

The methods adopted are briefly as follow: A society purchases an estate of land in the suburb of a growing town and plants or lays out the same so as to provide (a) suitable playing sites for the tenants and their children; (b) reasonable limitation of the number of houses to the acre, so that each house may have a private garden; (c) pleasing architectural effects, both in the grouping and designing of the houses.

Substantially built houses, provided with good sanitary and other arrangements for the convenience of shareholders desiring to become tenants, are let at ordinary rents as soon as erected. The rent charged is sufficient to pay a moderate rate of interest on capital, usually five per cent. on share and five per cent. on loan stock, the surplus profits (after providing for expenses, repairs, and sinking fund) are divided among the tenant members in proportion to the rents paid by them. Each tenant member's share of profits is credited to him in capital instead of being paid in cash, until he holds the value of the house tenanted by him, after which all dividends may be withdrawn in cash.

In such societies, it will be seen that an individual can obtain practically all the economic advantages which would arise from the ownership of his own house. Capital is obtained at a rate of interest below which the individual could usually borrow to build or buy his own house, while the preliminary and other expenses are less than under the individual system. 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, at less cost than land or house property of the same value. The results of a workman's thrift are in this way mobile as well as his labour; and this is important if he is to get the maximum reward for 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 while they are tenants, but also after they cease to be tenants, in keeping up the permanent value of their capital.

The objects of these societies are:

- (a) To provide expert advice, based on accumulated experience of how to buy, lay out, and develop an estate.
- (b) To raise capital for such societies as join the Federation and accept its advice.
- (c) To pool orders where practicable so that the benefits of wholesale dealing in building material shall be secured to the societies joining the Federation.