neighbourhood action group, a Cowley tenants' association, and an estimated 4 to 5 resident working committees (Plainclothes policemen patrol DACHI meeting", Jan. 26, 1974, Ward 7 News, 3). Political organizing on the basis of workplace or political party played a minor role in the life of the neighbourhood.
A 1970 study of citizen participation in the Don District, which includes Don Vale, found that residents had little involvement in organizations other than resident or tenant associations. Residents were generally inactive in trade unions (although a small percentage were members), Home and School Associations, service clubs, or political parties and also had extremely low turnouts for elections (Social Planning Council of Metropolitan Toronto, 1970, 107-108). According to local observers, this separation of residential and workplace issues remains characteristic of life in the neighbourhood, with residents organizing independently of groups such as trade unions or labour councils (interview with D. Wood, former resident and DACHI board member, 1986; interview with M. Minchel, DACHI resident, 1986).

By 1970, participation in homeowner, resident or tenant groups was on the increase in Don District neighbourhoods:

Informal participation through resident and tenant associations presents a different picture of the area. Unlike traditional organizations, the participation of citizens in the area through neighbourhood-based groups has increased rapidly in the past few years to the point where it is now considered by many, both within and outside the area, to be more important than the election process itself. (SPCMT, March 1970, 109)

The reasons for this increased participation in consumption-based residential groups lie in the local struggles of
the 1960s, when citizens and 'outside' organizers (e.g. with the United Church and Company of Young Canadians) contested policies regulating urban renewal and the delivery of public housing. The neighbourhoods of Don Vale and Trefann Court became known for struggles to increase resident participation in the design and implementation of urban renewal schemes (Lorimer, 1970; Fraser, 1972), while Regent Park residents demanded more say in the management of their public housing project and won federal funding for a tenant directed community action programme (SPCMT, 1970, 110). In the case of Don Vale, the struggle over urban renewal helped to reproduce political divisions based on different housing tenures. Conflicts over the design and implementation of urban renewal emerged between the local residents' association, the Ward 2 Property Owners' Association and area tenants. In 1966, the Don Vale residents' association was formed to voice concerns about the city's plans for urban renewal (Ward 2 Residents' Association, July 12, 1967). By early 1968, resident opposition to municipal renewal plans had led to a neighbourhood working committee consisting of representatives of the Don Vale Homeowners' and Residents' Association (DVHRA), the Ward 2 Businessmen's association and city officials. In July 1968, a split within the residents' association emerged and the Ward 2 Property Owners' Association was established to promote the high density private redevelopment thought
to encourage property value increases (SPCMT, 1970, 115). Conflict between the residents' and property owners' associations continued through 1969, with the former supporting locally designed public renewal and the latter advocating private redevelopment (ibid; Dineen, 1974). Although the Don Vale residents' association had the larger political base (with an estimated 417 members in 1968 as compared to the property owners' unofficial claim of over 100 members), the dispute allowed municipal officials to withhold approval of the renewal scheme because of uncertainty as to which group represented community opinion (ibid, 116). A third political faction in the renewal controversy emerged in 1969: an independent tenant lobby which claimed that low income tenants had not been adequately represented by the DVHRA on the urban renewal committee (ibid, 117). Although the federal freeze on urban renewal in 1969 prevented implementation of the plan, the legacy of these struggles was evident in continued clashes between different consumption groups in the 1970s.

Resident and tenant associations continued to dominate political organizing in Don District neighbourhoods during the 1970s. Table 5.1 indicates the total number of citizen groups concerned with housing and/or neighbourhood development in Ward 7 (the northern half of which consists of the Don District) during the period from 1974 to 1978. The number varied from a high of 23 groups
<table>
<thead>
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<th>Type of Group</th>
<th>1974</th>
<th>1976</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Cooperatives</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Tenants</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Residents</td>
<td>7</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Residents and Tenants</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Housing Groups</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Area Associations</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Property Owners</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Homeowners and Residents</td>
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<td>1</td>
</tr>
<tr>
<td>Neighbourhood Association</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>23</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

in 1976 to 14 groups in 1978, and has included 9 different organizational categories (e.g. from housing cooperatives to property owner and area associations). The number of citizen groups concerned with housing and neighbourhood development increased in Ward 7 during the late 1970s and early 1980s. In 1984, there were a total of 32 such organizations in ward 7, an increase of 8 over 1978 levels. Housing cooperatives, tenant and resident groups accounted for almost all of this increase; with 11 new cooperatives, 5 new tenant groups and 3 new residents associations.

A survey of community newspapers published from 1970 to 1982 indicates the importance of conflicts over housing consumption conditions in Don Vale, and in ward 7 generally. Virtually all articles were concerned with neighbourhood housing, service or redevelopment issues, and reports on citizen meetings at the district, ward, city and metropolitan levels consistently identified the defense of homeowner and tenant interests as a key priority (Ward 7 News, 1970-1982). Consider, for example, this 1973 statement by ward 7 residents. Here housing and neighbourhood preservation, and greater citizen control over related policies like housing standards enforcement, emerge as major objectives:

"... 1) Develop a housing programme which will include: legislation to control the demolition of buildings; control of housing
standards so that they fit the circumstances better; include community control of housing inspectors; a system of grants and loans to fix up existing houses; encouraging community controlled and co-operative development of new housing. 2) Find ways of funding community organizers for all parts of the city so that neighbourhoods can become strong enough to force a meaningful decentralization of City Hall. 3) Work out a programme of rent control and profit control. 4) Develop a programme of historical preservation for buildings. 5) Better services e.g. snow removal 6) Put strong controls on downtown growth."

(Sewell, Jan. 13, 1973, Ward 7 News)

Similarly, in meetings beginning in January 1973, the Federation of Don Area Residents’ Associations (FODARA) identified housing consumption conditions as the focus of action: high rents and poor conditions in rental housing, a shortage of affordable housing for existing low income residents, and inadequate enforcement of the landlord-tenant act, building inspection policies and rent control ("FODARA Tackles Housing Problems", Ward 7 News, Feb. 10, 1973, 7).

Although resident groups shared concern with consumption conditions, they differed on how housing problems should be resolved. Not all groups shared FODARA’s goal of preserving and providing low and moderate income housing. And even groups which did support a ‘mixed income’ residential community sometimes contributed to displacement through actions taken to protect existing conditions of housing consumption. In April 1973, for
example, a meeting of 100 Don Vale residents rejected proposals for a higher density and lower priced condominium project in favour of a development with fewer and higher priced units (Browne, April 28, 1973, Ward 7 News, 2). Ward 7 reform alderman John Sewell attributed this opposition to the neighbourhood preservation goals of the urban reform movement (see Goldrick, 1982; Caulfield, 1974). Effective preservation struggles had encouraged private developers to opt for more expensive low density residential projects beyond the reach of low income people in Trefann Court and Don Vale, though this was not necessarily an explicit objective of these struggles (Sewell, May 12, 1973, Ward 7 News, 5). Thus displacement continued despite the fact that several Don District resident organizations opposed both high density redevelopment and the displacement of low income people. The Don District Housing Action Committee, a coalition of 8 resident groups dating from 1971 (including DVHRA), opposed high rises and shortages of affordable housing. Among the committee's demands was that citizens participate directly in municipal planning to ensure that housing projects met local needs (Feb. 26, 1971, Ward 7 News; "DDHAC goes to B & D", March 26, 1971 1, Ward 7 News). The DVHRA and DVTA also opposed displacement of existing low income residents. For example, in 1970 the associations requested that the city enforce full housing standards bylaws only on properties owned by
absentee landlords (to avoid displacement of pensioners), and protect these tenants from eviction. Despite support from local aldermen (Sewell, Jaffary) and two resident groups, the city rejected their request (Aug. 28, 1970, Ward 7 News; Hudson, Nov. 20, 1970, Ward 7 News, 3).

Political fragmentation by housing consumption characteristics and practices created the basis for intense conflict over the establishment of DACHI. As noted in section 5.2.1, DACHI's board endorsed FODARA's stance that continuing cooperative housing be provided in order to resist displacement of low income residents. Thus DACHI was on record as advocating decommodified housing provision, and opposing the position of some Don Vale homeowners and new 'whitepainters' that only commodified housing was in the general interest of Don Vale residents. Property owners and project advocates thus clashed repeatedly over whether cooperative housing should be provided in Don Vale. Struggles began in late 1973, when DACHI and neighbourhood residents started consultations on proposals for cooperative housing on the Cowley site. The DVHRA was already monitoring development proposals for the site because of concerns about poor housing conditions, the risk of fire and the future plans of the absentee developer (Loblaws-Weston) (Feb. 10, 1973, Ward 7 News, 6; Feb. 21, 1973, 2, Ward 7 News). By the time of DACHI’s project proposal, citizen participation in neighbourhood planning was part of
the platform of the new majority reform council at City Hall (DACHI files; City of Toronto Planning Board, Jan. 15, 1974). Municipal officials therefore made their approval of rezoning for the project conditional on evidence of neighbourhood support (through the DVHRA). CMHC indicated that federal funding advances depended on municipal endorsement of the project (DACHI files).

On December 5, 1973, DACHI presented its proposal to a general DVHRA meeting (Jan. 12, 1974, Ward 7 News, 2). It was attended by about 80 people. According to reporters, DACHI faced more hostility from Don Vale residents than private developers who had recently presented redevelopment proposals. Four factions emerged as residents debated the cooperative housing proposal: low income residents who resented displacement, upper middle income residents in favour of preserving an income mix in Don Vale and concerned about displacement, homeowners in favour of continued private redevelopment and a minority of very vocal, new upper middle income homeowners who argued that low income residents and cooperatives threatened property values. The latter group, represented by the Don Vale Neighbourhood Action Committee (DVNAC), argued that subsidized cooperative housing would re-create 'slum' conditions in Don Vale (Dineen, 1974; DACHI files; interview with D. Wood, former DACHI board member, 1986). Still, residents voted 65 to 15 in favour of having
cooperative housing in the neighbourhood and established a 7 person committee to review DACHI’s proposals (Browne, Dec. 14, 1973, Ward 7 News, 1).

After failing to convince other residents to oppose cooperative housing, DVNAC organized a sophisticated campaign against federal and municipal approval of DACHI. Using the office and staff of the sympathetic local M.P.P. (Scrivener), members lobbied neighbourhood residents, federal and municipal officials, to reject the housing plan. In December, 28 homeowners sent a telegram to CMHC claiming that financial support for DACHI would be a misuse of government funds, since the private sector would have delivered housing anyway: "DACHI proposes to pay the owner (of the Cowley properties) a profit of $150,000-- in excess of 100 per cent profit after two months-- with public CMHC funds in order to turn the properties into a co-op housing project.... Please note that these properties will not revert to private ownership. This simply replaces the committed private funds with federal public funds while providing the developer with spurious profit at public expense." (cited in Dineen, 1974, 82). On December 20th a confidential letter from M.P.P. Scrivener was sent to the Federal Minister of Urban Affairs (Basford). It stated: "I believe that there will be a very considerable local opposition to this project, and would urge you to reconsider any decision to proceed with a loan to DACHI for the
purpose of acquiring the 39 houses." (Browne, Jan. 12, 1974, Ward 7 News, 1).

On January 5, 1974 the DVHRA held a general meeting to decide whether or not to support the DACHI project. The meeting was attended by 500 people, the largest gathering in the history of Don Vale. It was also the first meeting to use a secret ballot to decide a local development issue. Tensions were high, as indicated by alderman Sewell’s request for police (Jan. 12, 1974, Ward 7 News, 2).

