



THE ROYAL BANK OF CANADA

HEAD OFFICE, MONTREAL

November, 1944

IT is a matter for regret that in the long march of civilization no satisfactory solution of the problem of providing suitable shelter for families has been reached. Housing has the most widespread effects on society, reaching through the whole economic and social life of every community. Upon it depends in large measure the health and happiness of the population, and the economic welfare of the nation, but difficulties pile themselves up into a load that invites inertia. Persons charged with responsibility for the nation's housing find themselves faced with questions of land values, building regulations, tax rates, material supply, labour codes, legal custom, financing, site planning, management, and, greatest of all, the idiosyncracies of the people who are to inhabit the houses. There is no simple formula, and panaceas, whether drawn from hats magically or worked out painstakingly by reformers, often raise false hopes which hinder permanent solution.

Canada has too few houses, while many existing houses are unsatisfactory in hygiene and public health standards. Every class is steadily expanding its ambitions, every generation appreciates more than its predecessor the advantages and comforts of a better dwelling, and new public welfare ideals have given rise to demands for a certain minimum of good shelter for all Canadians.

Overcrowding is the greatest of housing evils, measured not by the number of persons to the acre but by the number of persons to rooms. Congestion of buildings along transportation routes in cities is inevitable, but it may be quite consistent with satisfactory housing. Privacy and comfort are the criteria. There must be separation of the sexes, and living space which relieves the pressures unavoidable in the close association of a growing family.

Though standards of housing cannot be calculated with great precision, the census indicates one room per person as a reasonable dividing line for requirements

of health, privacy and convenience. Canada was suffering some overcrowding even in 1941. Crowded households comprised 7 to 28 per cent of all households in 27 cities of over 30,000 population. The total was about 150,000 households, including a million people, representing 18 per cent of households and 29 per cent of population in these cities. Overcrowding is not confined to slum districts, but it definitely tends to drag even decent living places into the category of slums. Figures collected in the census indicate that adequacy of living accommodation is closely related to income. From 4 to 60 per cent of crowded households in these 27 cities, more than 29,000 in all, paid less than \$15 a month rent, and the average earnings of wage-earner heads of crowded families were lower than the general average by as much as \$600 per year in some cities. Records for the four largest cities (Montreal, Toronto, Winnipeg and Vancouver) indicate that less than one room per person was available for about 61 per cent of persons at the \$100 to \$199 per year earnings level; 13 per cent at the \$400 to \$499 level, and 3 per cent at the more than \$800 level. At more than \$1,000 a year the average in 27 cities is 2.1 rooms per person.

The more closely together people live, the more surely does disease which is acquired by contact infection spread. This applies to common colds, influenza, diphtheria, scarlet fever, measles, infantile paralysis, pneumonia, tuberculosis, and many others. Infant mortality is higher in crowded areas. In Toronto as a whole the rate in 1933 was 63.4 deaths per 1,000 live births; in its seven areas of bad housing the rate was 72.6 and for the four areas of good housing only 58.3. In one section the rate was 121.2, almost double the rate for all Toronto. In Glasgow, formerly one of Britain's worst-housed cities, infant deaths in the city as a whole averaged 102.3 per thousand; but in a new housing scheme at Knightswood the rate was only 49.4. Other factors enter in, of course. Full credit cannot be given to housing, but it is significant, in

view of what the United Kingdom has done in the building of better homes, that 83 per cent of the first group of men called for military service in 1939 ranked in first-class health, whereas in 1917-18 the corresponding percentage was 36. Sweden, too, has a fine record. Between 1916 and 1936 tuberculosis fell about 40 per cent, and Sweden's example in planning and equipment of dwellings sets an example hard to beat.

The social function of housing is important. Proper building and siting of homes should promote neighbourliness, civic sense, architectural pleasantness and a feeling of stability. They would advance industrial efficiency, better citizenship, higher standards of family life, comfort, and contentment. They would help to eliminate class hatred, social unrest, and revolutionary propaganda, which are the accompaniments of crowded housing. They would help reduce juvenile delinquency, which, while not always attributable to poor housing, is its universal attachment. According to figures given by the Canadian Association of Social Workers, Montreal Branch, in one year the delinquency rates per 10,000 population in Montreal were 15.5 for the bad housing wards compared with 1.17 in Westmount, 1.7 in Notre Dame de Grace and .84 for Mount Royal. In Toronto that same year 43 per cent of the city's juvenile court cases came from three poor housing districts.

