

APPENDIX No. 3

which has advantages of its own. In the latter the occupying member makes himself liable to the society for the purchase money. If he leaves the neighbourhood the house may be a burden on his hands.

‘ A tenant member of this society may remain a tenant member only, however large his holding in the society. If he leaves the neighbourhood, he can sell his shares probably more readily than a house, or perhaps continue to hold them and receive the interest regularly.

‘ It is further claimed for this system that, in principle, it solves the question of the “unearned increment”; for all the gain under this head does not go to the shareholders as such, or to the individual tenants in the improving locality, but by swelling the surplus profits, it necessarily benefits all the tenant members of the society, as tenant members, in the shape of increased dividends on their rentals.’

That in these societies a workman can obtain practically all the economic advantages which would arise from the ownership of his own house, will be gathered from the following:

‘ Capital for the society is obtained at a rate below which the individual could not possibly borrow to buy his own home; he would almost certainly pay interest higher by half per cent to one per cent. After interest on capital has been paid, and the usual fixed charges have been met, any surplus profit is placed to the credit of the tenant shareholders as shares in the society, in proportion to the rents they have paid, until the value of the house is acquired in shares, after which the profit may be withdrawn in cash. It seems clear that if the preliminary expenses, such as legal and survey fees, and the interest on capital to be paid out of the revenue from rent, are less under this system, and if the tenant shareholder pays as rent what under the other system would go as repayment in instalments, then the margin or surplus which can go towards building up the capital fund must be greater. By taking as his security, scrip for shares in an association of tenant owners, instead of a deed of a particular site and house, the tenant averages the risk of removal with his co-partners in the tenancy of the estate. The value of his accumulated savings is therefore kept up, and can be transferred, if desired, without the waste that accompanies the transfer of a deed. The results of a workman’s thrift are in this way made mobile as well as his labour; and this is important if he is to get the maximum economic result from his knowledge and industry.

Further, tenants having a substantial share in the capital of the society administering the property, are interested not only in securing good results whilst they are tenants, but also, after they cease to be tenants, in keeping up the permanent value of their capital.

The tenant of a house belonging to an association of tenant owners such as I have described enjoys advantages which individual house owners do not; for instance:

On the Ealing estate a small institute has been built; there is a library, a choral society, cricket and other clubs, and a discussion class, and debates are organized by the tenant shareholders, and lectures are arranged from time to time. This society, after meeting all fixed charges and paying 5 per cent on shares and 4 per cent on loan stock, realized a fair profit on the working of the last half-year; but it has been decided to carry this to the reserve fund for the present. The society has purchased an adjoining estate, which will enable a much larger number of houses to be erected, bringing the total up to about three hundred.

The tenant’s position in such a society is as follows:—

1. He gets a house at a rental which, if accommodation and other things are compared, is not higher and is probably less than he would have to pay elsewhere.
2. He can invest in the society of which he is a tenant any savings he finds it possible to make out of his earnings, at 5 per cent.
3. Should values go up, the tenant gets the benefit either by way of a dividend on his rent or by paying a rental which is below the market value.
4. He secures practically all surplus profit after the fixed charges have been met.