Following heated debate, the residents voted by a narrow margin (198 to 158) to give formal approval to DACHI’s proposed housing cooperative (City of Toronto Planning Board, July 31, 1974, "Report to the City Executive Committee", 7). Observers attributed this outcome to efforts by DACHI supporters to correct misconceptions about the housing project (e.g. that it was a state-operated public housing scheme), a canvassing campaign launched by key tenants, and the willingness of board members and allies to negotiate with the community (Dineen, 1974, 94. "Plainclothes policemen patrol DACHI meeting", Jan. 26, 1974; Ward 7 News, Jan. 7, 1974, 2; interview with D. Wood, 1986). The DVNAC claimed that non-resident votes and irregularities in counting led to the pro-cooperative result (letter to alderman Howard from G.W. Stamm, 1974).

After formal neighbourhood approval, struggles over DACHI shifted to the municipal and federal approval
processes. Homeowners involved in the DVNAC and DVPOA, and M.P.P. Scrivener, pressed municipal officials to reject the housing project. In a letter to Mayor Crombie, the DVPOA argued that the cooperative would threaten the hard-won freedom of the neighbourhood from government interference, poor housing conditions, and 'undesirable' low income residents. In an emotional appeal, gentrifiers were credited not only with housing renovation but also with restoring pride in ownership and friendliness to Don Vale:

We have had bitter experience over a span of many stormy years with Urban Renewal, bureaucratic interference with the lives of the people, and the uncertainty of tenure while this three-ring circus was going on. After 5 years wasted time and approximately 200,000 wasted dollars the powers that be got the message loud and clear: "Go away and leave us alone." Since that happy day there has been a steady upward trend. Many old and somewhat decrepit properties have been purchased on the open market by young and often courageous people and renovated to a style that equals, and in many cases exceeds their former new [sic] condition.... The net result is that Don Vale is rapidly assuming the role of one of the more desirable neighbourhoods of the City. What were once depressing streets of tumbledown houses showing tottered remnants of their former glory are now neat and clean and show the obvious pride of ownership.... There is evidence of new friendliness among neighbours.... the transients, drunks, and brawls that went with Saturday night or the arrival of the welfare queue are slowly disappearing.... We do not deny that there are still a few bad pockets but time and evolution will take care of them. In short, a neighbourhood has pulled itself up by its bootstraps.... Apparently the brain-child of a handful of radical-activist types, the DACHI scheme would surely destroy the good work done in
Don Vale and return it to an overcrowded slum.
(letter to Mayor Crombie from DVPOA, Jan. 12, 1974, DACHI files)

The desire to defend private market relations in housing consumption and, in particular, the de facto right of homeowners to exclude 'less desirable' residents is apparent in DVPOA's statement. Evident also is disapproval of collective strategies of housing provision through the state and 'radical' community groups like DACHI. Similar views were expressed in a DVNAC brief to city council:

The rebirth of Don Vale as a true neighbourhood, accomplished without public assistance by the working people in the area, is simply called 'radical change and white-painting by the developer [DACHI]. The working people of the Don Vale have sacrificed much and worked hard to accomplish what their neighbourhood is today. They say with a great deal of pride that they did it themselves.

(City of Toronto Executive Committee Report No. 3, 1974, 305).

Municipal review of DACHI's housing proposal was underway in January 1974. At this time, the DVPOA launched a campaign that resulted in a list of over 900 local residents opposed to the cooperative housing project, and approached sympathetic aldermen from outside ward 7 to enlist help in preventing rezoning approval. MPP Scrivener lobbied municipal officials to reject the project, justifying her actions by the DVPOA's evidence of opposition (Scrivener, Feb. 9, 1974, Ward 7 News, 3; City of Toronto
The vote on whether to give preliminary municipal approval to DACHI was held on January 24th. DVPOA and DVNAC spokespersons reiterated opposition to subsidized, non-profit housing, while DACHI supporters reminded councillors of local needs for affordable housing. Two aldermen from outside ward 7 (Pickett and Boytchuk), both opponents of non-profit housing (Dineen, 1974), tried to delay the vote by referring the matter back to the Building and Development committee and requesting a financial feasibility study. A third alderman proposed that City council buy the properties instead of leaving development to the DACHI board. These motions were ultimately defeated as council voted by 15 to 4 to notify CMHC of support for the project (City of Toronto Executive Committee, 1974, 335-337).

Municipal approval was obtained despite DACHI's difficulties in effectively publicizing cooperative housing. As one observer noted, DACHI board members had not anticipated the need to 'sell' the project to local residents or a well-organized, persistent opposition group (Dineen, 1974, 101-102). The result was that communication between the DACHI board and Don Vale residents was often ineffective in calming concerns about the project. Residents reported a lack of information about what cooperative housing was, and confusion about whether or not
to believe DVPOA charges that this form of housing provision would harm the neighbourhood. DACHI admitted these problems to the DVHRA in a February, 1974 report:

Without a doubt, DACHI's relations with the Don Vale community have been unfortunate from the beginning. DACHI's organizers knew that Don Vale had been in the forefront of the fight to keep decent family housing in downtown Toronto ever since its urban renewal struggle of the late 1960's. They also knew that the Don Vale Association of Homeowner's and Residents had supported the concept of non-profit co-operative housing at a general meeting held in the summer of 1973 and had urged the Federation of Don Area Residents' Associations to take steps to provide such housing. For these reasons, DACHI did not place enough emphasis at the outset on the need to establish good lines of communication with the community. The general feelings of mistrust and unhappiness which resulted from this initial lack of community involvement have been difficult for DACHI to overcome, although DACHI has since made concerted efforts in this regard. To be sure, DACHI has not been successful in educating the community about co-operative housing; this is clear from the fact that some people still seem to regard the project as either a form of ghettoized public housing or as a mammoth development not unlike St. James Town.

(DACHI, Feb. 25, 1974, "Report to the Council of the Don Vale Association of Homeowners and Residents and to the 8th of May Working Committee", 31)

In the face of these strained relations with the community, active support from reform aldermen on the new city council of Mayor Crombie was crucial to winning municipal endorsement of the housing project, and thus federal approval as well. The City's housing work group,
established in 1973 to develop proposals to deal with the
perceived crisis in affordable housing and headed by reform
alderman Michael Goldrick, had come out in favour of
using non-profit housing to meet low and moderate income
housing needs, and to preserve central city neighbourhoods
(Goldrick, 1973, iff). The work group urged council to
approve DACHI:

The DACHI proposal is virtually unique in
touching upon so many different objectives
of the City’s Housing Policy. The feasibility study which the Group has prepared
is quite sophisticated, reflecting the competence of DACHI’s technical advisory com-
mittee and of several members of its Board
and considerable assistance from City Planning
and Development staffs. The project is likely
to be quite successful and we recommend that
the City support it strongly."

(City of Toronto Executive Committee Report No. 3, 1974,
330)

Ward 7 aldermen Sewell and Jaffary promoted the project
within city hall (City of Toronto Executive Committee,
1974, 335-337; Dineen, 1974; interview with D. Wood, 1986;
DACHI municipal files and board minutes).

Following the favourable municipal outcome, CMHC
approved federal funding on February 25, 1974 (DACHI board
minutes, Feb., 1974). However, the political difficulties
of the cooperative were far from over. Dependence on the
support of reform councillors made the group vulnerable to
DVPOA charges that the cooperative had conspired with
elected officials to override local opposition to the
Local reports indicated that tensions remained high over the project's desirability. Church activists, DACHI and the DVHRA executive organized an information canvass and block meetings in February 1974, and reported that these efforts helped 'cool' tensions over the project (Browne, Feb. 23, 1974, Ward 7 News, 3). Subsequent reports were less optimistic, noting that opinions had polarized and undermined efforts to establish a neighbourhood-based working committee to monitor project development (Browne, April 6, 1974, Ward 7 News, 5; Forrestal, May 4, 1974, Ward 7 News, 1). It was only after DACHI threatened to plan the project on its own that residents elected the "8th of May Committee" to review project design and operation (Browne, Feb. 23, 1974, Ward 7 News, 3; Browne, April 6, 1974, Ward 7 News, 5; 8th of May Committee files, DACHI). Negotiations between DACHI, DVRTA representatives and the Cowley Tenants' association led to the founding of a second committee on criteria for resident selection (ibid). Despite these potential improvements in community base of the project, the cooperative continued to experience opposition from local property owners, and even from some of its tenants.

Relations between the DACHI board and Cowley tenants were strained from the project's early planning stages. Although tenants had established an association by the end
of 1973, it was not until 1975 that they began to participate in managing the cooperative. Until then, DACHI was a development corporation rather than a member-controlled cooperative. Thus the cooperative's board functioned like a landlord. The tenants were low income (most earned less than $5,000 annually) and reported negative experiences with previous landlords, including middlemen who managed the Cowley properties prior to DACHI's purchase. In November 1970, tenants in the 45 Cowley houses learned that their manager (O'Keefe) had left town with their rent money and turned their units over to a new middleman (Landry). The latter seized the furniture in the units, told tenants the hydro would be turned off, and offered rooms in housing he managed in South of St. Jamestown ("More Tenants Bite the Dust", Ward 7 News, Nov. 20, 1970). The tenants' only managed to keep their homes after a deal was struck between the owner, alderman Sewell, the Christian Resource Centre, and the Don Vale Tenants' Association, whereby the landlord offered a rent incentive in exchange for volunteer labour on the units to meet City work orders (Morris, Jan. 15, 1971, Ward 7 News, 1). By late 1972, the Cowley tenants were again struggling to retain their housing, this time by resisting rent increases ("Downtown Action Project Helps in Action Against Landlords and Developers", Ward 7 News, Nov. 25, 1972, 8). DACHI reported that the Cowley tenants generalized their negative experiences with landlords and
middlemen to the cooperative's board. They were suspicious of the board's motives in delivering housing, seemed apathetic about helping to plan the project, and didn't believe the board intended to turn management over to members. The tenants didn't understand what continuing cooperative housing was and were skeptical about claims that it offered more secure tenure than rental housing (DACHI board minutes, 1973-75; interview with D. Wood, former DACHI board member, 1986).

Tensions between the board and tenants came to a head in late 1975, when disputes about project management prompted the resignation of one board member and angry exchanges in the community newspaper. Some residents were threatening to help delay the project (the details of which were subject to both neighbourhood and CMHC approval) unless they received concessions on matters of internal policy. One board member resigned over such threats:

I'm tired of every time something goes wrong in DACHI and someone gets angry at T.W. [the office manager] they say I'm going to hold up the f...g project untill [sic] I get what I want. I'm tired of my home being threatened by the above quote. I'm tired of being accused of bringing residents in to pad the vote....

(DACHI board minutes, Oct. 1975)

These conflicts became public in November, when residents argued about management practices in the local press. According to one spokesperson, residents lacked information about project operation and remained excluded from deci-
sion-making. This marginalization of residents in a situation of financial troubles and eviction proceedings led to severe conflicts within the project:

Despite my best efforts, DACHI management seems unwilling to provide answers to serious problems such as money mismanagement, occupancy agreements, tenant selections in regard to low-income... So far the tenants who supposedly control this project have not had any say at all. There are evictions in process, some tenants say they are paying their rent to their lawyers until this mess is cleared up. Residents are fighting against residents. The mortgage payment which was supposed to have started this summer has not been paid.... Many residents of DACHI feel betrayed by the management and some of the board members....