All political parties are agreed on the need for housing as a major activity in the programme of reconstruction. The Deputy Minister of Finance, Dr. W. C. Clark, estimated in 1936 that Canada required 50,000 houses a year to maintain shelter for its people.

It is no solution, said the Montreal report of 1935, to put forward schemes for slum clearance with replacement of dwellings which rent at \$5 a room per month, because these houses will only cause slums to arise elsewhere to shelter people who cannot afford to pay more than \$2.50 a room. There seems to be agreement that the average family, particularly at the lower levels of income, should not devote more than a fifth of its income to rent, which means that the lower third of tenant families could afford to pay only \$11.72 a month. The actual rents paid by this group in 1941 averaged \$19 a month, half as much again as they could properly afford for rent. The Advisory Committee on Reconstruction dealing with Housing reached the conclusion that between three-quarters and four-fifths of the lower third of tenant families must depend upon publicly-financed low-rental housing if they are to get proper accommodation, and that this housing must rent for \$12.50 a month or less. The 1941 housing census revealed that 92 per cent of Montreal's low income families, and 93 per cent of Toronto's, pay more than 20 per cent of their total family income for shelter.

People talk a great deal about possibilities for saving in the construction of housing, but it has been estimated that a saving of 25 per cent in the erection of a dwelling will result in less than 10 per cent reduction in rent. This is a useful saving, but it is not sufficient to solve the housing problem. While hourly rates for

skilled construction workers seem high when contrasted with the rates of pay for semi-skilled and unskilled labour in manufacturing, they are not out of line with the wages paid other highly skilled workers, and it must be remembered that the annual earnings of construction workers are adversely affected by the seasonal nature of their employment. Some people blame the cost of financing for the dearth of new houses, but the Deputy Minister of Finance considers this a mistaken view: "There is far more room for legitimate saving in the modernization of construction methods, the improvement of public attitudes and regulations, and the correction of wasteful methods of land utilization than there is in the cost of financing. Moreover, much of the alleged excessive cost of financing is merely the natural and inevitable result of unsound and wasteful procedures."

The house construction industry needs some internal adjustment. The Minister of Finance told Parliament this year: "One of the great weaknesses in the house-building industry in Canada is the absence of a substantial number of companies with competent management and with sufficiently large resources to acquire large blocks of land, and to develop such areas in a comprehensive way providing all necessary community and incidental services." The provision of dwellings is just now evolving from the artisan stage to machine age practices. The welfare of the construction industry throughout this transition is important not only to those engaged in the industry itself, but to the whole national economy. House builders are not, as some demagogues would have the people believe, innately malicious, imposing high prices to keep people from building houses except at great expense and with great profit to the industry. The building contractor does not like, any better than another business man, to lay off his workers in winter or in slack periods. But individual builders are caught in a web of complex relationships with manufacturers, dealers, labourers and buyers. Instead of the integration which would make for cheaper houses and more steady employment, there is lack of standardization, with attendant localization of operations, and backwardness in technology. Dr. Clark remarked that the building industry is relatively unchanged in form of organization and in technical processes from that which catered to our forefathers prior to the Industrial Revolution. "During a period," he said, "when machine production, standardization, and technological advance have been revolutionizing every other important manufacturing process, the building of houses has remained a localized, handicraft process."

In the immediate post-war period this industry will be called upon to carry responsibility for large-scale immediate employment. The building of houses does not mean work merely for carpenters, brick-layers, plumbers and other construction artisans. An estimate has been made that the labour value of a building dollar is about 75 cents when the off-site employment is considered. A study made for the Department of Finance revealed that 1.3 man hours of work had been provided in auxiliary industries for every man hour worked on the sites of 25,000 housing units.

It has been estimated that Canada's minimum housing need after the war will call for the erection of 50,000 to 100,000 units in the first post-war year, and of 700,000 in the first ten years. If the first post-war year should be 1946, the actual accumulated need for new urban housing units would be 500,000, according to the Committee on Housing and Community Planning. A twenty-year programme is advocated, to provide about two-thirds of the actual needs.