(letter to the editor, Ward 7 News, Nov. 15, 1975, 2)

Others dispute claims that tenants remained excluded from project management. They point out that the transition to self-management was underway by 1975, and complete by 1980. Eviction proceedings occurred only when individuals failed to pay rent without extenuating circumstances like job loss. (letter to editor from DACHI resident, Ward 7 News, Nov. 25, 1975; interview with D. Wood, former board member, 1986; DACHI board and member minutes). It is clear that DACHI was concerned about levels of tenant involvement in the project during this period since CMHC funds were obtained in order to hire an organizer to work with residents on management skills and the establishment of working resident committees (ibid). However, current board members and staff believe that management secrecy about project
operations and financial troubles contributed to conflicts within the cooperative throughout the 1970s (interview with boardmember and staffperson, June 1985; DACHI members handbook).

Continued opposition from local homeowners and provincial allies hampered the cooperative’s expansion and operation. By late 1974, DACHI had received city council approval for construction of 18 new townhouses on the site’s east side. This approval reflected success in getting community support: the building and development committee received 172 letters in favour of infill construction and only 72 opposed (DACHI board minutes, June 4, 1975). The bylaw amendment was expected to be reviewed by the Ontario Municipal Board (OMB) in 1975, but was postponed to allow the DVPOA to prepare a case against infill construction (DACHI board minutes, 1975). The OMB ruled in favour of the bylaw amendment but, in August 1976, the provincial cabinet overruled this decision and reduced the size of the infill construction to 8 instead of 18 units. The province cited opposition to the project and the 'prayer' of homeowners that infill construction not proceed as the grounds for this action (Ontario order-in-council 2224/76, DACHI files; Browne, Aug. 28, 1976, Ward 7 News, 1). This was despite the fact that DACHI produced a petition signed by 1600 Don Vale residents in favour of provincial rent subsidies as evidence of support for
expansion ("DACHI petition gets 1,600 names", Ward 7 News, Dec. 13, 1975, 3; DACHI minutes). For the cooperative, provincial intervention meant a reduction in project size, an inability to offset interest charges on vacant land with rental revenue, and the prospect of higher construction costs for the expansion phase (DACHI project management report, Oct. 8 1975, DACHI files). It was not until 1985 that work on the 8 infill townhouses began (Stanley, March 8, 1984, Ward 7 News, 1), because of CMHC reluctance to invest funds until the threat of bankruptcy was overcome and the net value of the property increased (interview with D. Wood, 1986).

Opposition from homeowners and provincial officials delayed provision of rent supplements for three years. DACHI applied for provincial supplements and a rent reduction grant (worth 10% of capital costs) in November 1974. However, the provincial premier (Davis) and housing minister refused repeatedly to approve the application on the grounds of community opposition to the project (DACHI, Jan. 19 and 30, 1976, letters to J. Rhodes, Ontario Minister of Housing; Minister of Housing, Feb. 2, 1976, letter to DACHI; DACHI, Feb. 26, 1976, letter to J. Rhodes, Ontario Minister of Housing; Minister of Housing, March 16, 1976, letter to DACHI; DACHI board minutes 1974-78). MPP Scrivener advised the housing minister to delay decisions on rent supplements for the project.
According to reports made in late 1975, these delays threatened to displace 33 residents ("DACHI petition gets 1,600 names" Ward 7 News, Dec. 13, 1975, 3). Public confrontations occurred between DACHI, the provincial MPP, and DVPOA leaders. In a 1975 letter to the editor, DACHI's project manager challenged the MPP's actions:

.... Mr. and Mrs. X may not be able to stay in their new apartment because the Co-op needs to receive break-even rents to meet imminent mortgage payments. The couple does not understand why the area MPP has opposed their receiving the supplement when all other staff-approved applications for the supplement program in the area have been approved by the MPP and OHC. They are deeply distressed and worried about their future. Mrs. Scrivener, you are the area MPP who has been responsible for the rejection of this old couple's application for rental supplement. You requested that the Minister 'defer' the application of the Don Area Cooperative Homes, Inc. for the Community Sponsored Housing Program.... You will not respond privately so I will ask you publicly. Is it your intention to force Mr. and Mrs. X among others out of their new apartments and into the arms of slum landlords in Toronto?

(letter to the editor from T. White, 1975, DACHI files)

The province tentatively approved DACHI's rent supplement application in March 1976, following the cooperative's local petition drive. This permitted 13 households to stay, although eviction proceedings began on 9 other units ("Municipal Board O.K.'s subsidy for DACHI", March 20, 1976, Ward 7 News, 1; DACHI board minutes, June 1976). But the province continued to stall payments until January 1978, arguing that the project was in financial difficulty
and that CMHC had halted funding advances (pending a provincial decision on supplements). Provincial funds were only obtained after a campaign which enlisted the help of CMHC, Mayor Crombie, sympathetic aldermen, a regional cooperative housing group (Ontario Habitat Foundation), local residents and outside resident groups (e.g. the North Jarvis Community Association) (DACHI board minutes and rent supplement files; J. Howard, alderman, Feb. 4, 1976, letter to Ontario Minister of Housing). The province finally agreed to provide subsidies retroactive to January 1976 on the condition that the City of Toronto administered the funds and monitored project management (DACHI rent supplement and City of Toronto files). As indicated below, these difficulties in obtaining rental assistance exacerbated financial difficulties attributable to repeated delays in project development.

The fragmentation characteristic of struggles over housing and redevelopment in Don Vale was thus reproduced in debates about the DACHI cooperative. The decommodified characteristics of the project challenged the position of some homeowners that private, commodified housing relations should be the only form of housing provision in Don Vale. Moreover, DACHI's efforts to retain low income residents challenged the de facto right of homeowners in a capitalist housing market to displace existing residents too poor to afford market housing rates. DACHI's political practices,
particularly in the early years of the project, also helped to fragment residents around the housing question. The inability of DACHI to distance itself from private market relations in housing provision reinforced the view that the cooperative was 'just another developer', and limited the possibilities for shared experience of collective political opposition to the production and consumption of commodified housing. In a neighbourhood characterized by political fragmentation between housing consumers, conflict over DACHI thus helped to reproduce existing sub-class divisions within the residence community.

5.3.2. Implementation Procedures and Housing Delivery

Local experience of cooperative housing policy in Don Vale was also shaped by the implementation procedures used by state agencies, and the response of cooperative members to those procedures. DACHI was established during the 1973-78 federal direct lending programme. The implementation procedures of this programme were characterized by: ambiguity in CMHC rules for the funding and regulation of projects, levels of assistance that reproduced the marginal position of cooperative housing groups vis a vis the private sector), the use of private market criteria to evaluate projects, and new emphases on cost reduction and accommodation of low income households after 1975 (chapter four). This section argues that DACHI experienced
these implementation characteristics through struggles over the manner of cooperative housing delivery and consumption.

Unlike the cases reported in chapter four, the evidence does not indicate that ambiguity in CMHC criteria for funding and regulation was a major difficulty in housing delivery. Although the cooperative dealt with uncertainty about regulation in daily planning and operation, this was primarily the outcome of existing conditions of housing provision. For example, in September 1974, the cooperative met with local CMHC officials to establish new cost guidelines for the project because of an unexpected 27% increase in construction costs since July (Project Manager’s Report, September, 1974, DACHI files). Uncertainty about state regulation also arose from a lack of familiarity with post-1973 assisted housing programmes, and the possibilities for additional government assistance. DACHI’s early meetings often focused on questions about the types of funding available, and 'strings' attached to that funding (DACHI board minutes 1973-75).

Only in three instances was there evidence that the form of policy implementation by CMHC contributed to uncertainty about project funding and regulation. In 1974, the cooperative’s board reported confusion about CMHC’s subsidy formula, and difficulty in obtaining help from federal officials (DACHI board minutes, December 5, 1974).
The second, and more critical, instance occurred in January 1976. CMHC suddenly halted all mortgage advances pending a decision on rent supplements. This step was taken on the grounds that DACHI rents would exceed CMHC defined market levels without provincial assistance ("State of Project", Jan. 12, 1976, DACHI files; DACHI board minutes, correspondence with CMHC, DACHI files). A third incident occurred in 1985, when CMHC transferred promised funding for DACHI's expansion phase to a private developer without public discussion. This funding was only reinstated for DACHI, Church-Isabella and other projects after protests by Toronto's cooperative housing movement (chapter four).

The delivery of assistance by CMHC helped to marginalize DACHI as an assisted housing producer in several respects. At the early planning stages (late 1973), DACHI found that CMHC's start up grant of over $9,000 was insufficient to meet planning needs, and sought additional assistance. This included requests for a community organizer funded through the federal Company of Young Canadians programme (to help with tenant and community relations), applications for renovation funds from the Local Initiatives Programme, and the use of community resources like church and planning staff (DACHI membership minutes and files, 1973 and 1974). CMHC start up funds were unable to cover even the costs of required project information. CMHC requests for contract drawings in late
1973 resulted in architectural fees (of $10,000) that immediately put the project overbudget (DACHI membership and board minutes, Dec. 1973-Jan. 28, 1974).

The level and timing of federal and provincial funding also limited the delivery of housing to low income people, thus marginalizing DACHI as a viable housing alternative. Although DACHI indicated a commitment to house as many low income people as possible, this was compromised by project delays, rising production costs and inability to win provincial rent supplements. As early as January 1974, DACHI members expressed concern that project costs would result in economic or 'break-even' rents beyond the reach of low income households renting units in the Cowley assembly: "The magnitude of the Cowley project complicates DACHI's original aim not only to provide housing but to ensure that it is low-income." (DACHI membership minutes, Jan. 28, 1974, DACHI files).

Delays in completion of renovation and construction work made it difficult to deliver decommmodified housing, particularly to lower income households. Completion of renovation work was delayed by 6 months on 20 houses, bringing the total construction time to 14 months. This was the result of work that did not meet CMHC and City building standards. DACHI attributed these problems in part to low levels of CMHC funding, since the cooperative had been unable to pay its consultants to monitor the
renovation work closely enough to identify violations of building standards like the installation of false vents in bathrooms (Confidential report to CMHC from DACHI, Feb. 24 1975; interview with maintenance staff, 1985). Renovation of the cooperative's remaining 13 houses took a total of 2 years and 10 months to complete (until January 1978), as a result of legal disputes on work done under the first construction contract and CMHC's freeze on funds for these properties pending the court decision. Moreover, opposition to infill construction meant that lots remained vacant until 1985 (i.e. for 9 years). These lengthy delays clearly reduced the capacity of the cooperative to compete with private assisted housing producers. According to recent estimates, the average time required to complete an assisted housing project (including rezoning approval) under a private sector program (e.g. ARP) in Metropolitan Toronto was about 9 months (interviews with: president, Toronto Apartment Builders Association, 1985; research director, Canadian Home Builders Association (Toronto office), 1985; program officer, CMHC, Toronto, 1985). With some units and lots vacant, DACHI lacked sufficient rental revenue to meet interest and tax payments (DACHI project management reports, 1974-1978). As early as 1975, DACHI's project manager identified the large carrying costs of an unfinished housing project and increased renovation costs to meet building standards, as the two major factors in
escalating housing costs:

1. Increased renovation costs-- principally due to the higher standard of renovation required by CMHC than was originally planned.
2. Increased carrying costs-- originally it was anticipated that all renovations would be completed by August, 1975. Delays mean renovation will not be complete until January 1976. Also, the construction of the new houses was planned to be complete by October 1975. It appears that new construction cannot be complete before late 1976, at the earliest. Meanwhile, the Cooperative is paying interest on the cost of all the project and the houses. This interest costs the cooperative more than one hundred thousand dollars per year, and unless it is being paid by rents, it is added in to the original mortgage, thereby increasing the size of the mortgage. Therefore, the additional time of six months for renovations has allowed a further fifty thousand dollars in interest charges to build up. Similarly, the interest will build up on the lands we own which do not yet have the new construction completed.

We now know for certain that one additional year of interest costs has been added to the cost of the new construction because of delays in our site plan bylaw.

(DACHI project management report, Oct. 8, 1975, DACHI files)

In 1978, interest payments on the new $3,055,965.00 direct loan from CMHC with a 10% capital cost forgiveness and 8% interest rate were absorbing almost all of DACHI’s rental revenue ($220,029.48 in interest versus $222,000.00 in rents). As of January 1978, the Cooperative owed $638,331.89 in unpaid interest on previous advances by CMHC (CMHC, Jan. 18, 1978, letter to DACHI president). Under the terms of the 1977 loan increase this was reduced to $25,099.61 and DACHI hoped to pay off this debt when rent
supplements were received. Estimates of annual cash disbursements for 1978 were $307,000.00. With a rent income of $222,000.00, a provincial rent reduction grant of $60,000.00 and retroactive rent supplement payments of $45,000.00, the cooperative was still operating at a deficit of approximately $20,000.00 (CMHC, "DACHI financial status, March 20, 1978; DACHI operating budget, 1978).

The lack of rent subsidies prior to 1978 worsened the financial situation of the project, since even with an internal surcharge system there was insufficient revenue to subsidize households with incomes less than 4 times the economic ("breakeven") rents set by CMHC (DACHI board minutes and operating budgets). In 1974, DACHI estimated that 19-24 of the existing 40 tenants would require subsidies ("Response to Questions of DACHI from 8th of May Committee", 1974). In November 1975, the board reported that 33 residents would have to leave the project unless rent subsidies were received (minutes of Nov. 5, 1975 membership meeting). The number of rent-geared-to-income units subsidized from January 1, 1976 through 1978, under the retroactive rent supplement agreement, was 16 or 23.9% of the project's units (DACHI rent supplement report, Nov. 30, 1978). By 1980, 17 or 25.4% of the project's units were receiving supplement assistance (letter to J. Hedgepeth from Ontario Minister of Housing, June 24, 1980). Thus shortfalls on rent revenue occurred on one-quar-
ter of project units until 1978. With CMHC approval, the cooperative tried to cope through rapid increases in housing charges on non-subsidy units. Average rental charge increases on bachelor to three bedroom units were 27.7% between March 1974 and March 1976 (DACHI project files, March 1976). Average rental charge on these units increased by a staggering 57.2% between March 1976 and September 1977 (CMHC, Sept. 21, 1977, "Schedule of Rents and Incomes: DACHI"). The rate of rent increases slowed after the receipt of rent assistance from the province. Rents were raised by 6% in 1979 and 4% in 1980 for example (DACHI, Jan. 29, 1980, letter to Toronto CMHC).

In the absence of records on the incomes of DACHI households it is impossible to determine the exact impact of these increases on income levels in the project. However, calculations of the income required to meet breakeven rents over time indicate that the minimum income required to consume units without supplements (at 25% of gross income) increased. As Table 5.2 shows, the gross household income needed to meet DACHI rents without subsidies almost doubled in the case of 2 and 3 bedroom units between October 1974 and March 1980, with more moderate increases occurring for 1 bedroom units over the same period. Almost all of the original in situ tenants (23 persons) were eventually lost to the project, in part because of conflicts over rent arrears (DACHI board
Table 5.2

DACHI Rents and Estimated Minimum Income Levels for Non-Supplement units
October 1974 and March 1980

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>Income Required* (gross)</th>
<th>Rent</th>
<th>Income Required (gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td>$5368.00</td>
<td>$116</td>
<td>$3528.00</td>
</tr>
<tr>
<td>(small)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$6672.00</td>
<td>$139</td>
<td>$5162.00</td>
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<tr>
<td>2 Bedroom</td>
<td>$7728.00</td>
<td>$161</td>
<td>$6218.00</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$10,176.00</td>
<td>$212</td>
<td>$8656.00</td>
</tr>
</tbody>
</table>

* based on 25% of gross income for housing charges
** average rent for new and old units

Source: DACHI board minutes, 1974; letter to DACHI from Program Manager, Social Housing, March 5, 1980, Toronto: CMHC.
minutes; interview with D. Wood, 1986). Thus the capacity of DACHI to deliver housing to low income people was diminished not only by financial difficulties and rent increases, but also by related tensions between the board and tenants over consumption and management practices.

Local observers are quick to point out that DACHI continued to house low and moderate income residents despite these problems (interview with N. Dunphy, Cooperative Housing Federation, 1986). This claim is supported by a 1977 study that compared median income levels in a sample of Toronto projects (including DACHI) to those in the Toronto tenant population. It found that with the exception of single person households, the median incomes of all households fell below those in the lowest income quintile of the renter population (CMHC, 1977, Toronto Non-Profit Housing Survey).

DACHI's ability to deliver decommodified housing was also diminished by provision of units on a market basis (10 in 1975, 6 in 1978 and 1 by 1985). With CMHC approval, DACHI provided market units to existing residents who did not want to join the cooperative. This contributed to problems in collective efforts to reduce operating costs, since tenants were sometimes reluctant to participate in snow removal from sidewalks and conserving utilities (DACHI board minutes; interviews with D. Wood, 1986 and M. Minchel, DACHI resident, 1986).
DACHI's difficulties in delivering cooperative housing without displacing or excluding low income people, and without undermining the financial basis of the project, were thus the outcome of struggles to deal with particular forms of policy implementation. CMHC funding was too low to meet management expenses that might have helped to prevent subsequent project delays and losses in potential housing revenue. The mortgage loan provided in 1974 failed to cover project costs, as prolonged delays in completion and shortfalls in rent worsened the project's financial situation. It not until late 1977 that special action was taken to alter the terms of mortgage funding and repayment so that DACHI could avoid bankruptcy (CMHC letter to DACHI, Nov. 27, 1977). As noted in chapter four, CMHC's refusal to make special concessions to cooperative housing producers reflected concerns that all assisted housing producers be treated equally. In DACHI's case, however, equal treatment under very unfavourable conditions jeopardized the project's viability. CMHC acknowledged this in 1977 when it agreed to a substantially revised mortgage package.

The marginalization of DACHI in assisted housing delivery was thus the outcome of the combination of contingencies like local opposition with implementation procedures. DACHI's opponents helped to push the policy process in directions that decreased the possibility for
effective housing provision. In particular, the continued presence of opposed homeowners allowed the provincial government to limit the number of infill units constructed, and to stall approval of badly needed rent subsidies.

The use of private housing market evaluation criteria was another characteristic of 1973-78 assistance programmes (chapter four). DACHI experienced this through pressure from CMHC to minimize costs. This occurred in the planning stages, when the corporation requested changes in the design and size of the project to reduce costs and increase efficiency in delivery of low income units (DACHI board minutes and CMHC correspondence). However, the financial difficulties experienced by DACHI forced CMHC to recognize that extraordinary measures (major revisions of mortgage terms, major readjustments in rental levels and pressure on the province to release subsidies) were required to save the project (DACHI board and member minutes; CMHC correspondence). This helps to explain why an increased emphasis on cost reduction and the delivery of cooperative housing to lower income households, a characteristic of post-1975 implementation (chapter four), was not evident in the DACHI case. In 1975 a Cooperative Housing Federation consultant reported that DACHI was among the most severely troubled cooperatives in Metropolitan Toronto in management and finance, a view confirmed by current CHF staff (DACHI board minutes, 1975; interview
with N. Dunphy, 1986). Under these unusual circumstances, cost cutting measures were abandoned in order to salvage a project that had received considerable public investment and attention.

5.3.3. DACHI and the Formation of Class Capacities

The types of struggles which occurred over the development and regulation of DACHI influenced local class capacities to reproduce collective relations in housing delivery and consumption, and thus to offer a 'decommodified' housing alternative in Don Vale. Opposition based on a commitment to private redevelopment and owner-occupation not only threatened housing delivery, but also minimized opportunities for collective opposition to marginalization and 'recommodification' within assisted housing programmes. The fact that community conflict was based on consumption divisions limited the possibility of defining the cooperative housing issue in terms of collectivities like class (e.g. by arguing that housing provided by corporate capital was unable to meet the housing needs of lower income workers in the community). Local debates revolved almost exclusively around the question of how the project would affect conditions of individual housing consumption. Consider, for example, the following account of debate at the January, 1974 community meeting to discuss the DACHI proposal. It begins by describing comments by a DVNAC
leader, Gary Stamm, and goes on to recount a reply by DACHI board member, Dennis Wood:

He expressed great outrage on behalf of the people who had bought up rundown houses and renovated them themselves, as if someone else were getting something free that they had to work hard for. The statement was always made in very general terms, skimming over the non-profit nature of DACHI and the fact that the private renovators, Stamm included, ended up with ownership of properties worth far more than they had put into them. "When I and my neighbours bought our houses, they weren't fit to live in", he said. "We've all worked hard to fix them up. Now if you stuff too many people into this neighbourhood it will turn into a slum again. We should turf this DACHI thing out and examine the housing needs of this neighbourhood". Wood answered the financial concerns very briefly... then addressed himself to complaints that tenants in the DACHI houses would have no equity in their homes. "The people living there will get complete control of the development, which is the next best thing to equity ownership."

(Dineen, 1974, 27-29)

Local evaluation of the project in terms of its effects on conditions of individual housing consumption was also evident in deliberations of the 8th of May Committee, established to allow neighbourhood monitoring of DACHI's design and operation. The committee stressed that the project must be designed so that the financial investments of homeowners in the neighbourhood were protected:

DACHI must assure Don Vale, existing finances notwithstanding, that it's [sic] new and renovated houses will be compatible with the general character of existing houses.... If the visual impact of the entire proposal will be to give it the stigmatic appearance of "public housing", it
will breakdown the possibility of integration into this community and possibly endanger the financial stability and pride of it's [sic] immediate non-coop neighbours and the general stability of the community as a whole, one that was attained after years of hard fighting."

(8th of May Committee Report, Sept. 11, 1974, 1)

DACHI's difficult political relations with neighbourhood residents and in situ tenants helped to reproduce these terms of debate over decommodified housing. As noted above, the cooperative board experienced difficulty in convincing tenants that it differed from a conventional landlord, in fact it was reported that some tenants thought they paid rent to a "Mr. DACHI" (City of Toronto Executive Report No. 3, 1974). All the evidence indicates that these individualized relations in housing consumption contributed to political conflicts between residents and board members, over matters like rent payments and internal decision-making. Clashes between DACHI, neighbourhood homeowners and their political allies also helped to 'localize' the issue of cooperative housing provision in Don Vale. Debates focused on whether conditions of individual housing consumption would improve as a result of the DACHI project, rather than its effects on the residence community as a whole (e.g. whether non-profit housing might increase community control over the redevelopment process).

Experiences of policy implementation also limited
opportunities to promote decommodified relations of and in housing provision. The combination of limited finances and struggles against state support created pressure to displace low income residents, an outcome the board was anxious to avoid in order to maintain credibility with local allies (DACHI project management reports 1975-1980; interview with former board member, D. Wood, 1986). Provincial intervention in rezoning and rent subsidy provisions helped to fragment local residents, by encouraging the definition of the controversy as a 'local' issue. The provincial decision to limit project expansion and delay rent subsidies because of homeowner opposition lent legitimacy to individualized struggles between local groups with different consumption characteristics, despite lack of evidence that the opposition outweighed DACHI supporters. These struggles also helped to localize political organizing by DACHI proponents, since as the financial situation of the project worsened members had to concentrate on resolving immediate obstacles to housing delivery. So, for example, DACHI's project manager responded to provincial refusal to provide rent subsidies by challenging the actions of the local Conservative MPP, while other supporters lobbied government officials and local residents (DACHI board and member files; DACHI provincial correspondence). Similarly, negotiations with CMHC during the 1970s concentrated on resolving pressing
financial difficulties, rather than on policy questions affecting housing cooperatives more generally (CMHC correspondence, DACHI). This was despite the fact that DACHI experienced marginalization in assisted housing delivery through inadequate startup funding, lack of technical assistance, and initial pressure to cut costs.