Rural housing is a problem all by itself, and deserves separate treatment. The situation is less serious than in urban centres so far as quantity is concerned, but poor farm housing can have an important adverse effect upon the economy of Canada. It was pointed out in a recent National Farm Radio Forum that young people cannot be expected to make their homes on the farm unless those homes are provided with the conveniences now found in even the most modest town and city dwelling. "Boys are leaving the farm because they will not bring their brides into the homes, and daughters have the same problem," one of the speakers said. "More than that, if we ever hope to solve the farm labour problem we have got to provide living conditions so the young farm helper can marry and raise a family under his own roof." This would call for the erection on every farm of an extra cottage for the hired man or married son.

All the predisposing causes of inadequate housing became focused in the first years of war, and the resulting crisis threw the Dominion Government into a position of leadership in provision of low-rent houses for war workers. Wartime Housing Ltd. is the Government's authority for this work. It has built two types of houses, hostels, staff houses, dining halls, schools, and special buildings. It is proposed to take down and sell these buildings after the war, but there will be a problem in the absorption elsewhere of some 70,000 persons who now inhabit them. Many of the industries, to serve which the houses were built, will be turned to peacetime production, and there will be a tendency for the houses to remain in use. Once dwellings are erected and occupied they become part of the community, and they will probably be used as long as they are better than the worst.

One great difficulty crops up to plague administrators in cities where low-cost housing is provided with the aid of subsidies. Since the poorest houses provided by the administrators will contain bathrooms, hot and cold water, and weather resisting qualities, it is apparent that people moving into these houses will automatically obtain better accommodation than a big proportion of the rest of the population. In the nature of things, the better-class workman would not be among those to occupy the first houses, and would find himself in poorer accommodation than his less competent neighbour, while, at the same time, he would be contributing through taxation to the establishment of conditions for others which he could not obtain for himself.

The Dominion Government does not accept the views of those who believe that municipalities should engage in a vast programme of state housing financed

largely by Dominion Government funds. Housing is placed by the British North America Act under provincial jurisdiction, but the Federal Government has been making financial provision to encourage building and renovation of houses over a period of many years. In fact, in 1919 and in 1938 legislative provision for help to housing seems to have been ahead of public opinion and of technical preparation. Between 1930 and 1937, under a policy of encouraging money-lending for housing, only 2.8 houses per 100 families were erected, whereas in England and Sweden in the same period the number of houses built by unassisted private enterprise alone was 16.5 and 26.3 per hundred families respectively. Up to July this year the government had made 21,839 loans amounting to more than \$87 million and providing accommodation for 26,443 families, with a net loss to the government under both the Dominion and National Housing Acts of only \$970. Under the Home Improvement Loans Guarantee Act of 1937 there were 125,720 loans for modernization of existing homes, totalling nearly \$50 million, on which the net loss represents a percentage of .806. The 1944 National Housing Act provides for the construction of houses by home owners, construction for rental purposes and slum clearance, rural housing, loans for modernization, housing research, and other matters pertaining to rehousing.

Prefabrication has been much talked of, but the movement is still in its infancy. Prefabrication simply means that all possible parts are made in a factory in comparatively large units as nearly as possible in their finished form. These may be rapidly assembled on the site without cutting and fitting. Students of the subject are convinced that no greater saving than 15 per cent can be anticipated, and this has been confirmed by actual American experience. The future of this kind of house seems to lie in the \$2,000 to \$3,500 price range, although there is no reason why prefabrication should not be applied to the interior fittings of many more expensive buildings.

People do not want radical ideas in housing. They have no desire for sliding walls and rooms which can be extended by the mere pulling of a zipper. What is wanted first of all is a house in which each family can live. People who have been in rooming houses and wartime barracks are not going to wait for glamorous plastic interiors at low cost. All they want are the simple luxuries of space and privacy. A study in the United States reported that there should be sufficient space and number of rooms according to size, age and sex of the family to meet their needs for being together and for being alone, safe play space for children indoors and out, and a socially wholesome neighbourhood. The present minimum for a living room in Britain is 180 square feet, and the Royal College of Physicians has recommended that this be raised to 200 or 250 square feet.