Evidence indicates that these experiences of policy implementation limited DACHI's ability to take collective political action on concerns shared by other neighbourhoods and groups. Struggles to resolve disputes with neighbourhood residents and existing tenants left little time or inclination for participation in cooperative housing sector issues (interviews with N. Dunphy, former DACHI volunteer, 1986). Indeed, the board expressed concern during the mid-1970s about its lack of involvement in the activities of the Cooperative Housing Federation, one of four resource groups in the city (DACHI board minutes, 1975), and only joined the Cooperative Housing Foundation in 1979 (DACHI board minutes, 1979). Local observers confirm that DACHI became more active in regional and national sector issues after 1979-80, when the financial crisis was resolved, but point out that this was not unique to DACHI and thus likely reflects non-local factors such as better political organization within the cooperative housing movement (interviews with M. Minchel, DACHI resident, 1986 and N. Dunphy, Cooperative Housing Federation, 1986). And it
should be noted that participation in sector issues has not increased dramatically in recent years. According to one estimate, only 2 to 3 DACHI members were politically active in the cooperative housing movement from 1980 to 1985 (interview with M. Minchel, DACHI resident, 1986). It is difficult to say whether this limited involvement reflects past experiences with cooperative housing as a localized issue, or the fact that more members (approximately a dozen) have been active in labour and other organizations during this period (ibid).

This is not of course to argue that proponents of cooperative housing in Don Vale did not succeed to some extent in decommodifying local relations in housing consumption, and thus in opposing in a class sense dominant relations in housing provision and policies. The gradual assumption of collective management responsibilities by project residents and the continuation of the project itself certainly created opportunities for collective housing management and consumption. But the forms of struggle which emerged for and against decommodified assisted housing, and over the manner of policy implementa-
tion, helped to produce a concrete terrain of conflict within Don Vale which limited opportunities to oppose marginalization of collective consumption practices. Struggles within the residence community favoured the reproduction of individualized relations in housing
consumption and in political responses to housing issues. Recent experiences of change in policy implementation may alter these characteristics of struggle however. For example, the sudden withdrawal of funding from cooperative and non-profit housing groups in Toronto in December 1984 led to DACHI's participation in city-wide and regional protest efforts against federal reallocation of funds to the private sector (DACHI board and member minutes).

5.4 Local Experience of the State: Church-Isabella

Local experiences of cooperative housing policy implementation in the case of the Church-Isabella project differed dramatically from those of DACHI. Unlike DACHI proponents, the Church-Isabella cooperative experienced virtually no opposition to their project from North Jarvis residents. Delays in and disputes over the development of the project thus arose primarily from negotiations within the state over the manner in which cooperative housing would be delivered. These experiences were shaped by the particular conditions in which the struggle for cooperative housing took place. These were: 1) the replacement of existing low density housing with luxury residential and commercial highrises in North Jarvis 2) a tradition of collective opposition to this form of neighbourhood redevelopment by corporate capital and 3) a 'post-reform' era of municipal politics which favoured negotiated settlements.
between developers and local residents to direct confrontations characteristic of the late 1960s and early 1970s (Sewell, 1972; Goldrick, 1982). This section considers how these contingent conditions influenced peoples' experiences of the cooperative housing policies of the Canadian state.

5.4.1 Local Social Relations and Forms of Struggle

The timing and form of built environment change in North Jarvis had implications for relations in consumption and reproduction, and thus for possible forms of struggle over de commodified housing provision. The proximity of North Jarvis to Toronto's downtown core made it an attractive site for high density residential and commercial redevelopment by corporate capital (Lorimer, 1978; Caulfield, 1974). Beginning in the early 1960s, developers replaced existing housing with high density apartment and commercial towers (Lorimer, 1970; Stein, 1972; Lorimer, 1973). This redevelopment continued during the 1970s (Caulfield, 1974). By 1977, the northern half of the neighbourhood was devoted to high density commercial and residential complexes, with permissible heights of up to 200 feet. The southern portion of the neighbourhood consisted primarily of highrise residential developments (City of Toronto Planning Board, July 1977). Goldrick (1982, 68) notes how these changes destroyed family housing for lower income households, and thus contributed to con-
frontation between existing downtown residents and the
development industry:

Between 1961 and 1971, 36,000 apartments were built in the city replacing, in most instances, sound family housing. From 1968 to the mid-70s, 90 per cent of all housing built was of this kind and generally could be afforded only by the relatively well-off. The impact on neighbourhoods, particularly those adjacent to the core, was profound. The development industry coerced residents, played on their fears, ran down sound housing and built to extravagant densities.

The redevelopment of North Jarvis resulted in displacement of low income people. By the early 1970s, average family incomes in North Jarvis were higher than in adjacent neighbourhoods that had yet to undergo extensive redevelopment of housing stock. For example, in 1971 average family incomes in North Jarvis were $10,500 to $12,999 as compared to under $3,000 in South St. Jamestown (SPCMT, 1976).

It was not until the 1970s, however, that North Jarvis residents and others in downtown neighbourhoods in ward 6 (from Bloor to the waterfront) created an effective political opposition to high density redevelopment. During the 1960s, the 'old guard' Toronto council actively encouraged highrise development, and elected officials like Ward 6 alderman June Marks became known for supporting developers' projects despite citizen protest. It was only with the election of a majority reform council in December 1972 that height restrictions were introduced to the new
core area plan, and residents could rely on support from councillors in struggles against corporate and public redevelopment (Magnusson, 1983; Cook, Sept. 16, 1971, Toronto Citizen, 2). Ineffective political resistance to high density redevelopment in ward 6 during the 1960s increased the possibilities for confrontations between corporate developers and local residents during the 1970s. In neighbourhoods like Don Vale, effective opposition to renewal during the 1960s had helped to preserve opportunities for gentrification by individual homeowners (e.g. by limiting public land assembly and high rise residential redevelopment). This increased the possibility that subsequent conflicts over neighbourhood change would take the form of clashes between subclass groups defined by consumption characteristics. This was not the case in ward 6 neighbourhoods like North Jarvis. Here extensive commercial and residential redevelopment helped to align local homeowners and tenants against further destruction of remaining low density housing stock. Thus struggles over neighbourhood change in the 1970s were based on clearer interclass divisions between the capitalist development firms and state agencies responsible for high density commercial and residential redevelopment, and people from subordinate classes with a shared interest in preserving remaining residential neighbourhoods. Looking back on the politics of built environment change in ward 6 during the
1960s and 1970s, alderman Sparrow characterized local struggles in the following way:

One problem we have always had in Ward 6 is the encroachment of high-rise developments into lower density neighbourhoods, and to a large extent that battle has been lost on the east side of the Ward. A lot of the fights will continue on the west side to prevent what are stable residential areas from being destroyed and more family housing lost. On the east side the fight will be to upgrade community facilities for tenants living in high-rise apartments and to try to prevent gross interference from commercial and retail development.

(interview with A. Sparrow, June 1979, Ward 6 News, 1)

Throughout the 1970s, citizens struggled to defend existing residential areas in ward 6. The NJCA and the Ward 6 Community Organization opposed further private or public highrise redevelopment in downtown neighbourhoods, and advocated housing preservation and production to maintain an 'income mix' (Ward 6 News, 1975-82; letter from NJCA official to author, 1985). The NJCA argued that affordable housing in the downtown core was necessary so that neighbourhoods would not be transformed into high income 'ghettos' ("Dundonald Housing", July 1979, Ward 6 News, 1). In North Jarvis, these objectives brought local residents into conflict with city councillors aligned with the development industry and the provincial government. In September 1971, the newly established NJCA presented a 1,000 signature petition to city council opposing plans to widen Wellesley St. between Jarvis and Yonge. The resi-
dents' group, together with the local business association, succeeded in halting the widening despite their lack of support from 'pro-development' alderman Marks (Cook, Sept. 16, 1971, Toronto Citizen, 2; Caulfield, March 23-April 6, 1972, Toronto Citizen, 7). From 1972 to 1974, the NJCA struggled against provincial plans for a massive commercial and retail complex at Yonge and Wellesley streets, consisting of a 50-storey office tower, a 40-storey office tower, 3 smaller office buildings, a hotel and a shopping mall. By 1974, the province had abandoned the scheme in favour of alternative plans for housing and parkland (Caulfield, 1974, 97-98; Solomon, March 9-March 22, 1973, Ward 6 News, 2).

Local defense of existing housing and amenities in Ward 6 was not associated with the fragmentation between resident groups noted in the case of Don Vale. As Table 5.3 indicates, the number of citizen groups in ward 6 increased 3 times between 1974 and 1976, before declining slightly to 32 in 1978. Thus the absolute increase in citizen organizations in ward 6 was greater than in ward 7. Nonetheless, citizen groups fell into only 4 organizational categories (mainly resident and tenant groups), while those in ward 7 spanned 7 (tables 5.1 and 5.3). Local newspaper records indicate that these characteristics of organization reflected consistent resident opposition to external agents of change (developers and state agencies), and
Table 5.3

Citizen Groups in Ward 6, 1974, 1976, and 1978

<table>
<thead>
<tr>
<th>Type of Group</th>
<th>1974</th>
<th>1976</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Cooperatives</td>
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<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Tenants</td>
<td>1</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Residents</td>
<td>10</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Residents and Tenants</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Housing Groups</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Area Associations</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Property Owners</td>
<td>1</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Homeowners and Residents</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Neighbourhood Association</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>36</td>
<td>32</td>
</tr>
</tbody>
</table>

collective efforts to increase control over planning and redevelopment. In 1974, for example, community groups launched an unsuccessful campaign to get representatives on the city's advisory committee on criteria for exemptions from the 45 foot height bylaw (a committee consisting of municipal officials, developers and two labour representatives) ("Crombie holds secret meetings with developers", April 2, 1975, Ward 6 News, 2). The municipal reform movement enjoyed strong support in Ward 6, because of concerns to increase control over planning. Groups argued that built-environment changes should meet the consumption and reproduction needs of existing residents, and not simply benefit external interests. When Toronto council failed to adopt any of the recommendations on implementation of the core area plan put forward by the Ward 6 Resident Advisory Council, for example, residents participated in a metro-wide campaign to elect councillors "who agree that quality of life is more important than profits of big business, speculators and developers." (March, 10, 1976, Ward 6 News, 3). Observers report that reform goals like preservation of 'mixed income' residential areas and prevention of highrise redevelopment enjoyed widespread community support in ward 6 (interviews with aldermen Sparrow and Heap, June and Oct. 1979, Ward 6 News; interviews with G. Greason, Church-Isabella housing cooperative, 1985, 1986; letter to author from NJCA official, 1985; Paul
Kane files, Church-Isabella). This was reflected in the official policies of community groups. For example, the Ward 6 Community Planning Board was in favour of decentralization of development away from downtown neighbourhoods, protection for older buildings threatened by redevelopment, and planning for local needs like green space and services (April 30, 1975, 1, Ward 6 News). Similarly, the Ward 6 Community Organization favoured local control of development issues, retention and production of affordable low and middle income housing, and the decentralization of office and institutional development ("Ward 6 Community Organization platform", Oct. 1979, Ward 6 News, 1). As noted above, the NJCA shared these objectives. Local action by ward 6 residents during the 1970s indicated support for these platforms (Toronto Citizen, 1970-1974; Ward 6 News, 1975-1980). In 1975, 150 residents marched on Queen's Park to demand funding for an assisted housing project (Ward 6 News, April 30, 1975, 2). A 1976 "Downtown Survivors" fundraising festival for the Ward 6 Community organization drew several hundred people (May 5, 1976, Ward 6 News, 1).

Political life in Ward 6 neighbourhoods like North Jarvis was thus quite different from the divisive politics of Don Vale. Not only did citizen groups collectively oppose private and public redevelopments inconsistent with the needs of existing residents, but they also supported collective strategies to increase community control over
planning and development. By the late 1970s, some of these struggles were defined in relatively unambiguous class terms. When right wing groups launched a campaign to elect pro-development aldermen and trustees in ward 6 in 1978, the Ward 6 Community Organization announced that it would step up its efforts to organize and educate residents about 'outside forces' affecting their communities (e.g. multinationals and senior governments) since "when the right wing rises the left wing must not set!" (June 25, 1978, Ward 6 News, 1). Efforts have also been made to link residence and workplace concerns in practice, through closer alliances with the labour movement. For example, the use of non-union labour for the construction of seniors' housing led to efforts to elect an official of the Toronto Labour Council to the board of Metro Toronto's Non-Profit Housing Company in 1977. In 1978, ward 6 residents participated in a conference of 140 reform groups from across metropolitan Toronto which called for more united and 'progressive' political struggles based on cooperation between the Labour Council, progressive political organizations, reform, tenant and other community groups (April 19, 1978, Ward 6 News, 2). There have also been efforts to create community-controlled enterprises. In 1979, alderman Sparrow, community groups, the board of education, church groups and social planners launched a campaign to win municipal support for commun-
ity-based enterprises in Toronto. Looking back on neigh-
bourhood politics from 1973 to 1979, ward 6 alderman Dan
Heap noted that struggles had gradually shifted away
from the defense of residential territory alone, to include
action on labour issues and closer ties with the Toronto
Labour Council (interview with alderman Dan Heap, Oct.
1979, Ward 6 News, 1).

These circumstances shaped the development of the
Church-Isabella cooperative from 1975 to 1981, and thus
experience of housing policies and procedures. From the
outset, Church-Isabella tenants enjoyed the support of the
NJCA, in addition to that of reform aldermen and the
Toronto Historical Board (interviews with president,
Church-Isabella housing cooperative, 1985; interview with
Cooperative Housing Federation staff, 1985; Ward 6 News
1975-32). Resident concerns about the potential loss
of historic, affordable, low density family housing through
redevelopment of the site prompted alderman Sparrow to call
a block meeting in February 1975, where he suggested that
apartment tenants at 72 Isabella organize a housing
cooperative to avoid displacement (Church-Isabella members'
handbook, 10ff). The 25 residents at the meeting were
unanimous that existing buildings on the site should be
retained and cooperative ownership investigated because:

They [the buildings] provide relief
from the surrounding highrise, provide low
rental housing and permit children. The
houses have been designated historic by the Toronto Historical Society. Some rehabilitation might be required to bring the buildings up to City standard but renovations which would drive out the present tenants were not favoured.

(memo from Alderman Sparrow, Feb. 21, 1975, City Hall).

Unlike DACHI, organizers of the Church-Isabella cooperative enjoyed strong support from existing tenants. The fact that the founders of the cooperative were also tenants limited the potential for conflict based on hierarchial relations in housing consumption (e.g. landlord/tenant). In early 1975, six of the existing tenants conducted a block survey, to determine the housing conditions and support for efforts to establish a housing cooperative (Church-Isabella historical files, Church-Isabella members' handbook). Despite poor housing conditions (e.g. lack of security and even minor repairs), all but one of the tenants were opposed to moving from the neighbourhood and supported preservation of affordable housing on the site (Church-Isabella members' handbook; "Survey of Tenants", Church-Isabella historical files). Average rents in one and two bedroom units in the Church-Isabella apartment were approximately 30 dollars less than those in other low-rise apartments in the midtown planning district, and tenants feared that redevelopment would lead to exclusion from the neighbourhood (City of Toronto Planning Board, 1975, "Analysis of Survey Results"). As one roomer
put it: "I don't know where we will go if they tear these buildings down. Soon there will be no more rooming houses at the rate they are knocking them down." ("Survey of Tenants", 1975, Church-Isabella historical files). By June 1975, 55% of the tenants (26 of 40 households) had established the Church-Isabella Tenants' Association, to bargain with the developer (Omnia), and develop a cooperative housing project (Church-Isabella historical files). Negotiations were underway by October (Church-Isabella correspondence files).

The cooperative encountered little opposition during council and OMB review of the site rezoning. Toronto council granted preliminary approval on July 22, 1977, without receiving representations opposing the cooperative (City of Toronto Executive Committee, 1977, 4362-4375). The single objector to the project at the subsequent OMB hearing was a neighbourhood restaurant (La Chaumiere). The restaurant was concerned about the high density commercial space proposed by the developer and observers reported that an 'under the table' agreement was reached between Omnia and La Chaumiere (Church-Isabella historical and correspondence files; interviews with G. Greason, president, Church-Isabella cooperative, 1985, 1986). Lack of opposition to the project can be explained by the tradition of collective support for housing preservation amongst organized residents of North Jarvis, and en-
endorsement of the project by the NJCA (interview with
president, Church-Isabella cooperative, 1985; letter from
NJCA official, December 1985).

These favourable conditions made the experience of
cooporative housing policy significantly different from
that of DACHI. In particular, it meant that state policies
and implementation procedures were experienced as the major
constraints on project development and operation. As
indicated in the next two subsections, this centrality of
the state as a local terrain of conflict had contradictory
effects on responses to the cooperative housing policies of
the Canadian state.

5.4.2 Implementation Procedures and Housing Delivery

How did state implementation procedures influence
experience of cooperative housing policy for Church-Isabel-
la? Negotiations for the cooperative began during the 1973
to 1978 federal programme (1975), but the project was
funded and regulated under the post-1978 programme (chap-
ters three and four). Federal efforts to decrease project
costs became more evident after 1975 (chapter four).
Negotiations for the project reflected this change,
Operation of the project was influenced by the procedures
characteristic of the post-1978 federal programme. In
particular, the shift to market-based housing charges, the
form of 'privatized' federal assistance, and provincial
withdrawal from rent subsidies helped to reduce the possibilities for effective delivery of decommodified housing. And Church-Isabella was developed during the 'post-reform' era of municipal regulation; characterized by negotiated settlements between developers, the state and non-profit housing groups. It is argued below that these features of policy implementation influenced cooperative housing delivery in North Jarvis, and thus local experiences of the Canadian state.

CMHC cost minimization in the delivery of assisted was experienced as a major constraint during the four years of project planning from 1975 to 1979. The cooperative's financial ability to negotiate a deal with the owner was limited by CMHC's maximum unit price guidelines (MUPs). As early as June 1975, staff at CMHC's Toronto office warned the Church-Isabella tenants' association that it would need to acquire the property at below market rates in order to meet federal cost and rent ceilings (letter from coordinator, Community Housing, CMHC (Toronto) to Church-Isabella Tenants' Association, June 3, 1975). During negotiations with Omnia in 1975, the tenants withdrew their initial offer of $600,000 for the apartment building and townhouses when consultants advised them that renovation costs would push total project costs over CMHC limits (letter to Omnia architects from president, Church-Isabella Tenants' Association, December 2, 1975, Church-Isabella Omnia
correspondence; Church-Isabella members' handbook; Omnia correspondence files, Church-Isabella). It was not until May 1976 that Omnia tentatively agreed to sell the apartment building and five of the townhouses for one-third the market price ($200,000); the maximum price CMHC would agree to ("Revised Basis for Agreement", May 13, 1976, Church-Isabella Omnia files). This agreement required concessions on the development of the northern portion of the site by Omnia from North Jarvis residents, project supporters, and municipal officials. The Church-Isabella tenants' association, NJCA, the Cooperative Housing Federation and local aldermen (Sparrow and Heap) agreed to support planning exemptions that would allow a high density commercial/residential complex north of the housing project. These included a commercial rezoning, the transfer of a 'density bonus' from the cooperative's portion of the site to that retained by Omnia, and permission for demolition of existing buildings on the site ("Revised Basis for Agreement" May 13, 1976; City of Toronto Executive Committee, 1977; City of Toronto Building and Development Report No. 1, 1978). It was estimated that annual profits from this redevelopment would be roughly 1 million dollars (Church-Isabella board minutes, 1976). The zoning bylaw approved by the City allowed Omnia to build a project 100,000 feet above grade, with a maximum 70,000 square feet commercial space (letter from president,
Jan. 13, 1979, Church-Isabella cooperative to Housing Coordinator, CMHC (Toronto); City of Toronto Executive Committee, 1977). The OMB approved the bylaw in November 1978 and the deal between Omnia and the tenants closed at the end of December (ibid).

Church-Isabella tenants also experienced pressure to reduce project costs through difficulties in project design. CMHC review of the project began in February 1976. Still, it was not until August 1979 that mortgage insurance and interest subsidies for the apartment building (72 Isabella) were approved. For over three years, the cooperative reviewed 15 different project designs in an unsuccessful effort to meet CMHC's building requirements without exceeding its cost ceilings (MUPs) (Church-Isabella board minutes and CMHC correspondence files; Church-Isabella members handbook). In March 1979, CMHC rejected the cooperative's new mortgage application for funding under the 56.1 programme, arguing that renovation and new construction work would force project costs above MUPs (Church-Isabella board minutes, 1979). The federal housing minister claimed that the costs of historic preservation would result in all occupants paying full market rents, thus preventing accommodation of low income people. CMHC was unwilling to commit funding to the project under conditions of 'intense' competition for federal assistance (letter from Minister Responsible for CMHC to Cooper-
ative Housing Federation, July 17, 1979). This claim conflicted with Cooperative Housing Federation and Church-Isabella board reports that 13% or 4 out of 30 units would be subsidized with federal funds in the early years of the project (letter to the Minister Responsible for CMHC from the Cooperative Housing Federation, July, 1979; Church-Isabella financial files). Nonetheless, CMHC requested demolition of the townhouses to reduce project costs. This measure was opposed by both the Toronto Historical Board and NJCA, which led the cooperative to develop alternative cost reduction strategies:

in the end, the Historical Board made it clear that they would exercise their legal powers to delay the project at least six months if the coop intended to tear down the historically designated buildings. The neighbourhood association also expressed their unhappiness with the proposal to tear down the historical buildings. As a result of this opposition the co-op went back to its original design. Instead, to cut costs, the co-op eliminated much of the work in the basement common areas and added 2 extra housing units in the basement of the apartment building. These savings plus an increase during May 1979 by CMHC of their maximum unit prices, has made it possible to bring the average co-op unit costs within CMHC's guidelines.... On the basis of the changes a revised mortgage application was submitted on June 13, 1979.

(letter to Co-op Trust from Cooperative Housing Federation, June 1979)

Despite these efforts, CMHC funding was obtained only after lobbying municipal and federal officials. The campaign brought the Cooperative Housing Federation into
conflict with CMHC. The federation challenged the corporation’s estimates of project costs and argued that the decision to deny funding ignored the special difficulties of developing assisted cooperative housing in downtown areas:

... our estimates show the co-op at 6.8% below aggregate MUP. We feel this is an admirable achievement given the fact that the co-op is located in the core area of Toronto. This was achieved by purchasing the land at half its market value after one and a half years of bargaining with the previous owner, followed by two years of rezoning negotiations to implement the agreement. Given the almost total absence of social housing in Toronto’s core, we would think that CMHC would recognize the excellent land deal and take the opportunity to finance a project which is able to establish itself as even marginally viable within MUP’s that were not designed for this kind of downtown situation.... If CMHC’s logic were to be followed, no projects in the high cost urban areas would be committed because the federal subsidies would not be sufficient to penetrate to the low income band in the first year. With no projects committed to begin with, there would be no rent-geared-to-income units generated over time in the very high cost areas where they are most needed.