Some very interesting housing projects have been carried out in Europe. Splendid value is provided by British agencies, for the most part on a strictly business basis. This is achieved by corporate ownership and collective management, with large-scale operations. Britain's experiments with "garden cities" have

THE ROYAL BANK OF CANADA

been of interest to all the world. As early as the beginning of the 19th century Robert Owen was running a successful cotton mill in Scotland, giving his workers shorter hours, higher wages, education, good working conditions and a well planned village. Port Sunlight, the Lever Bros. project, was started in 1887, and Bourneville, the Cadbury garden village, arose in the 1890's. One of the striking modern developments is at Letchworth, England. This is not only a well laid out garden city, but a paying concern, organized as a Joint Stock Company in 1903. After 35 years in existence a survey showed that the industrial workers at Letchworth lost only half as many days through sickness as did workers in other English industrial towns. The death rate for all England was 50 per cent higher, the infant mortality rate 84 per cent higher and the tuberculosis rate 100 per cent higher than at Letchworth.

In whatever scheme may be devised for providing housing the tenants have a responsibility as well as the builders or landlords. A tenant who is careless penalizes himself because the landlord is compelled to establish rents which will meet excess costs of maintaining property. If he cannot get the rent required to cover the expense then the result is that he refuses to make repairs or he rejects as tenants people he considers undesirable. Greater stability in occupancy, more careful treatment of property, and regularity of rent payments would enable landlords to reduce rent charges to some extent. It is well known that some families would make slums out of good houses because of a destructive tendency arising out of ignorance or carelessness. It is only one of the problems of rehousing to educate such people so that they may rise to the level of improved environment. A partial solution has been found in Holland, where a society of tenants obtains a certificate from the government, draws up plans for a housing project and obtains a loan from the town. The society is allowed 50 years to repay the amount advanced for building, and 75 years for the amount expended on land. These tenant societies have been very successful, managing their properties efficiently and democratically. They have paid their way without any government subsidy, and they do not even ask for tax exemption.

There is a great handicap placed upon construction in Canada by reason of the taxation system which levies rates on houses according to their assessed value. As a result a considerable part of the rent of working-class families goes, not toward paying for their dwellings, but toward meeting the general expenses of the local government. It must be admitted that real estate taxation operates as a regressive tax, so that the lower the income the higher the proportion that goes in municipal taxation. It almost seems as if an exhaustive study and revamping of the tax system in its relation to home ownership would be a first requirement of any constructive rehousing programme. Some cities, dependent for their revenues mainly on the real estate

tax, have raised assessments and rates until they have become so high that new construction has been discouraged, and in many places stopped altogether.

Any rehousing project must face the problem of local building codes. If up-to-date structural methods and modern materials could be used freely there might be considerable economy in construction. The Montreal Board of Trade report commented that the building by-laws of Montreal leave little room for ingenuity in design or the application of modern methods. It is frequently argued that the multiplicity of building regulations provides a major cause of excessive cost. Dr. Clark has expressed the hope that "with the co-operation of the National Research Council we may be able to devise a model building code which will prove at least a guide to municipal governments." Some authorities have estimated that the differences in local building codes create a variance of as much as \$350 in the cost of the average house.

In all the building that will have to be done to meet immediate needs and keep up the supply of houses, private enterprise must be encouraged to take the largest possible share of responsibility, while governments of all levels play their parts in a housing programme particularly designed to meet the needs of the lower income classes. There is ample room for both. Private enterprise will probably find its greatest opportunity in large-scale projects which give scope for economical construction and maintenance. It should be possible, with these economies and through improved construction methods, to extend the housing provided by private enterprise downward to take in many groups for whom it is not feasible to provide by present methods, though there will always be some in the community unable by any means to provide for their own housing needs.

Housing is more than a local problem, although of course it affects the community most closely. Because of its health and employment features it impinges upon the whole life of the nation. It is part of Democracy, which implies a continuing effort toward the goal of equal opportunity for health, decency, and normal family life. In these days, much more is comprehended than just shelter; a certain standard is being accepted as minimum. To achieve it will require not only the efforts of architects, financiers, builders and the several governments, but education of the public. Citizens' committees could be established now to formulate plans for communities, survey the needs, and start informing the public. In the long run, education, good management, and popular representation in community affairs will be the most lasting means of improvement, the surest safeguards against blight that threatens whole neighbourhoods, and against the recurrence of housing conditions which are universally regarded as inadequate if not actually dangerous to the health, morale and general well-being of the people of Canada.