(letter to the Minister Responsible for CMHC from the Cooperative Housing Federation, July 20, 1979)

Following further negotiations, Church-Isabella and Federation consultants reached an agreement with CMHC for the funding of the project’s apartment component (72 Isabella). It was agreed that this phase was feasible at 89% of MUPs, even with the entire land cost being included
in this component. CMHC would therefore approve mortgage insurance and subsidies for this part of the project. The townhouses would be treated as a separate phase, to be reviewed for funding once the cooperative had reduced costs through further redesign (letter to CMHC (Toronto) from Cooperative Housing Federation, August 31, 1979). These delays in project funding and renovation helped to reduce the project’s financial viability. The 18 existing apartment units were vacant for one year (from July 1979 to July 1980), while the townhouses were empty for a year and nine months. Based on 1980-81 budget figures, this meant that the cooperative lost $63,000 in rental revenue on the apartment alone, while carrying annual operating costs of $170,000 without CMHC subsidy (authors’ calculations based on Church-Isabella historical files, board minutes, finance file).

In May 1980, the cooperative submitted a preliminary loan application to CMHC for the townhouses. However, negotiations over project costs and design delayed final approval of federal funding until the following December (Church-Isabella membership minutes, 1980). CMHC insisted on firm tender prices for renovation work to avoid unexpected cost increases. Corporation officials also argued that design features like skylights, cathedral ceilings, entrance way quarry tile, 28 ounce carpet and ceramic floor tiles were unacceptable 'luxury' items, and should be
deleted from the townhouse plans. The cooperative was unsuccessful in persuading CMHC that a fixed renovation contract added costly delays in project planning (letter to CMHC, Toronto, from Cooperative Housing Federation, August 31, 1979). They did convince CMHC to allow non-essential features like skylights, that would help to make units more desirable (Cooperative Housing Federation, Jan. 19, 1981, "Report on the Status of Church-Isabella Phase II"). However, CMHC adjusted low end of market rates upwards for three of the townhouse units to reflect these features. Thus these units could only be occupied by households earning a minimum of $18,780 to $21,600 gross income, since the cooperative limited housing charges to 25% of household income (author’s calculations, based on letter to president, Church-Isabella housing cooperative from Program Manager, CMHC (Toronto), December 16, 1980). The minimum income required to occupy the smallest townhouse units at low end of market rates was $14,160 (ibid). So the cooperative experienced pressure to minimize project costs through a firm tender contract, and an increase in income levels required to occupy more attractive project units.

Characteristics of the post-1978 cooperative housing programme also influenced Church-Isabella's experiences of the state. Two of the key features of this programme were CMHC-set market-based housing charges and
disentanglement of federal and provincial assistance (chapter four). In the Church-Isabella case, these characteristics limited the possibilities for housing low income people. Members of the cooperative decided not to apply for provincial subsidies because of the close regulation associated with the Ontario programme. In particular, members were concerned that provincial review of all rent subsidy allocations, and requirements for retroactive repayment of subsidies in the event that the province and coop disagreed on allocation, would jeopardize internal policy-making and the financial stability of the project (Church-Isabella board and membership minutes). Without provincial assistance, however, the cooperative was unable to increase the number of rent-geared-to-income units available in the project to 15%, let alone the maximum 25% level approved in Ontario. The relatively high low end of market rents associated with the project’s downtown location also limited capacities to house low income people. Whereas DACHI was able to provide 25% of the project’s cooperative units on a rent-geared-to-income basis, Church-Isabella was able to provide only 13.3% or 4 out of 30 units because most federal funds were required to subsidize the project down to low end of market rents (at a 2% interest rate). For example, in years one to three only $3,067 of total annual federal assistance of $57,015 was available for rent subsidies (general reference finance
file, no date, Church-Isabella). Thus in this case, the new procedure of tying subsidy levels to interest reduction payments limited the delivery of decommodified housing to low income people. The setting of housing charges at low end of market rates excluded households with incomes below $11,000. As noted earlier, the minimum income required to occupy a townhouse unit at initial 1980 market rents was over $14,000. The incomes required to live in apartment units were considerably lower, ranging from $11,760 to $15,880 in 1980 (author’s calculations based on letter to president, Church-Isabella Residents Co-op Inc. from Program Manager, Social Housing, Jan. 23, 1980, CMHC, Toronto). These charges were higher than those for comparable accommodation in the DACHI project, where the incomes required to consume the same size units (1-2 bedroom) at 25% of gross income in 1980 were $10,800 to $14,592, despite the severe financial difficulties experienced by this project (correspondence with CMHC, 1980, DACHI files).

It was noted that cooperative housing activists claimed that the post-1978 system of escalating mortgage payments would make the cooperative housing sector less attractive to households able to afford private homeownership (since housing charges would rise with their incomes), and that market-based housing charges would eliminate the financial incentives for collective efforts to reduce
project operating costs (chapter four). While a definitive assessment of these arguments must be left to future study, preliminary evidence from Church-Isabella supports them. Out of a turnover of 10 units since 1980, 6 to 7 households have left to purchase homes (21-23% of project units) (interview with G. Greason, president, Church-Isabella, 1986). In contrast, an estimated 3 to 4 units in DACHI turned over as a result of home purchases from 1980 to 1985 (4.5 to 6.0% of all units) (interview with M. Minchel, DACHI resident, 1986). Thus escalating market charges have been associated with a greater loss of higher income households to private ownership alternatives. Church-Isabella residents have even argued that the federal government should fund the cooperative because it provides a viable stepping-stone to homeownership (interview with G. Greason, Church-Isabella president, 1986). Market-based housing charges have caused difficulties in collective management practices. Since administrative and other costs are not directly reflected in housing charges, members have difficulty imagining the financial effects of alternative management practices like hiring paid staff (interview with G. Greason, Church-Isabella president, 1986). Still, 20 out of 45 members are active in committee work and all members participate in maintenance duties (ibid).

Experience of cooperative housing policy also
reflected changing forms of municipal intervention in assisted housing delivery. Unlike DACHI, Church-Isabella was developed after the peak in the urban reform movement (post-1977) (Goldrick, 1982; Caulfield, 1974; Magnusson, 1983). Possibilities for direct municipal assistance to cooperative housing producers through public acquisition of sites decreased, resulting in growing interest in negotiated settlements between the municipality, developers seeking official plan exemptions, and community-based groups. In the mid-1970s, the reform council was committed to a public land acquisition programme to make non-profit assisted housing feasible in central city locations under federal cost ceilings (City of Toronto Housing Department, 1974, 1975, 1976). At this time, the municipal housing department reported that it was competition for federal funding with other local governments that prevented the city from achieving its land acquisition targets (City of Toronto Housing Department, 1974, 1976). This situation changed by the late 1970s. In 1977, the housing department reported that the municipality had only been able to use $3 million out of $4.5 million in federal land assembly funds, because of a shortage of affordable sites (City of Toronto Housing Department, 1978, 18). In 1980, the city's housing commissioner responded to demands for more assistance to cooperative housing producers by noting that the supply of public land sites was dwindling, and that munici-
al policy required that remaining sites be shared amongst a diverse range of housing producers:

\[
\text{... it is Council policy to encourage a diversity of housing tenures and types in the City. Co-ops are only one form of housing tenure and lifestyle. Through Cityhome, Council is actively promoting a complementary housing lifestyle while making much-needed units available for low and moderate income households who wish to live in the city. Unlike the co-ops, Cityhome is restricted geographically in its sphere of action and so must consider each one of its dwindling supply of housing sites extremely carefully. To achieve the range of housing envisaged, therefore, Council should take into consideration the needs and aspirations of a range of people, the majority of whom will not necessarily be attracted to a co-operative form of housing.}
\]

(City of Toronto Neighbourhoods, Housing, Fire and Legislation Report No. 13, appendix A, 7776)

As Table 5.4 indicates, municipal difficulties in land acquisition had not been translated into decreases in the number of cooperative housing units assisted through land provision or transfers as of 1980. The city did, however, advocate greater reliance on the private sector for housing delivery and use of incentives like density bonuses and transfers to encourage developers to make their less 'desirable' sites available for assisted housing (City of Toronto Housing Department, 1978; City of Toronto Housing Department, 1980-81, 42). These proposals for 'privatizing' the delivery of assisted housing reflected concern with controlling the costs of the city's housing programme after 1977. Amendments to the 1976 official plan
Table 5.4

Cooperative Housing Projects Facilitated by City of Toronto Housing Department through Site Acquisition or Property Transfer, 1974 to 1980

<table>
<thead>
<tr>
<th>Status</th>
<th>Number of Projects</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>10</td>
<td>941</td>
</tr>
<tr>
<td>Under Development</td>
<td>8</td>
<td>474</td>
</tr>
<tr>
<td>In Planning</td>
<td>6*</td>
<td>445*</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>1,960</td>
</tr>
</tbody>
</table>

* Contingent on arrangement of transfer, number of units estimated.

allowed the use of planning exemptions to encourage developers to include an assisted housing component in their projects (City of Toronto Executive Committee, 1977). More efficient (computerized) systems to manage the city's non-profit housing programme were introduced and in 1981 the municipality sold three sites acquired for non-profit housing to developers to reduce its deficit (City of Toronto Housing Department, 1978, 82; City of Toronto Housing Department, 1980-81). The adoption of privatized strategies for assisted housing delivery occurred despite cooperative sector protests against municipal restrictions on the transfer of public land to cooperatives (Cooperative Housing Federation, 1981, 20).

As indicated above, Church-Isabella experienced privatization of assisted housing delivery through negotiations for a joint private and non-profit development on land assembled by Omnia. In contrast to DACHI's use of cooperative housing as an alternative to private redevelopment, therefore, Church-Isabella was involved in a 'corporatist' strategy that met the needs of corporate capital for profitable redevelopment opportunities, of the municipality and CMHC for controlling housing assistance, and of the tenants for non-profit housing. The settlement required residents to concede their opposition to further commercial and highrise redevelopment on this particular site in North Jarvis. In exchange, the cooperative acquired property at
the below-market rates necessary to comply with federal cost guidelines. Observers claim that these negotiated settlements have become characteristic of cooperative housing provision in Toronto in recent years (interview with Cooperative Housing Federation staff, 1985; letter from NJCA official to author, 1985). And it seems likely they will become more common unless trends toward privatization of cooperative housing delivery within the state are effectively opposed.

5.4.3 Church-Isabella and the Formation of Class Capacities

As with DACHI, experiences of cooperative housing policies in the case of Church-Isabella have had contradictory implications for class capacities to oppose dominant trends in housing provision and state assistance. On the one hand, members have had little success in opposing marginalization and recommodification of cooperative housing within the state. CMHC efforts to lower government costs for housing delivery contributed to project delays, lost rent revenue and to increases in the household income required to occupy some project units. The manner of low end of market rent assessment by local CMHC officials has exacerbated the latter constraint in recent years.

Unlike the first two phases of the project, the current expansion underway on the Paul Kane site will have low end of market rents that reflect luxury rental rates in North
Jarvis. This will lead to estimated monthly rents of $600 to $900. At 25% of gross income, this means that only households with annual incomes of $28,800 to $39,200 will be able to occupy these units without subsidy assistance (interview with Church-Isabella president, 1985; Paul Kane files). Those involved in the project have also been unable to effectively oppose the use of market-based housing charges and an escalating mortgage repayment system. As indicated above, these features of policy implementation have helped to make the Church-Isabella cooperative less accessible to low income people and less attractive than private market alternatives than DACHI. Again, this is despite the fact that the latter project has been recognized as having especially severe financial and management difficulties. Although Church-Isabella has thus experienced marginalization and recommodification of consumption practices, the cooperative reports little member involvement in regional or national lobbying efforts. Opportunities for joint political action with groups outside the cooperative housing sector (e.g. labour) are limited by a policy prohibiting formal liaisons with other organizations (interview with G. Greason, president, Church-Isabella, 1986).

It remains to be seen whether the cooperative will try to develop political strategies to combat dependence on capital for opportunities to provide cooperative housing.
As noted above, supporters of Church-Isabella made major concessions to commodified redevelopment by capital in exchange for the opportunity to produce assisted housing. Members of the cooperative have not indicated political concern about this, regarding negotiations between landlord and tenants as a positive development (interview with G. Greason, president, Church-Isabella cooperative, 1986). This is a logical conclusion in view of land acquisition difficulties reported by Toronto non-profit producers. However, if this dependence on capital allows state agencies to withdraw from direct assistance to the non-profit sector, then it may limit opportunities for effective struggles to expand support for decommodified housing within the state. Assuming that the state is more sensitive to public pressure than private firms, the adoption of privatized strategies for cooperative housing delivery may ultimately mean decreasing opportunities for decommodified housing in Canada.

Although local practices have in these ways been reproductive of marginalized and recommodified forms of cooperative housing delivery, there is also evidence of increases in class capacities. Members express pride in their collective efforts to deliver affordable housing in North Jarvis, and their success with the first two project phases generated enthusiasm for the expansion phase now underway (the Paul Kane project) (Church-Isabella members'
handbook; interviews with G. Greason, president, Church-Isabella, 1985, 1986; interview with Church-Isabella board member, 1985; interview with Cooperative Housing Federation staff, 1985). Members are involved in municipal lobbying efforts, for example over plans for redevelopment of Toronto's railway lands (interview with G. Greason, president, Church-Isabella, 1986). Experiences of the state in the case of Church-Isabella have favoured struggles over municipal policies influencing housing delivery on particular sites, rather than challenges to privatization of municipal assistance or to the characteristics of the federal programme.

5.5 Conclusions

This chapter has examined how postwar changes in assisted housing policies combined with contingent relations in consumption and reproduction to produce experiences of the state in two localities. The results indicate some advantages in this 'conjunctural' explanation of local forms of the state. It has been possible to show how contingent differences between places contribute to variations in experience of the state apparatus, even though some policies and procedures may be the same. The extraordinary difficulties of DACHI, for example, helped to account for the absence of prolonged cost-cutting demands from CMHC. The analysis also found that concrete terrains
of struggle in and against the state differed as a result of transformation in national housing policies. Church-Isabella experienced both privatization of housing delivery and commodification of consumption practices, lending support to the argument that new policies and procedures make it more difficult to struggle for decommodified housing alternatives.

Several questions remain unanswered. A critical one is whether the theory of state formation can help to explain peoples' responses to state policies and procedures. What caused DACHI members to remain inactive in sector issues after the project's crisis had passed? Why haven't Church-Isabella residents contested policies that increase dependence on capital for housing delivery and encourage individualized housing consumption? As indicated in the next chapter, the answer to these questions will require specification of how subjective responses to experiences of the state are produced. It seems likely that this will entail theoretical and empirical analyses of links between institutions and practices in 'civil society', ideologies of the state, and forms of struggle.
CHAPTER SIX
Conclusions

What are the implications of this study for analyses of the changing geography of the state? This chapter considers its contribution to explanations of state development, and its implications for future research.

6.1 Summary of Study Results

This thesis has demonstrated that the timing and substance of assisted housing programmes can be explained as the outcome of a 'complex causal' process of economic change and social struggle (crisis in the reproduction of conditions of mass housing production and consumption, and struggles for policy alternatives). Analysis of the development of Canadian cooperative housing programmes showed that class struggles have shaped not only the type of housing programmes offered by the state, but characteristics of policy implementation as well. It was discovered that there has been a partial 'recommodification' of the cooperative housing policies and procedures of the Canadian state, as a result of class conflicts over the state's response to crisis in an intensive regime of capitalist accumulation. This transformation in the state
apparatus was characterized by real decreases in government funding of housing cooperatives, and policies and implementation procedures which increase the dependence of cooperative housing producers on individualized relations in housing production and consumption characteristic of the capitalist housing market. Cooperative housing activists have been unable to effectively resist these policy changes, in part because organizing efforts have focused on immediate needs to retain funding and eliminate administrative barriers to project delivery. This has helped to discourage effective opposition to more privatized forms of cooperative housing delivery within the Canadian state.

This study has also shown why and how experiences of this process of state development have varied between places. Case studies of the DACHI and Church-Isabella housing cooperatives showed that peoples' experiences of cooperative housing policies are the outcome of the combination of broad changes in state regulation with local relations in consumption and reproduction; relations that emerge through struggles over neighbourhood change and policy implementation.

The theory of state formation used in this study thus helps to explain geographic variations in characteristics of the state. The Canadian evidence points to the conclusion that economic circumstances of housing production and consumption are not sufficient to account for the
timing and substance of policy initiatives. Worsening conditions of housing production and consumption, and related fiscal pressures within the state, created the possibility for effective struggles for regular federal funding of continuing housing cooperatives in the 1970s. But it was working class struggles for less commodified housing alternatives, and greater community control over housing and neighbourhood redevelopment, which created nation-wide pressure for this transformation in the Canadian state. Similarly, capitalist struggles for privatization of housing assistance and fiscal restraint, and lack of effective working class opposition to these demands, led to the recommodification of cooperative housing programmes after 1978. Thus the present study contributes to a growing body of international research which demonstrates the critical role of class conflicts in determining the timing and characteristics of housing policies in advanced capitalist nations (Harloe, 1981; Fincher and Ruddick, 1993; Bassett and Short, 1980).

This study also contributed to efforts to develop better explanations of local forms of the capitalist state. Analysis of the DACHI and Church-Isabella cases showed how particular relations and conditions within each neighbourhood helped to select which state policies and procedures were experienced. For example, both projects were developed during an era of increasing federal concern with
limiting the costs of assisted housing delivery. Yet it was only Church-Isabella which experienced federal efforts to minimize costs as a major constraint on project development and operation. Political struggle over the DACHI cooperative reproduced divisions within the residence community, allowed the province to restrict the development and operation of the project, and thus helped to localize the issue of cooperative housing provision. In contrast, struggles to deliver the first two phases of the Church-Isabella project were 'state-centred', reflecting community support for decommodied and collective relations in housing consumption and reproduction. These findings underscore the importance of conceptualizing state development as a geographically uneven process. Local social relations and implementation procedures played a crucial role in determining how state policies were contested in Don Vale and North Jarvis. Thus this study helps to answer Chouinard and Fincher's (1986) question 'what is local about the local state?'. For it has been found that immediate, lived social relations in the workplace and community have helped to determine whether and how particular characteristics of cooperative housing programmes were experienced locally, and thus possible forms of struggle in and against the state.
6.2 Future Research

Many challenging problems remain in this approach to explaining state policies and implementation procedures. First, further theoretical work is needed to develop a satisfactory conception of links between forms of policy implementation, and peoples' political experiences and practices. This thesis made the logical assumption that collective experience of state regulation as a major constraint on cooperative housing provision would lead to more intense class struggle, through opposition to marginalization of decommodified housing within the state. Yet the case study results indicate that the relationship between collective experience and action is not necessarily so direct. Political fragmentation based on consumption divisions in the residence community did help to account for limited collective action on coop sector issues in the DACHI case. However, features of policy implementation such as dependence on private capital for site acquisition and market-based charges have not been contested by Church-Isabella members, despite experience of the state as the primary site of struggle over marginalization. Further consideration of the causal links between state development and class formation is needed to help to determine why and how class struggle is limited in such local situations (Prezworksi, 1977; Katzenelson, 1981; Dear, 1981; Clark and Dear, 1984). Do privatized forms of
housing assistance, and the commodification of consumption practices associated with them, reinforce individualized political relations within the state (e.g. citizen, client) and thus discourage collective action on related policy issues? What causal mechanisms in state development would account for this connection between relations in circulation and reproduction? To what extent is the constitution of political subjects by the state autonomous of class formation through workplace and consumption practices? How is this separation produced historically?

To answer these questions, more attention must be given to the problem of specifying the relationship between the capitalist state and 'civil society' (Urry, 1981; Cooke, 1984; Mouffe, 1979). This includes further theoretical and empirical work on the role of state regulation in 'individualizing' relations in exchange and reproduction beyond the point of production (e.g. in the housing market and schools). A critical question here is whether necessary causes of change in state policies and procedures derive only from basic features of a mode of production (as has been assumed in this study), or include causes specific to class societies in general. If the latter is the case, then social relations in state regulation may be the outcome of both general tendencies in the development of class hegemony, and necessary conditions for the reproduction of specific modes of production like capitalism. Also
important is the question of how theories of ideology might be used to improve explanations of subjective experience of the capitalist state (Larrain, 1979). If class formation in and against the state is conceived as an ongoing evolution of structure and agency, reflecting the interdependence of class structure and being (Katznelson, 1981, ch. 9), then it is essential that concrete explanations of state development include an account of the production of specific views or knowledge of the state.

The results of this study indicate the importance of further research on the causes and consequences of changes in the characteristics of capitalist states. There is a pressing need for further historical research on the social organizations and struggles that have shaped state institutions and policies in countries like Canada. This investigation found little written documentation of the number, location and activities of groups advocating public, non-profit or cooperative housing alternatives. So, the history of changes in housing policies had been written as if the actions and experiences of ordinary people didn’t matter by default rather than design. This is a serious silence if explanations of geographic variations in the state are to meet demands for more sophisticated accounts of how social structure and human agency combine to produce specific forms of the state and struggle in places (Massey, 1984; Chouinard and Fincher, 1986; Clark
Further research on the development and experience of assisted housing policies is also needed. For example, closer investigation of the history of labour involvement in the struggle for decommodified assisted housing in Canada is needed to determine the effects of political organization on class struggle over state policies. This might include studies of the housing policies and initiatives of organizations like the Canadian Labour Congress, as well as local case studies of the role of labour councils and activists in facilitating and delivering decommodified housing projects. Knowles' (1985) recent study comparing two Toronto housing cooperatives, only one of which had direct organizational ties to the labour movement, indicates one promising direction that comparative case study analysis might take. Research techniques like oral histories and participant observation could be used to gather evidence on the organizational bases of the cooperative housing movement and specific projects, and the effects of organization on forms of struggle over the housing policies of the Canadian state. These techniques might also provide more evidence on how different forms of state regulation of cooperative housing delivery (e.g., operating versus market charges) influence peoples' experiences of state policies and decommodified housing.

The present study has demonstrated the crucial
role of struggles over conditions of class formation in the development of the assisted housing policies and procedures of the postwar Canadian state. It has also shown the importance of recognizing geographic variations in this process of state development between places. Yet many new avenues for research on the dynamics of capitalist states remain. The challenge for future research is to broaden and deepen this analysis of the housing policies of the state; by discovering how experiences of the state in different places have combined with causal processes of class conflict and competition to alter the possibilities for state development in capitalist societies.
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